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

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

In re	:	
	:	**Chapter 11 Case**
INTEREP NATIONAL RADIO SALES, INC., ***et al.,***	:	**Case No. 08-11079 (RDD)**
	:	
	:	**(Jointly Administered)**
Debtors.	:	

DISCLOSURE STATEMENT
WITH RESPECT TO DEBTORS' JOINT PLAN OF
REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

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Dated: April 23, 2008

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I. INTRODUCTION

On March 30, 2008 (the "Commencement Date"), Interep National Radio Sales, Inc. ("Interep") and its wholly-owned direct and indirect debtor subsidiaries (the "Subsidiaries," and together with Interep, the "Debtors" or the "Company"), commenced reorganization cases under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), jointly administered Case No. 08-11079 (RDD) (the "Chapter 11 Cases"). Since that time, the Debtors have continued to operate their business under the supervision of the Bankruptcy Court, as "debtors in possession," *i.e.*, debtors in possession of their property and business.

Chapter 11 is the business restructuring chapter of the Bankruptcy Code. Under Chapter 11, a debtor is authorized to continue to operate its business in the ordinary course, while working with its key creditors to achieve consensus on a restructuring of its financial and legal affairs, so that the restructured enterprise can emerge from the Bankruptcy Court's protection with a new and viable capital structure for the future.

Here, the consensus with key creditors was reached prior to the commencement of the Chapter 11 Cases. Thus, the Chapter 11 Cases were commenced solely as a means to implement the terms of this pre-negotiated plan of reorganization for the Company (the Debtors' Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code dated April 23, 2008 (the "Plan," the form of which is attached to this Disclosure Statement as Exhibit A)). As described more fully herein, the Plan will provide for a comprehensive restructuring of the Company's balance sheet, with access to new capital to grow the Company's business in the future. The Plan is supported by entities affiliated with OCM Principal Opportunities Fund III, L.P., OCM Principal Opportunities Fund IIIA, L.P. and Silver Point Capital L.P. (collectively, the "Supporting Noteholders"), holders of a substantial majority of the Company's 10% Senior Subordinated Notes due July 1, 2008, issued in the aggregate principal amount of $99 million (the "Notes"). A copy of the Supporting Noteholders' agreement dated March 30, 2008 to support a plan of reorganization for the Company (the "Plan Support Agreement") is attached to this Disclosure Statement as Exhibit H and reference should be made to such document for a full and complete understanding of its terms.

Under the Plan, Reorganized Interep will be reconstituted under the laws of the State of Delaware as a corporation or a limited liability company at the election of the Supporting Noteholders. The holders of the Notes will receive approximately $[40] million in new second-lien secured debt instruments (which have a bullet maturity in ten years and no cash interest payment obligations until such maturity) and will also receive all of the new common stock (if Reorganized Interep is a corporation) or new common units (if Reorganized Interep is a limited liability company) of Reorganized Interep (such stock or units, the "New Common Stock"), subject to dilution of up to 15% by additional shares or units of New Common Stock that will be awarded to the reorganized Company's key employees pursuant to a long term incentive plan. The Plan also contemplates that substantially all of the Company's contracts with its clients and customers will be "assumed" pursuant to section 365 of the Bankruptcy Code, so that the Company's obligations under those contracts will remain unaffected by the Chapter 11 Cases. For all other general unsecured creditors, a sum of cash is being set aside under the Plan to satisfy their allowed claims, and the Company believes that this cash will be sufficient to pay all allowed claims in full. Because there is insufficient enterprise value to repay the Notes in full, however, the Company's existing preferred and common stock will be extinguished upon consummation of the Plan.

The Supporting Noteholders have also agreed to provide up to $25 million in new financing for the Company's business operations during the Chapter 11 Cases, structured as a senior secured debtor-in-possession credit facility (the "DIP Financing"). In addition, the Company and the Supporting Noteholders are discussing the terms of an exit facility, in an aggregate amount not to exceed $50 million, that would be provided to the Company upon emergence from Chapter 11. The purpose of this exit financing would be to finance repayment of amounts then-outstanding under the DIP Financing, provide funding for distributions under the Plan, and provide the reorganized Company with additional capital for its future growth.

To become effective, a Chapter 11 plan of reorganization must be formally "accepted" by the vote of certain creditors, as provided by the Bankruptcy Code. Prior to voting on a plan, however, the debtor must provide sufficient information about the plan in a formal "disclosure statement" that will enable parties in interest to make an informed judgment about the plan. This document is the Company's formal disclosure statement (the

"Disclosure Statement") concerning the Plan. Except as otherwise provided in this Disclosure Statement, capitalized terms used in this Disclosure Statement have the meanings ascribed to them in the Plan.

As explained more fully in the Disclosure Statement, once a Chapter 11 plan has been accepted by the requisite creditor votes, it must then be "confirmed" by the Bankruptcy Court to insure that it satisfies all legal requirements of the Bankruptcy Code. This determination is made by the Bankruptcy Court at a hearing (known as the "confirmation hearing") on notice to all relevant parties in interest. After a Chapter 11 plan has been confirmed, it becomes effective according to its terms. Upon that effective date, the debtor is legally deemed to have emerged from Chapter 11, and commenced its new, reorganized corporate life.

The Plan is the result of extensive negotiations among the Company and the Supporting Noteholders, and represents the culmination of the Company's financial restructuring process. The Chapter 11 Cases were commenced solely for the purpose of expeditiously implementing the Plan. The Company expects to complete this process, and emerge from Chapter 11, within 90 days after the Chapter 11 Cases were commenced.

A. ABOUT THIS DISCLOSURE STATEMENT

The purpose of this Disclosure Statement is to provide parties in interest with adequate information to make an informed judgment about the Plan. In addition, it describes the voting procedures that certain holders of Claims who are entitled to vote under the Plan must follow for their votes to be counted.

This Disclosure Statement contains general information regarding the Company's pre-bankruptcy or "prepetition" business operations and finances, the events leading up to the commencement of the Chapter 11 Cases, certain events that have occurred during the Chapter 11 Cases, and the anticipated organization, operations, and financing of the reorganized Company if the Plan is confirmed and becomes effective. This Disclosure Statement also generally describes the terms and provisions of the Plan, including certain effects of confirmation and consummation of the Plan, the manner in which distributions will be made under the Plan, and certain risk factors associated with the ultimate recoveries to creditors under the Plan.

Accompanying this Disclosure Statement are copies of:

(a) the Plan (Exhibit A);

(b) a List of the Subsidiaries of Interep (Exhibit B);

(c) the Bankruptcy Court's order dated _______, 2008 (the "Disclosure Statement Order"), which, among other things, approves this Disclosure Statement as containing adequate information, establishes the voting procedures, schedules the Confirmation Hearing, and sets the voting deadline and the deadline for objecting to confirmation of the Plan (Exhibit C);

(d) the Company's Historical Financial Information (Exhibit D);

(e) the Company's Financial Projections (Exhibit E);

(f) the Company's Best Interests Analysis (Exhibit F);

(g) the Company's Valuation Analysis (Exhibit G)

(h) the Plan Support Agreement (Exhibit H).

All of these documents are incorporated by reference into this Disclosure Statement and deemed to be a part hereof. Other supporting documents relating to the implementation of the Plan (the "Plan Documents") are voluminous and are not reproduced in this Disclosure Statement, but are or will be on file with the Bankruptcy Court for inspection or copying by parties in interest and will also be available at the website of Kurtzman Carson Consultants LLC (the "Voting Agent"), http://www.kccllc.net/Interep.

THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT CONSTITUTES NEITHER A GUARANTY OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT NOR AN ENDORSEMENT OF THE MERITS OF THE PLAN BY THE BANKRUPTCY COURT.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES TO, AND CONFIRMATION OF, THE PLAN AND MAY NOT BE RELIED UPON FOR ANY OTHER PURPOSE. THIS DISCLOSURE STATEMENT IS THE ONLY DOCUMENT TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES ON THE PLAN. NO SOLICITATION OF VOTES MAY BE MADE EXCEPT AFTER DISTRIBUTION OF THIS DISCLOSURE STATEMENT.

ANY STATEMENTS IN THIS DISCLOSURE STATEMENT CONCERNING THE PROVISIONS OF ANY OTHER DOCUMENT ARE NOT NECESSARILY COMPLETE, AND IN EACH INSTANCE REFERENCE IS HEREBY MADE TO SUCH DOCUMENT FOR THE FULL TEXT THEREOF. CERTAIN DOCUMENTS DESCRIBED OR REFERRED TO IN THIS DISCLOSURE STATEMENT HAVE NOT BEEN ATTACHED AS EXHIBITS BECAUSE OF THE IMPRACTICABILITY OF FURNISHING COPIES OF SUCH DOCUMENTS TO ALL RECIPIENTS OF THIS DISCLOSURE STATEMENT OR BECAUSE SUCH DOCUMENTS HAVE NOT BEEN FINALIZED AND WILL BE FILED WITH THE BANKRUPTCY COURT AFTER THE DATE OF THIS DISCLOSURE STATEMENT.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE UNITED STATES BANKRUPTCY CODE AND RULE 3016 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NON-BANKRUPTCY LAW.

THIS DISCLOSURE STATEMENT HAS BEEN NEITHER APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR ANY STATE SECURITIES REGULATOR, AND NEITHER THE SEC NOR ANY STATE SECURITIES REGULATOR HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING, OR TRANSFERRING SECURITIES OF, OR CLAIMS AGAINST, THE DEBTORS ARE NOT ENTITLED TO RELY UPON THIS DISCLOSURE STATEMENT FOR SUCH PURPOSE, BUT ONLY FOR THE PURPOSE OF DETERMINING WHETHER TO ACCEPT OR REJECT THE PLAN.

EXCEPT WHERE SPECIFICALLY NOTED, THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AND IN ITS EXHIBITS HAS NOT BEEN AUDITED BY A CERTIFIED PUBLIC ACCOUNTANT AND HAS NOT NECESSARILY BEEN PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS, AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION, OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THIS DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES, OR OTHER LEGAL EFFECTS OF THE PLAN ON HOLDERS OF CLAIMS AGAINST, OR EQUITY INTERESTS IN, THE DEBTORS OR THE REORGANIZED DEBTORS.

CERTAIN OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS BY ITS NATURE FORWARD-LOOKING AND CONTAINS ESTIMATES, ASSUMPTIONS, AND FINANCIAL PROJECTIONS THAT MAY BE MATERIALLY DIFFERENT FROM ACTUAL FUTURE RESULTS. THE WORDS "BELIEVE," "MAY," "WILL," "ESTIMATE," "CONTINUE," "ANTICIPATE," "INTEND," "EXPECT," AND SIMILAR EXPRESSIONS IDENTIFY THESE FORWARD-LOOKING STATEMENTS. THESE FORWARD-LOOKING STATEMENTS ARE SUBJECT TO A NUMBER OF RISKS, UNCERTAINTIES, AND ASSUMPTIONS, INCLUDING THOSE DESCRIBED IN SECTION X. (CERTAIN RISKS TO BE CONSIDERED IN CONNECTION WITH THE PLAN) BELOW. IN LIGHT OF THESE RISKS AND UNCERTAINTIES, THE FORWARD-LOOKING EVENTS AND CIRCUMSTANCES DISCUSSED IN

THIS DISCLOSURE STATEMENT MAY NOT OCCUR AND ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE ANTICIPATED IN THE FORWARD-LOOKING STATEMENTS. NEITHER THE DEBTORS NOR THE REORGANIZED DEBTORS UNDERTAKE ANY OBLIGATION TO PUBLICLY UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS, OR OTHERWISE.

ALL CREDITORS ENTITLED TO VOTE ON THE PLAN ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, THE EXHIBITS ATTACHED TO THE PLAN, THE PLAN DOCUMENTS, AND THIS DISCLOSURE STATEMENT. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE OF THIS DISCLOSURE STATEMENT, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT WILL BE CORRECT AT ANY TIME AFTER THIS DATE. IN THE EVENT OF ANY CONFLICT BETWEEN THE DISCLOSURE STATEMENT AND THE PLAN OR ANY OTHER OPERATIVE DOCUMENT, THE TERMS OF THE PLAN AND SUCH OTHER OPERATIVE DOCUMENT SHALL CONTROL.

B. WHO MAY VOTE ON THE PLAN

Under the provisions of the Bankruptcy Code, not all parties in interest are entitled to vote on a Chapter 11 plan. Creditors or equity interest holders whose claims or equity interests are not impaired by a plan are deemed to accept the plan under section 1126(f) of the Bankruptcy Code, and are not entitled to vote. Conversely, creditors or equity interest holders whose claims or interests are impaired by the Plan, but who will receive no distribution under the plan, are not entitled to vote either, because they are deemed to have rejected the plan under section 1126(g) of the Bankruptcy Code. Finally, creditors whose claims arose after the Commencement Date will have their claims satisfied in full under the Plan, and thus are also not entitled to vote on the Plan.

Furthermore, even if a class of creditors is entitled to vote on the Plan, only those creditors whose Claims are considered "Allowed" as of the date of the order approving this Disclosure Statement (the “Disclosure Statement Order”) are entitled to vote on the Plan, unless the Bankruptcy Court specifically orders otherwise. Generally speaking, to be considered "Allowed" for purposes of voting on the Plan, the amount and nature of the creditor’s Claim cannot be the subject of a pending dispute, and such Claim must have been listed in a fixed amount on the Debtors’ Schedules of Assets and Liabilities and Statements of Financial Affairs pursuant to section 521 of the Bankruptcy Code and Bankruptcy Rule 1007 as on file with the Bankruptcy Court (collectively, as they may be amended from time to time, the "Schedules"), and not listed as "unliquidated," "contingent," or "disputed" in the Schedules.

Based on these voting rules set forth in the Bankruptcy Code, the following table sets out the voting rights for each category of Allowed Claims or Equity Interests under the Plan; refer to Section II.B (Summary of Recoveries Under the Plan - General Summary of Classification and Treatment of Claims and Equity Interests) of this Disclosure Statement for a description of the types of Claims or Equity Interests covered by each category.

Category of Allowed Claims and Equity Interests	Entitled to Vote?
Unclassified - Administrative Claims	No
Unclassified - Priority Tax Claims	No
Class 1 - Priority Non-Tax Claims	Yes
Class 2 - Secured Claims	Yes
Class 3 - Noteholder Claims	Yes
Class 4 - General Unsecured Claims	Yes
Class 5 - Intercompany Claims	No
Class 6 - Section 510(b) Claims	No
Class 7 - Old Equity Interests	No
Class 8 - Subsidiary Equity Interests	No

C. VOTING PROCEDURES, BALLOTS, AND VOTING DEADLINE

Pursuant to the Disclosure Statement Order, the Bankruptcy Court set ____, 2008 as the Record Date for voting on the Plan. Accordingly, only holders of Claims of record as of that date who otherwise are entitled to vote under the Plan will receive a form on which such holder is to indicate acceptance or rejection of the Plan (a "Ballot") and may vote on the Plan.

If you are entitled to vote to accept or reject the Plan, a Ballot is enclosed for the purpose of voting on the Plan. If you hold Claims in more than one Class and you are entitled under the Plan to vote Claims in more than one Class, you will receive separate Ballots, which must be used for each separate Class of Claims. After carefully reviewing the Plan, Disclosure Statement, Disclosure Statement Order and the instructions on your Ballot, please vote and return your Ballot(s) to the "Voting Agent," unless you are a beneficial owner of the 10% Senior Subordinated Notes due July 1, 2008 (the "Notes") who receives a Ballot from a broker, bank, dealer, other agent or nominee (a "Nominee"), in which case you must return your Ballot to your Nominee. If you (1) hold Claims in more than one voting Class, or (2) hold multiple Claims within one Class, including if you (a) are the beneficial owner of Notes held in street name through more than one Nominee or (b) are the beneficial owner of Notes registered in your own name as well as the beneficial owner of Notes registered in street name, you may receive more than one Ballot. [If you are the beneficial owner of Notes held in street name through one or more Nominee, for your vote(s) with respect to such Notes to be counted, your Ballot(s) must be mailed to the appropriate Nominee(s) at the address(es) on the envelope(s) enclosed with your Ballot(s) so that it(they) is(are) received by [5:00 p.m. (Prevailing Pacific Time) on _____, 2008] (the "Master Ballot Deadline"). All other Ballots, in order to be counted, must be properly completed in accordance with the voting instructions on the Ballot and received no later than [_____], 2008, at 5:00 p.m. (Prevailing Pacific Time) (the "Voting Deadline") by Interep Ballot Processing Center c/o Kurtzman Carson Consultants LLC, via regular mail or delivery or courier at:

Interep Ballot Processing Center
c/o Kurtzman Carson Consultants LLC
2335 Alaska Avenue
El Segundo, CA 90245

DO NOT RETURN ANY NOTES OR SECURITIES WITH YOUR BALLOT.

TO BE COUNTED, YOUR BALLOT INDICATING ACCEPTANCE OR REJECTION OF THE PLAN MUST BE RECEIVED BY THE APPLICABLE RECIPIENT PRIOR TO THE APPLICABLE DEADLINE (THE MASTER BALLOT DEADLINE OF [DATE] AT 5:00 PM PREVAILING PACIFIC TIME, AND THE VOTING DEADLINE OF [DATE] AT 5:00 P.M., PREVAILING PACIFIC TIME. ANY EXECUTED BALLOT RECEIVED THAT FAILS TO CLEARLY INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN SHALL BE COUNTED AS HAVING BEEN CAST IN FAVOR OF THE PLAN.

EACH HOLDER OF A CLAIM IN A CLASS ENTITLED TO VOTE UNDER THE PLAN MUST VOTE ALL OF THEIR CLAIMS IN A PARTICULAR CLASS EITHER TO ACCEPT OR REJECT THE PLAN AND MAY NOT SPLIT THEIR VOTES. BY SIGNING AND RETURNING A BALLOT, EACH OF SUCH HOLDERS WILL CERTIFY TO THE BANKRUPTCY COURT AND THE DEBTORS THAT NO OTHER BALLOTS WITH RESPECT TO SUCH CLAIM HAVE BEEN CAST OR, IF ANY OTHER BALLOTS HAVE BEEN CAST WITH RESPECT TO SUCH CLAIMS, THEN ANY SUCH EARLIER BALLOTS ARE REVOKED.

If you are a holder of a Claim entitled to vote on the Plan and did not receive a Ballot, received a damaged Ballot, or lost your Ballot, or if you have any questions concerning the procedures for voting on the Plan, please call (888) 733-1416.

D. THE BANKRUPTCY CODE'S VOTING RULES FOR ACCEPTANCE OF A PLAN

The Bankruptcy Code defines "acceptance" of a plan by a class of claims as acceptance by creditors in that class who hold at least two-thirds in dollar amount and more than one-half in number of the claims in that Class who cast ballots for acceptance or rejection of the plan. Thus, for example, acceptance of the Plan by Class 4 will occur only if at least two-thirds in amount and a majority in number of the holders voting in Class 4 vote in favor of acceptance. A particular creditor's vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that such acceptance or rejection was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

E. THE CONFIRMATION HEARING AND DEADLINE FOR OBJECTIONS TO CONFIRMATION

In addition to obtaining the requisite votes from creditors, the Plan must also be approved or "confirmed" by the Bankruptcy Court. The Bankruptcy Court has scheduled a hearing (the "Confirmation Hearing") on ______, 2008, at __:___ __.m. to be held in room 610 at the United States Bankruptcy Court for the Southern District of New York, Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for the announcement of adjournment at the Confirmation Hearing, or at any subsequent adjourned Confirmation Hearing.

Any objection to the confirmation of the Plan must be made in writing and specify in detail (1) the name and address of the objector, (2) all grounds for the objection, and (3) the amount of the Claim or number and class of Equity Interests held by the objector.

Any objection to confirmation of the Plan must be filed with the Bankruptcy Court, with a copy to the chambers of the Honorable Robert D. Drain, United States Bankruptcy Judge, and served so that it is received by the Bankruptcy Court, the chambers, and the following parties on or before________, 2008 at __:___ __.m. (Eastern Time): (a) counsel to the Debtors, Jones Day, 222 East 41st Street, New York, New York 10017 (Attn: Erica M. Ryland, Esq.); (b) counsel to Oaktree Capital Management, LLC, Vinson & Elkins LLP, 666 Fifth Avenue, 26th Floor, New York, New York 10103 (Attn: Jane Lee Vris, Esq.); (c) counsel to Silverpoint Capital, L.P., Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, New York 10019 (Attn: Alan W. Kornberg, Esq. and Alice B. Eaton, Esq.); (d) and the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st Floor, New York, New York 10004 (Attn: Alicia M. Leonhard, Esq.).

II. SUMMARY OF RECOVERIES UNDER THE PLAN

A. OVERVIEW OF THE PLAN

As indicated above, the Plan provides recoveries to creditors that the Debtors believe will result in the payment in full of all allowed secured, priority and unsecured creditors (other than the Noteholders). All existing equity interests of Interep (including all existing preferred and common stock) will be cancelled and discharged, and the holders thereof will receive no distribution under the Plan. In exchange for the Notes, the Noteholders will receive their Pro Rata Share of (a) 100% of the New Common Stock of Reorganized Interep, subject to dilution by up to 15% by additional shares or units of New Common Stock issued or to be issued pursuant to the Employee Incentive Plan, and (b) secured promissory notes in the aggregate principal amount of $[40] million, which have a ten-year bullet maturity and provide for the payment-in-kind of interest ("PIK interest") until such maturity (as described more fully in the Plan Documents, the "New Second Lien Notes").

Prior to confirmation of the Plan, the Debtors will file and serve the Contract Assumption Schedule and Contract Rejection Schedule (as each term is defined herein). Upon consummation of the Plan, the reorganized Company will have assumed and cured any previous defaults under the assumed contracts, which are expected to include substantially all of the Debtors' contracts with its material clients, customers, and vendors. The current expectation is that a small number of contracts entered into prior to the Commencement Date (including those relating to employment or severance agreements with former insiders and other former executives, and a residential real estate lease where the lessor is an affiliate of a current insider), will be "rejected" (i.e., terminated), and the Claims arising from those rejections will be discharged in consideration for the specified treatment under the Plan.

Finally, a new board of directors for reorganized Interep will be appointed under the Plan. The board of directors will be comprised of (i) the new Company's CEO; and (ii) six directors to be nominated by the Supporting Noteholders. The identities and affiliations of all board members on the Effective Date will be disclosed in a filing with the Bankruptcy Court at or prior to the Confirmation Hearing.

The Company believes that if the Plan is confirmed and becomes effective, the reorganized Company will be restored to viability, for the benefit of the Debtors' clients, customers, vendors, suppliers, employees, creditors, and other stakeholders.

B. GENERAL SUMMARY OF CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

For purposes of calculating estimated recoveries under the Plan presented below, the assumed value of the New Common Stock to be distributed under the Plan is the midpoint of the valuation range for such stock provided by the Company's financial advisors pursuant to the Valuation Analysis set forth in Exhibit G to this Disclosure Statement. Although the Company believes that this estimate is reasonable, the Company cannot assure you that the New Common Stock will have that value. See Section X (Certain Risks To Be Considered In Connection With The Plan) of this Disclosure Statement. In addition, the shares of New Common Stock will not be listed on any national securities exchange or quoted on any inter-dealer quotation system, and the Company does not anticipate that the shares will be so listed or quoted in the foreseeable future, thus restricting their marketability.

Each amount designated in the table below as the "Estimated Percentage Recovery" for each Class is the quotient derived by dividing the assumed value of the consideration to be distributed to all holders of Allowed Claims in that Class, by the estimated aggregate amount of all Allowed Claims in that Class. The Company based the Estimated Aggregate Claims Amounts shown in the table below upon a preliminary review of their books and records, and the Company may substantially revise these estimates following the passage of all applicable bar dates and the completion of a detailed analysis of all of the Claims ultimately filed. Further, the amount of any Disputed Claim that ultimately is allowed by the Bankruptcy Court may be significantly more or less than the Debtors' estimated Allowed amount of that Claim.

Description of Claim or Interest and Class	Treatment Under the Plan
Administrative Claims Unpaid Claims (a) for the value of goods sold to the Debtors within 20 days of the Commencement Date that are entitled to priority under section 503(b)(9) of the Bankruptcy Code and (b) Claims arising on or after the Commencement Date and prior to the Effective Date for a cost or expense of administration of the Chapter 11 Cases, that is entitled to priority or superpriority pursuant to sections 503(b), 507(a)(1), or 507(b) of the Bankruptcy Code or the DIP Financing Order. **Estimated Aggregate Class Claims Amount: $[____]**	**Unimpaired** Each holder of an Allowed Administrative Claim will be paid in full in Cash on the date (the "Distribution Date") that (a) with reference to a particular Claim or Administrative Claim Allowed as of the Effective Date, is the Effective Date and (b) with reference to a particular Claim or Administrative Claim Disputed as of the Effective Date, but thereafter Allowed, is the Quarterly Distribution Date following the calendar quarter in which the order or judgment of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order or on which, by agreement, any Disputed Claim becomes an Allowed Claim, *provided*, *however*, that Administrative Claims incurred by the Debtors in the ordinary course of their business during the Chapter 11 Cases will be paid in full in the ordinary course of business according to applicable terms. **Estimated Percentage Recovery: 100%**

Description of Claim or Interest and Class	Treatment Under the Plan
Priority Tax Claims Claims of a governmental unit that are entitled to priority pursuant to section 507(a)(8) of the Bankruptcy Code. **Estimated Aggregate Class Claims Amount: $[____]**	**Unimpaired** Each holder of an Allowed Priority Tax Claim will receive either (i) the amount of the holder's Allowed Priority Tax Claim, plus interest on the unpaid amount of such Claim from the Effective Date at the rate applicable under non-bankruptcy law, in quarterly Cash installment payments over a period ending not later than five years after the Commencement Date (provided that the reorganized Company may prepay the balance of any such Allowed Priority Tax Claim at any time without premium or penalty); (ii) Cash on the Distribution Date equal to the Allowed Priority Tax Claim; or (iii) other treatment agreed upon in writing by the holder. **Estimated Percentage Recovery: 100%**
Class 1 - Priority Non-Tax Claims Claims that are entitled to priority pursuant to section 507(a)(4), (5), or (7) of the Bankruptcy Code. **Estimated Aggregate Class Claims Amount: $[____]**	**Impaired** On the Distribution Date, each holder of an Allowed Priority Non-Tax Claim will receive either Cash in the amount of the Allowed Priority Non-Tax Claim or such other treatment as may be agreed to in writing by the holder. **Estimated Percentage Recovery: 100%**
Class 2 - Secured Claims Claims that are secured by a valid lien or a permissible setoff. **Estimated Aggregate Class Claims Amount:** $**[____]**	**Impaired** On the Distribution Date, each holder of an Allowed Other Secured Claim will, at the sole option of the reorganized Company, and in the case of any Claim which, in the reasonable judgment of the Supporting Noteholders is material, with the consent of the Supporting Noteholders, (a) be reinstated and rendered unimpaired in accordance with section 1124 of the Bankruptcy Code; (b) be paid Cash in an amount equal to the Allowed Secured Claim, including interest required to be paid pursuant to section 506(b) of the Bankruptcy Code; or (c) receive the Collateral securing the Claim and interest required to be paid pursuant to section 506(b) of the Bankruptcy Code. **Estimated Percentage Recovery: 100%**
Class 3 - Noteholder Claims Claims of the Noteholders under or evidenced by the Indenture or the Notes. **Estimated Aggregate Claims Amount: $101,475,000**	**Impaired** On the Effective Date, each holder of an Allowed Noteholder Claim will receive its Pro Rata Share of the New Common Stock (subject to dilution by the Employee Incentive Plan) and the New Second Lien Notes. **Estimated Percentage Recovery: [ ]%**
Class 4 - General Unsecured Claims Any Claim other than a Secured Claim, Administrative Claim, Priority Tax Claim, Non-Tax Priority Claim, Noteholder Claim, Intercompany Claim, Section 510(b) Claim, or any Claim for a Cure Amount.	**Impaired** Each holder of an Allowed General Unsecured Claim will receive (a) on the Effective Date, its Pro Rata Share of the Class 4 Cash, provided, however, such General Unsecured Claim is Allowed as of the Effective Date and

Description of Claim or Interest and Class	Treatment Under the Plan
Estimated Aggregate Claims Amount: $6,900,000	(b) on each Quarterly Distribution Date, its applicable Additional Distribution Amount. **Estimated Percentage Recovery: 100%**
Class 5 - Intercompany Claims Claims by any Debtor against another Debtor.	**Unimpaired** On the Effective Date, all Allowed Intercompany Claims shall be reinstated and rendered unimpaired. **Estimated Percentage Recovery: 100%**
Class 6 - Section 510(b) Claims Claims that are subordinated in priority under section 510(b) of the Bankruptcy Code (a) arising from rescission of a purchase or sale of a security of a Debtor or an affiliate of a Debtor; (b) for damages arising from the purchase or sale of such security; or (c) for reimbursement or contribution allowed under section 502 of the Bankruptcy Code on account of such a Claim.	**Impaired** On the Effective Date, all Section 510(b) Claims will be extinguished and discharged and the holder thereof shall receive no distributions under the Plan. **Percentage Recovery: 0%**
Class 7 - Old Equity Interests Any capital stock (including preferred stock), membership interest, partnership interest, warrant, option or other equity interest in a Debtor owned by an entity other than a Debtor.	**Impaired** On the Effective Date, all Old Equity Interests will be cancelled and discharged and the holder thereof will receive no distribution under the Plan. **Percentage Recovery: 0%**
Class 8 - Subsidiary Equity Interests Any capital stock, membership interest, partnership interest, warrant, option or other equity interest in a Debtor owned by a Debtor.	**Unimpaired** On the Effective Date, all Allowed Subsidiary Equity Interests will be reinstated. **Percentage Recovery: 100%**

III. GENERAL INFORMATION

A. THE DEBTORS

Interep is a holding company and the direct or indirect 100% owner of each of the other Debtors. The other Debtors are: American Radio Sales, Inc.; Azteca America Spot Television Sales, Inc.; Cumulus Major Market Sales, Inc.; D&R Radio, Inc.; Hispanic Independent Television Sales, Inc.; Infinity Radio Sales, Inc.; Interactive Video Network, Inc.; Interep Interactive, Inc.; Interep Local Focus, Inc.; Interep New Media, Inc; McGavren Guild, Inc.; Morrison and Abraham, Inc.; SBS/Interep LLC; and Streaming Audio, Inc. (3549). Interep also owns 75% of Cybereps, Inc., a largely-dormant subsidiary. Interep maintains its principal executive offices at 100 Park Avenue, New York, New York, 10017.

B. BUSINESS OVERVIEW

1. Introduction

The Company is the nation's largest independent sales and marketing company specializing in radio, the Internet, television, and complementary media. Its 16 offices across the country enable it to serve its radio station clients and advertisers in all 50 states and beyond. As of March 2008, the Company had approximately 365 employees, substantially all of whom were sales-related personnel.

2. **Various Segments of the Debtors' Businesses**

a. *Radio Advertising Representation*

Sales commissions from radio advertising provide 90% of the Company's revenues. Radio stations retain the Company as their exclusive agent to sell commercial air time on their stations to advertisers outside of their local markets (the stations' own sales force handles sales to local advertisers). This national "spot" advertising, which is placed in one or more specified broadcast markets, contrasts with network advertising, which is broadcast simultaneously on all of a given network's affiliates without the utilization of an intermediary agent such as the Company. National spot radio advertising typically accounts for approximately 20% of a radio station's revenues.

The Company serves its clients by promoting them to advertising agencies and media buying services, and demonstrating the benefits of buying advertising time on the Company's clients' radio stations. These clients effectively outsource their national spot advertising sales to the Company, as their agent, to benefit from the Company's professional sales staff, multiple sales offices, national coverage presence, proprietary research, and established relationships with advertisers and other media buyers.

The Company operates in an unusual industry – it has only one meaningful competitor, Katz Radio Group, Inc. ("Katz Radio Group"), a subsidiary of Clear Channel Communications, Inc., a major broadcasting company and owner of numerous radio stations and other media outlets. The Company, however, enjoys a valuable competitive advantage for the reason it is not owned by a broadcast group, and can act independently and in the best interests of its clients. Clients can thus be assured that their agent doesn't have a conflicting motivation to direct advertising business away from them and towards a competitor radio station that is affiliated with their agent.

The Company has historically been a pioneer in many innovations in its industry, and has a sales force strategically located across the country to provide effective coverage of all major media buying centers. In addition, the Company's strong historic relationships with advertisers, advertising agencies and media buying services nationwide enable it to work with these buyers of radio air time to develop and refine advertising strategies and that support the purchase of advertising time from the Company's clients.

The Company receives commissions from its clients in two different ways: spot sales and "unwired" sales. Understanding the mechanisms by which the Company is paid for each of these types of arrangements is helpful for understanding the Company's cash flows and financial operations.

In spot business sales, which collectively account for approximately 75-80% of the commissions that the Company receives from radio advertising, the Company serves as an intermediary between an advertising agency and the Company's radio station client. After the Company sells spot time on its client station's air waves, the advertising agency buying the time pays the station directly, and the station then pays the Company its agreed-upon commission. These commissions are specified in contracts between the Company and the radio station or radio station group, and vary from client to client. The commission payment can occur in one of two ways, each of which constitutes approximately half of the Company's total spot business commissions:

Performance basis — approximately 60 days after the month in which the spot airs, the Company receives its commission, regardless whether the radio station client was actually able to collect its revenue from the advertising agency; or

Collection basis — the radio station client pays the Company its percentage commission the month following the month in which the station collects its revenue from the advertising agency, but only if the revenue is actually collected.

By contrast, in unwired network sales, which account for approximately 20-25% of the radio sales commissions that the Company receives, advertising agencies ask the Company to determine those radio stations best suited to fulfill the agencies' advertising needs or strategies, based on a variety of factors. The Company's sales force then selects the optimal radio stations and arranges for the placement of the advertising. Following the airing of the advertising on the selected radio stations, the radio stations send the Company "affidavits of performance", which, among other things, demonstrate when and how many times an advertisement aired. The Company

thereafter compiles this information and bills the advertising agency, usually within 30 days after the advertisement airs. The advertising agency then pays the Company the entire amount of the cost of the advertising, including the Company's commission. The Company forwards that money – net of its sales commission – to its radio station clients, typically in the month following the month in which the Company is paid by the advertising agency. This lag time involved in unwired network sales – where the advertiser pays the Company and only later does the Company forward the amount due to its client – provides the Company with an important source of working capital.

b. *Television Advertising Representation*

In 2005, the Company organized Azteca America Spot Television Sales, Inc. ("Azteca"), the nation's only independently-owned and operated Hispanic television representation firm. Revenues generated by Azteca comprise approximately 5% of the Company's consolidated revenue. The Company began this television representation business with only 16 television affiliate stations and now represents approximately 50 stations. Azteca places advertisements for its television station clients from over 230 national advertisers and over 119 advertising agencies.

Azteca provides an efficient, one-stop shop for the Hispanic advertising community. Azteca stations are located in every major Hispanic market. In addition to TV advertising, Azteca creates unique local added value and grassroots promotions with cross-platform integration of TV, radio, event, and other media opportunities.

c. *Sales Consulting Business*

The Company's wholly owned subsidiary Morrison and Abraham, Inc. ("Morrison and Abraham"), engages in media sales consulting aimed at helping national advertiser clients develop effective sales promotions to achieve local marketing goals. By installing the Company's sales management systems into client sales departments, Morrison and Abraham increases its clients' opportunities to generate revenue and maximize profit. Morrison and Abraham's consultants aid their clients by participating in sales calls and monitor client activity and revenue. Ultimately, Morrison and Abraham helps clients diversify their activity, expand their customer base and increase the value of what they sell.

d. *Internet Advertising Representation*

The Company currently owns an Internet ad sales company and, through co-marketing agreements, the largest Internet rep firm. This business is conducted by Interep Interactive, Inc. ("Interactive"), which specializes in the sales and marketing of on-line advertising, including streaming media. Interactive generates advertising sales, creates sponsorship, and content syndication packages, and facilitates business partnership programs for a select list of branded web publishers. The Internet business comprises approximately 5% of the Company's consolidated revenue, but has not been a profitable operation for the Company since its inception. Shortly before the Commencement Date, the Company entered into an agreement to sell the Company's Internet business to Mission Media Group, Inc. ("Mission Media"), an entity formed by Interactive's current manager Adam Guild (the "Interactive Sale Agreement"). Subject to the consent of those entities identified as "Lenders" in the DIP Credit Agreement and their respective permitted successors and assigns (solely in their capacity as "Lenders" under the DIP Credit Agreement); and any agent bank named therein (solely in its capacity as agent bank under the DIP Credit Agreement) (collectively, the "DIP Lenders"), the Company expects to dispose of its Internet business during the Chapter 11 Cases either through the Interactive Sale Agreement, or higher or better offers, pursuant to section 363 of the Bankruptcy Code and procedural orders to be entered by the Bankruptcy Court.

3. **Client Contracts**

The Company's clients generally retain them on an exclusive basis through written agreements. These "rep contracts" generally provide for an initial term followed by an "evergreen" period, meaning that the contract term continues until canceled following 12 months' prior notice. If, however, a client terminates its contract without cause, the contract generally provides for a termination payment equal to the estimated commissions that would have been payable to its representation or "rep" firm during the remaining portion of the term and the evergreen period, plus two months. That estimate is based on historical commission levels. It is customary in the industry for the successor rep firm to make this payment as a condition to being awarded the new client. Thus, when

the Company is successful in soliciting a new client, it is obligated to that new client to pay the "buyout" amount to the client's former representative.

4. **Competition**

The Company's success in radio advertising sales depends on its ability to acquire and retain representation contracts with radio stations. The media representation business is highly competitive, both in the competing for clients and in the sale of air time to advertisers. As noted, the Company's only significant competitor in the national spot radio representation industry is Katz Radio Group. However, the Company also competes with other independent and network media representatives, direct national advertisers, national radio networks, syndicators and other brokers of radio advertising. Moreover, on behalf of its clients, the Company competes for advertising dollars with other media such as broadcast and cable television, newspapers, magazines, outdoor and transit advertising, Internet advertising, point-of-sale advertising, and yellow pages directories.

A change in the ownership of a client station frequently results in a change of its rep firm. The consolidation of the radio industry that followed the enactment of the Telecommunications Act of 1996 resulted in larger station groups and an increase in the number of station ownership changes. This, in turn, increased the frequency of the termination or buyout of representation contracts. Further, as station groups have become larger, they have gained bargaining power with rep firms over commission rates and other terms. As a result, the Company must continually compete both to acquire new client stations and to maintain its existing client relationships.

The Company's ability to compete successfully is based on: the number of stations it represents and the inventory of commercials and marketing opportunities they provide; the Company's relationships with advertisers; the experience of the Company's management and the training and motivation of its sales personnel; the Company's track record; the ability to offer unwired networks; the use of technology; and the Company's research and marketing services for clients and advertisers.

5. **Employees and Labor Relations**

As of the Commencement Date, the Company employed approximately 365 employees, substantially all of whom were sales-related personnel. None of its employees is represented by a union. The Company believe that its relations with its employees are excellent.

6. **Executive Officers**

The following table sets forth certain information regarding the Company's executive officers:

Name / Position	Experience / Responsibilities
David E. Kennedy *Chief Executive Officer and Vice Chairman of the Board*	David Kennedy joined the Debtors in February 2007. Prior to joining the Debtors, Mr. Kennedy served as President and Chief Executive Officer of Susquehanna Media Co. from December 2004 until May 2006. From January 1995, until December 2004, Mr. Kennedy was the President and Chief Operating Officer of Susquehanna Radio Corp., a subsidiary of Susquehanna Media Co. Over the past decade, Mr. Kennedy has been one of the broadcast industry's most active leaders. He is a past chairman of the National Association of Broadcasters Joint Board of Directors, and has served as chairman or member of a number of NAB committees, including the Radio Board of Directors; Responsible Programming Industry Task Force; Financial Advisory Committee; Committee on Local Radio Audience Measurement (COLRAM); and Radio Audience Measurement Taskforce (RAMTF).
William J. McEntee, Jr. *Executive Vice President and Chief Financial Officer*	Bill McEntee has been the Debtors' Chief Financial Officer since March of 1997. In addition, Mr. McEntee is the founder of Media Financial Services, Inc. which provides certain back-office services to the Debtors. Mr. McEntee served as Chief Financial Officer at Sudbrink Broadcasting from 1971-94. In 1980, he founded the West Palm Beach-based accounting firm, McEntee & Associates. Mr. McEntee is a certified public accountant.

Name / Position	Experience / Responsibilities
Michael Walsh *President and Chief Operating Officer*	Michael Walsh has been in the radio industry for over 20 years, most recently as the President of Debtor Cumulus Major Market Sales (formerly Susquehanna Radio Sales). Prior to joining the Debtors in 1998 to manage the national sales efforts of the Susquehanna stations, Mr. Walsh was National Sales Manager for WINS-AM/WNEW-FM in New York for four years. Mr. Walsh also worked for the Debtors from 1990-1994, during which time he was promoted to Regional Vice President/Director of Sales for one of the Debtors' divisions. Prior to beginning his radio sales career, Mr. Walsh was an Account Executive and Client Service Representative for The Arbitron Company in New York from 1986 to 1990. He began his career in radio as a producer for WABC-AM Radio's Sportstalk.
Paul Parzuchowski *Vice President, Secretary and Director of Benefits and Human Resources*	Paul Parzuchowski joined the Debtors in 1988. As Director of Benefits and Human Resources, Mr. Parzuchowski is responsible for the design, implementation and management of the Company's benefits programs and employee policies. Mr. Parzuchowski is involved in all phases of employee relations and, as Vice President and Secretary, the tasks necessary to be in compliance with SEC regulations and guidelines.

7. **Financial and Accounting Services Agreement**

Since 1997, the Company has had an agreement (the "MFS Agreement") with Media Financial Services, Inc. ("MFS"), a company that was founded by William J. McEntee, Jr., Interep's current Executive Vice President and Chief Financial Officer, whereby MFS provides all of the Company's financial and accounting functions.

Pursuant to the MFS Agreement, MFS charges the Company an annual fee (the "MFS Fee") for its services. In Mr. McEntee's capacity as Executive Vice President and Chief Financial Officer of Interep, he also receives a salary directly from the Company pursuant to the MFS Agreement, that is separate and in addition to the MFS Fee.

8. **Properties/Leases**

The Company leases approximately 162,000 square feet of office space in 16 cities throughout the United States. Its principal executive offices are located at 100 Park Avenue, New York, New York, where it occupies 58,000 square feet under a lease, which expires in March 2020. The Company believes that its office premises are adequate for its foreseeable needs.

As of the Commencement Date, the Company was committed under operating leases, principally for office space, which expire at various dates through 2020. Certain leases are subject to rent reviews and require payment of expenses under escalation clauses. Rent expense was $ 4,943,000, $5,375,000 and $5,454, 000 in 2007, 2006 and 2005, respectively. The non-cash portion of rent expense that relates to the effect of free rent and abatements was $946,000, $336,000 and $157,000 for 2007, 2006 and 2005, respectively. Future minimum rental commitments under non-cancellable operating leases are as follows:

2008	$4,303,000
2009	3,558,000
2010	2,852,000
2011	2,863,000
Thereafter	22,608,000

As of the Commencement Date, the total minimum sublease rentals to be received in the future under non-cancellable operating subleases were $962,000.

9. **Legal Proceedings**

The Company is involved in judicial and administrative proceedings from time to time concerning matters arising in connection with the conduct of its business. The Company believes, based on currently available

information, that the results of such proceedings, in the aggregate, will not have a material adverse effect on its financial condition or operations.

C. SELECTED HISTORICAL FINANCIAL INFORMATION

Attached as Exhibit D to this Disclosure Statement is selected consolidated financial information for Interep and its subsidiaries as of and for the fiscal years ended December 31, 2004 through December 31, 2007. This selected consolidated financial information should be read in conjunction with the unaudited financial statements for the fiscal year ended December 31, 2007 and the audited financial statements for the fiscal year ended December 31, 2006 (including the notes thereto) for Interep and its subsidiaries, which are also included in Exhibit D to this Disclosure Statement.

D. CAPITAL STRUCTURE AS OF THE COMMENCEMENT DATE

1. **Senior Subordinated Unsecured Notes**

The Company owes $99,000,000 in principal amount on account of the Notes. The Notes are general unsecured obligations of the Company. The Notes bear interest at the rate of 10.0% per annum, payable semiannually on January 1 and July 1. The principal amount of the Notes matures on July 1, 2008. All of the Company's material subsidiaries are guarantors of the Notes. Each guarantee is full, unconditional and joint and several with the other guarantees. The Company initially capitalized $4,689,000 of costs incurred in the offering of the Notes which has been amortized over the ten year life of the Notes. At the Commencement Date, the unpaid principal balance plus accrued but unpaid interest was approximately $101.475 million.

2. **Preferred Stock of Interep**

In May 2002, Interep established Series A Convertible Preferred Stock (the "Series A Preferred") with an authorization to issue up to 400,000 shares. The Series A Preferred has a par value $0.01 per share and a liquidation preference of $100 per share over Class A and Class B common stock. Each share of the Series A Preferred may be converted at the option of the holder at any time into 25 shares of Class A common stock at an initial conversion price of $4.00 per share. If the market price of Class A common stock is $8.00 or more for 30 consecutive trading days, the Series A Preferred would automatically be converted into shares of Class A common stock at the appropriate conversion price. The Series A Preferred bears a 4.0% annual cumulative dividend that may be paid in cash or paid in kind at Interep's discretion. As of March 24, 2008, 133,407 Series A Preferred shares were issued and outstanding. The current conversion price for the Interep Series A Preferred is $4.00 and the liquidation preference is $100.

3. **Common Stock of Interep**

Interep is authorized to issue 20,000,000 shares of Class A common stock, par value $0.01 per share, of which 7,725,005 shares were issued and outstanding as of March 24, 2008. Each share of Class A common stock is entitled to one vote per share. Interep is also authorized to issue 10,000,000 shares of Class B common stock, par value $0.01 per share, of which 3,570,871 shares were issued and outstanding as of March 24, 2008. Each share of Class B common stock is entitled to 10 votes per share, except for certain transactions, including amendments to the certificate of incorporation, certain "going-private" transactions and as otherwise provided by law. The Class B common stock is also convertible at the option of the holder into Class A common stock and, under certain conditions (including certain transfers of the Class B stock), is automatically converted to Class A common stock. Class B shares are held by current or former employees of Interep. The single largest individual beneficial owner of Interep common stock is Ralph Guild, the Company's founder and current non-executive Chairman of the Board, who owns approximately 6.6% of the Company's common stock.

Prior to February 8, 2006 Interep was a publicly reporting company whose stock was traded on NASDAQ OTC Bulletin Board. In May 2006, Interep received approval from the SEC to discontinue its public reporting requirements, but it continued to do so on a voluntary basis in order to comply with certain provisions in the Indenture. In view of the anticipated restructuring of the Notes, Interep discontinued such reporting following its 10Q report filed with the SEC for the period ended September 30, 2007.

IV. EVENTS LEADING TO THE COMMENCEMENT OF THE CHAPTER 11 CASES

A. GENERAL

In 1999 and 2000, two of the radio industry's strongest years, the Company acquired several large radio rep contracts and was required to make significant customary contract buyout payments. These buyouts were priced according to historical billing levels. Shortly thereafter, industry billings declined significantly from earlier highs, reflecting, in part, the downturn in the US economy at the outset of this decade. Since that time, however, the industry has never fully recovered, and total industry billings and revenue have declined significantly, resulting in a reduction in the Company's revenue, depressing the value of the contracts acquired, and adversely effecting the Company's bottom line.

Furthermore, since 2005, the Company has experienced a significant decline in revenue and margin traceable primarily to the loss of key client contracts. Commission revenue for 2006 decreased $6.2 million, or 7.7%, to $73.9 million from $80.1 million in 2005, reflecting the loss of revenues from the termination of contracts with Cumulus Broadcasting, Inc. and Radio One, Inc. during 2005. Commission revenue for 2007 decreased an additional $10.9 million, or 15%, to $63.0 million, reflecting the loss of revenues from the termination of contracts with the former Susquehanna Broadcasting stations when they were sold to Comcast and Cumulus Media Partners during 2006. A significant factor in client losses that were not driven by station acquisitions was concern about the Company's long term viability in light of the approaching maturity of the Notes, which clearly could not be paid from internally-generated cash.

In response to the decreased revenue from lost contracts and lower average commission rates, the Company has implemented various cost efficiency measures, including staff reductions; an office rationalization that reduced leased properties from 21 to 16; and the implementation of RadioExchange, the radio industry's first national spot radio web-based order/avail management, electronic invoicing and electronic ordering system that has lowered the Company's administrative costs.

These cost reductions, however, were insufficient to stem the losses. Rather, the path back to profitability requires that the Company de-lever its balance sheet and address the maturity of the Notes, to enable the Company to focus on bringing in new clients and expand into areas of emerging opportunities. Unfortunately, however, with the looming maturity of the Notes, and increasingly diminished liquidity, the Company had few such opportunities.

In February 2007, David E. Kennedy, a prominent figure in the radio industry, and the former President and CEO of client Susquehanna Media Company before it was sold to Comcast and Cumulus Media Partners, was named the Company's Chief Executive Officer. Among other initiatives, Mr. Kennedy commenced discussions with the Supporting Noteholders about a restructuring of the Notes, and also explored other avenues to address the Company's capital needs. By late 2007, the pace of these discussions accelerated and the Plan and Plan Support Agreement with the Supporting Noteholders are the culmination of this process, providing for a comprehensive restructuring of Interep's balance sheet. Accordingly, the Plan of Reorganization was negotiated, the DIP financing was arranged, the Supporting Noteholders executed the Plan Support Agreement and the Chapter 11 Cases were commenced.

B. PLAN SUPPORT AGREEMENT

The Plan Support Agreement, attached hereto as Exhibit G, sets forth the terms under which the Supporting Noteholders have agreed to support the Plan as described in the Plan Support Agreement. The Company believes that the Supporting Noteholders hold, in the aggregate, approximately 90% of the principal amount of the Notes.

Among other things, the Plan Support Agreement obligates the Company to finalize this Disclosure Statement, obtain Bankruptcy Court approval of it, complete all attachments, exhibits, and schedules to the Plan as described in the Plan Support Agreement in form and substance satisfactory to the Supporting Noteholders, solicit acceptances to the Plan, and move for its confirmation and consummation. The Company has also agreed not to withdraw such Plan nor to pursue or support any other plan or plans of reorganization. Importantly, however, the Company’s obligations under the Plan Support Agreement are subject in every respect to

the Company's proper exercise of its fiduciary duties as a debtor-in-possession. The Plan Support Agreement requires that the Supporting Noteholders, subject to certain requirements, support the approval of the Disclosure Statement and Plan as described in the Plan Support Agreement, not propose or support any other plan or plans of reorganization, not impede the approval of the Disclosure Statement or the acceptance, implementation, confirmation and consummation of the Plan as described in the Plan Support Agreement, not commence any proceeding or prosecute any objection to oppose or object to the Plan or to Disclosure Statement as described in the Plan Support Agreement, and subject to prior approval of the Disclosure Statement by the Bankruptcy Court, vote their Noteholder Claims to accept the Plan as described in the Plan Support Agreement.

Reflecting a shared view that the Chapter 11 Cases should be completed as quickly as is reasonably practicable, the Company and the Supporting Noteholders have agreed to certain time-related termination events that would terminate the Supporting Noteholders' obligation to support the Plan as described in the Plan Support Agreement, as well as other potential events. Those termination events include, among others: the failure of the Debtors to obtain an order confirming the Plan as described in the Plan Support Agreement by July 21, 2008; breaches by any of the Debtors or any of the Supporting Noteholders of material obligations under the Plan Support Agreement; failure to obtain an exit financing facility satisfactory to the Supporting Noteholders; the failure of the Debtors to obtain approval of the assumption of certain material contracts on certain conditions by August 5, 2008; and the occurrence of a material adverse effect. The Plan Support Agreement also has a final termination date of August 5, 2008. If the Plan Support Agreement is terminated at any time prior to the consummation of the Plan as described in the Plan Support Agreement, the termination will also cause an event of default under the DIP Credit Agreement. Conversely, if there is an event of default under the DIP Credit Agreement and the Lenders thereunder commence to exercise remedies under the DIP Credit Agreement, the Plan Support Agreement would terminate.

V. COMMENCEMENT OF THE CHAPTER 11 CASES

The Debtors commenced their Chapter 11 Cases on March 30, 2008. Since the Commencement Date, the Debtors have operated their businesses and managed their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

A. ADMINISTRATION OF THE CHAPTER 11 CASES

In April 2008, the Debtors obtained a series of orders from the Bankruptcy Court designed to minimize any disruption of business operations and to facilitate their reorganization. The Bankruptcy Court entered orders:

- Authorizing the Debtors to honor certain prepetition obligations to, or for the benefit of, their clients and customers and to otherwise continue certain client and customer programs and practices in the ordinary course of their business;

- Authorizing the Debtors to maintain their prepetition cash management systems after commencement of the Chapter 11 Cases, including inter-company transfers and use of bank accounts;

- Authorizing the Debtors to pay all employees their wages, salaries, benefits (including, among others, the medical, dental and 401(k) plans) and related items, to reimburse prepetition employee business expenses, and to make payments and contributions for which payroll deductions were made, in the ordinary course of business; and

- Establishing notice and approval of procedures limiting the ability of substantial shareholders to transfer their Equity Interests in Interep, so as to preserve Interep's tax assets and attributes.

- Granting interim and final approval of up to $25 million in new debtor-in-possession financing provided for under the DIP Credit Agreement.

In addition to the above, the Debtors have sought the entry of additional orders from the Bankruptcy Court that are also designed to minimize any disruption of business operations and to facilitate their

reorganization. As of the date of this Disclosure Statement, there are pending motions seeking entry of the following orders:

- Authorizing the Debtors to pay certain sales, use and franchise taxes in the ordinary course of business;

- Authorizing the Debtors to maintain a variety of insurance policies, including general liability, automotive liability, worker's compensation, directors & officers liability, and other policies;

- Authorizing the Debtors to retain and compensate certain Professionals utilized in the ordinary course of the Debtors' business;

- Establishing procedures for the interim compensation and reimbursement of retained Professionals in the Chapter 11 Cases; and

- Prohibiting utilities from altering, refusing or discontinuing services to the Debtors, determining that the utilities are adequately assured of future payment, and establishing procedures for determining requests for additional assurance.

B. <u>DEBTOR IN POSSESSION FINANCING</u>

The Debtors entered into the Postpetition Revolving Credit And Guaranty Agreement, dated as of March 31, among Interep, as Borrower, certain Subsidiaries of Interep, as Guarantors, Silver Point Finance, L.L.C. as a Lender, Administrative Agent, and Collateral Agent, OCM Principal Opportunities Fund III, L.P. as a Lender and OCM Principal Opportunities Fund IIIA L.P., as a Lender (as amended, supplemented, modified, or restated from time to time the "<u>DIP Credit Agreement</u>"). Pursuant to the DIP Credit Agreement, the Lender parties thereto have committed to provide, subject to the terms and conditions thereof, up to $25 million in postpetition financing for the Company's business, which the Company believes will meet its financing needs during the Chapter 11 Cases.

C. <u>BAR DATE</u>

On April 4, 2008, the Bankruptcy Court entered an order establishing May 16, 2008 as the general deadline for the filing of proofs of claim in the Chapter 11 Cases, and approving the form and manner of notice thereof.

VI. TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN

The following summary is general in nature and does not include all provisions of the Plan. The Debtors urge holders of Claims to carefully read the Plan itself in its entirety, a copy of which is annexed to this Disclosure Statement as <u>Exhibit A</u>. In the event of an inconsistency between this description and the actual terms of the Plan, the Plan provisions will control.

A. <u>SUBSTANTIVE CONSOLIDATION OF THE DEBTORS</u>

Substantive consolidation is an equitable remedy that a bankruptcy court can apply in Chapter 11 cases involving affiliated debtors. Substantive consolidation involves the theoretical pooling and merging of the assets and liabilities of the affected debtors, but solely for purposes of calculating creditor entitlements. All of the debtors in the substantively consolidated group are treated as if they were a single corporate and economic entity. Consequently, a creditor of one of the substantively consolidated debtors is treated as a creditor of the substantively consolidated group of debtors, and issues of individual corporate ownership of property and individual corporate liability on obligations are ignored. The proponent of substantive consolidation bears the burden of proving that the legal requirements for substantive consolidation have been satisfied.

The Debtors intend to seek this form of "deemed" substantive consolidation of their cases as part of confirmation of the Plan and believe they will be successful in satisfying their burden of proof. Accordingly, entry of the Confirmation Order will constitute the approval of the Bankruptcy Court of the substantive

consolidation of the Chapter 11 Cases, but solely for purposes of voting on and calculating distributions under the Plan. The effect of such substantive consolidation is: (a) all guarantees of the Debtors of the obligations of any other Debtor shall be eliminated so that any claim against any Debtor and any guarantee thereof executed by any other Debtor and any joint or several liability of any of the Debtors shall be deemed to be one obligation of the consolidated Debtors; and (b) each and every Claim (other than an Intercompany Claim) filed or to be filed in the Chapter 11 Case of any of the Debtors shall be deemed filed against the consolidated Debtors and shall be deemed one Claim against and obligation of the consolidated Debtors. Importantly, however, substantive consolidation under the Plan will only affect the manner of voting on and calculating distributions under the Plan. Substantive consolidation will not cause any actual pooling or merging of any assets or liabilities of the Debtors, nor effect any other actual change in the assets, liabilities, legal structure, or ownership of the Debtors.

B. CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

The Plan classifies different types of Claims and Equity Interests separately and provides different treatment for each Class in accordance with the class' relative legal rights. If the Plan is confirmed by the Bankruptcy Court, each holder of an Allowed Claim or Allowed Equity Interest in a particular Class will receive the same treatment as the other holders in the same Class of Claims or Equity Interests, whether or not such holder voted to accept the Plan. The treatment will be in exchange for and in full settlement, satisfaction, and discharge of the holder's respective Claims against or Equity Interests in a Debtor, except as otherwise provided in the Plan. Moreover, upon confirmation, the Plan will be binding on all holders of a Claim or Equity Interest regardless of whether such holders voted to accept the Plan.

1. **Administrative Claims**

An Administrative Claim is a claim against a Debtor or its Estate arising on or after the Commencement Date and prior to the Effective Date for a cost or expense of administration of the Chapter 11 Cases, that is entitled to priority or superpriority pursuant to sections 364(c)(1), 503(b), 503(c), 507(a)(1), 507(a)(2) or 507(b) of the Bankruptcy Code, including DIP Financing Claims, Fee Claims and actual and necessary costs and expenses incurred after the Commencement Date of preserving the Estates. Such actual and necessary expenses include claims for wages, salaries, commissions, and goods and services provided to the Debtors following the commencement of the Chapter 11 Cases. In addition, to the extent provided in section 503(b)(9) of the Bankruptcy Code, Administrative Claims include Claims for the value of any goods received by the Debtors within 20 days before Commencement Date in which goods have been sold to the Debtors in the ordinary course of business. Other Administrative Claims are those claims for payments authorized by the Bankruptcy Court to be paid under the DIP Credit Agreement ("DIP Financing Claims") and the claims of professional advisors serving in the Chapter 11 Cases that are entitled to payment from the Debtors' Estates ("Fee Claims").

a. *DIP Financing Claims*

On the Effective Date, the DIP Agent will receive Cash in the amount of the Allowed DIP Financing Claims and from and after the Effective Date the Reorganized Debtors shall continue to honor the indemnification, expense reimbursement, confidentiality and other surviving provisions set forth in the DIP Credit Agreement. Holders of DIP Financing Claims shall not be required to file or serve any request for payment of such Claims and such Claims shall be Allowed DIP Financing Claims as of the Effective Date, without any further action by the Bankruptcy Court and without recoupment, setoff or counterclaim, in the amounts set forth on one or more statements provided by the DIP Agent (absent manifest error).

b. *Fee Claims*

All entities seeking allowance by the Bankruptcy Court of a Fee Claim, which include claims under section 330(a), 331, 503, or 1103 of the Bankruptcy Code for compensation for services rendered or expenses incurred on or after the Commencement Date in connection with the Chapter 11 Cases, must prepare final applications for allowances of compensation for services rendered and reimbursement of expenses incurred through the Effective Date, and must file and serve such applications no later than sixty (60) days after the Effective Date. The failure to timely file such application will result in the Fee Claim being forever discharged. Objections to a Fee Claim must be filed and served no later than twenty (20) days after service of the application seeking allowance of

such Fee Claim. As soon as practicable (but no later than 5 days) after the Bankruptcy Court allows a Fee Claim, the Allowed amount of the Fee Claim will be paid in Cash.

c. *Indenture Trustee Fees*

Unless otherwise ordered by the Bankruptcy Court, the Reorganized Debtors may, in their sole discretion, pay all reasonable fees and expenses of the Indenture Trustee (its counsel, agents, and advisors) that are provided for under the Indenture in full in Cash without reduction to the recoveries of the Noteholders as soon as reasonably practicable after the Effective Date, whether or not such fees and expenses were incurred prior to, on or after the Commencement Date.

d. *All Other Administrative Claims*

All Allowed Administrative Claims will be paid in full in Cash. The timing of such payment, unless the holder agrees to a different treatment, is as follows: (a) with reference to a particular Claim or Administrative Claim Allowed as of the Effective Date, is the Effective Date and (b) with reference to a particular Claim or Administrative Claim Disputed as of the Effective Date, but thereafter Allowed, is the Quarterly Distribution Date following the calendar quarter in which the order or judgment of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order or on which, by agreement, any Disputed Claim becomes an Allowed Claim (the "Distribution Date"), each holder of an Allowed Administrative Claim will receive Cash in an amount equal to such Allowed Administrative Claim, *provided*, *however*, that an Administrative Claim representing a liability incurred in the ordinary course of business of a Debtor will be paid in full in the ordinary course of business by the Debtors or the Reorganized Debtors, in accordance with the terms and subject to the conditions of any agreements governing those liabilities.

2. **Priority Tax Claims**

Priority Tax Claims are the claims of a governmental unit against a Debtor or its Estate that are given priority pursuant to section 507(a)(8) of the Bankruptcy Code.

Each holder of an Allowed Priority Tax Claim will receive either (a) the amount of the holder's Allowed Priority Tax Claim, plus interest on the unpaid amount of such Claim from the Effective Date at the rate applicable under non-bankruptcy law, in quarterly Cash installment payments over a period ending not later than five years after the Commencement Date (provided that the Reorganized Debtors may prepay the balance of any such Allowed Priority Tax Claim at any time without premium or penalty); (ii) Cash on the Distribution Date equal to the Allowed Priority Tax Claim; or (iii) other treatment agreed upon in writing by the holder as may be agreed upon in writing by such holder and the Debtors or Reorganized Debtors. Notwithstanding the foregoing, the holder of an Allowed Priority Tax Claim will 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. Any such Claim or demand for any such penalty (a) will be discharged under the Plan and (b) the holder of an Allowed Priority Tax Claim shall be barred from collecting or attempting to collect such penalty from the Reorganized Debtors or their property.

3. **Classified Claims and Interests**

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

Priority Non-Tax Claims are claims that are entitled to priority under sections 507(a)(4), (5) and (7) of the Bankruptcy Code.

On the Distribution Date, each holder of an Allowed Priority Non-Tax Claim will receive either Cash in the amount of the Allowed Priority Non-Tax Claim or such other treatment as may be agreed to in writing by the holder and the Debtors or Reorganized Debtors. Notwithstanding the foregoing, the holder of an Allowed Priority Tax Claim will 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.

Class 1 is impaired under the Plan. Each holder of an Allowed Priority Non-Tax Claim is entitled to vote to accept or reject the Plan.

b. *Class 2 - Secured Claims*

Secured Claims are claims that are secured by a valid lien or a permissible setoff.

On the Distribution Date, each holder of an Allowed Other Secured Claim will, at the sole option of the Reorganized Debtors, and in the case of any Claim which, in the reasonable judgment of the Supporting Noteholders is material, with the consent of the Supporting Noteholders, (a) be reinstated and rendered unimpaired in accordance with section 1124 of the Bankruptcy Code; (b) be paid Cash in an amount equal to the Allowed Secured Claim, including interest required to be paid pursuant to section 506(b) of the Bankruptcy Code; or (c) receive the Collateral securing the Claim and interest required to be paid pursuant to section 506(b) of the Bankruptcy Code.

Class 2 is impaired under the Plan. Each holder of an Allowed Secured Claim is entitled to vote to accept or reject the Plan.

c. *Class 3 - Noteholder Claims*

Noteholder Claims are claims of the Noteholders under or evidenced by the Indenture or the Notes. Pursuant to the Plan, the sum of all Noteholder Claims shall be deemed Allowed in the aggregate amount of (i) $99 million in principal; plus (ii) $2.475 million accrued and unpaid prepetition interest, fees and costs.

On the Effective Date, each holder of an Allowed Noteholder Claim will receive its Pro Rata Share of the New Common Stock (subject to dilution by the Employee Incentive Plan) and the New Second Lien Notes.

Class 3 is impaired under the Plan. Each holder of an Allowed Noteholder Claim is entitled to vote to accept or reject the Plan.

d. *Class 4 - General Unsecured Claims*

General Unsecured Claims are any Claims other than a Secured Claim, Administrative Claim, Priority Tax Claim, Non-Tax Priority Claim, Noteholder Claim, Intercompany Claim, Section 510(b) Claim, or any Claim for a Cure Amount.

Each holder of an Allowed General Unsecured Claim will receive (a) on the Effective Date, its Pro Rata Share of the Class 4 Cash, provided, however, such General Unsecured Claim is Allowed as of the Effective Date and (b) on each Quarterly Distribution Date, its applicable Additional Distribution Amount.

Class 4 is impaired under the Plan. Each holder of an Allowed General Unsecured Claim is entitled to vote to accept or reject the Plan.

e. *Class 5 - Intercompany Claims*

Intercompany Claims are claims by any Debtor against another Debtor.

On the Effective Date, all Allowed Intercompany Claims shall be reinstated and rendered unimpaired.

Class 6 is unimpaired under the Plan. Each holder of an Allowed Intercompany Claim is conclusively presumed to have accepted the Plan and is not entitled to vote on the Plan.

f. *Class 6 - Section 510(b) Claims*

Section 510(b) Claims are Claims that are subordinated in priority under section 510(b) of the Bankruptcy Code (a) arising from rescission of a purchase or sale of a security of a Debtor or an affiliate of a

Debtor; (b) for damages arising from the purchase or sale of such security; or (c) for reimbursement or contribution allowed under section 502 of the Bankruptcy Code on account of such a Claim.

On the Effective Date, all Section 510(b) Claims will be extinguished and discharged and the holder thereof shall receive no distributions under the Plan.

Class 6 is impaired under the Plan. Each holder of a Section 510(b) Claim is conclusively presumed to have rejected the Plan and is not entitled to vote on the Plan.

g. *Class 7 - Old Equity Interests*

Old Equity Interests are Equity Interests (including any capital stock, membership interest, partnership interest, warrant, option or other equity interest or right to acquire such interest) in a Debtor owned by a non-Debtor.

On the Effective Date, all Old Equity Interests will be cancelled and discharged and the holder thereof will receive no distribution under the Plan.

Class 7 is impaired under the Plan. Each holder of an Old Preferred Stock Interest is conclusively presumed to have rejected the Plan and is not entitled to vote on the Plan.

h. *Class 8 - Subsidiary Equity Interests*

Subsidiary Equity Interests are Equity Interests (including any capital stock, membership interest, partnership interest, warrant, option or other equity interest) in a Debtor owned by a Debtor.

On the Effective Date, all Allowed Subsidiary Equity Interests shall be reinstated and rendered unimpaired in accordance with section 1124 of the Bankruptcy Code.

Class 8 is unimpaired under the Plan. Each holder of an Allowed Subsidiary Equity Interest is conclusively presumed to have accepted the Plan and is not entitled to vote on the Plan.

C. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

All executory contracts and unexpired leases that are not listed on the Contract Assumption Schedule (as defined below), including those agreements that are listed on the Contract Rejection Schedule (as defined below) will be "rejected" by the applicable Debtor under the Plan, assuming the Plan becomes effective. By rejecting these agreements, the Debtors are effectively terminating them, and the Debtors will be discharged from any further obligations under the agreements. Pursuant to the provisions of the Bankruptcy Code, the non-Debtor counterparty to a rejected agreement is entitled to collect any contract damages from the Debtor arising from the rejection, subject to the Debtors' defenses to such damage claims. However, all Claims for rejection damages are considered prepetition Claims under the Bankruptcy Code. These Claims are treated as General Unsecured Claims under the Plan, unless the non-Debtor counterparty holds a valid interest in collateral or a permissible setoff to secure the Debtors' performance under the agreement, in which case the counterparty's damage claim is treated as a Secured Claim to the extent of the value of the collateral or the setoff.

The Plan provides that any non-Debtor counterparty to a rejected executory contract or unexpired lease must file a proof of claim with the Bankruptcy Court and serve such proof of claim on the Supporting Noteholders with respect to any claimed damages no later than twenty (20) days after the Confirmation Date. The form for such proof of claim is available upon request to the Claims Agent, Kurtzman Carson Consultants LLC. The Debtors intend to attempt to send notice to all non-Debtor counterparties whose executory contracts or unexpired leases are not listed on the Contract Assumption Schedule that their contracts are scheduled to be rejected under the Plan. As a precautionary measure, however, persons with agreements with the Debtors should check the docket of the Chapter 11 Cases after the Contract Assumption Schedule has been filed to determine if their agreements are being assumed or rejected under the Plan, in order to timely file a proof of claim.

The Debtors intend to file a schedule, in form and substance satisfactory to the Supporting Noteholders (the "Contract Assumption Schedule") prior to the Confirmation Hearing that will list all executory contracts and unexpired leases that are being "assumed" prior to or under the Plan, assuming the Plan becomes effective, either in their current form or in the form amended by agreement of the parties. The listing of an agreement on the Contract Assumption Schedule is intended to include all modifications, supplements, or other agreements, rights, and obligations related to the agreement. This "assumption," if the Plan becomes effective, will obligate the reorganized Company to pay in full any amounts that are in arrears or otherwise in default under the agreement on the Effective Date (the "Cure Amounts"), and will obligate the reorganized Company to perform under the agreement in the form that it was assumed. Subject to the prior consent of the Supporting Noteholders, the Debtors reserve the right to amend and modify the Contract Assumption Schedule and Cure Amounts listed on the Contract Assumption Schedule at any time prior to consummation of the Plan and contract parties will be provided sufficient time to object to the amended or modified Cure Amount listed on such schedule or file a proof of claim as necessary following such modifications.

The Plan provides that all non-Debtor counterparties to an assumed agreement (*i.e.*, those executory contracts and unexpired leases listed on the Contract Assumption Schedule) that wish to file any objection to the assumption of an executory contract or unexpired lease by the Debtors must file an objection no later than the Bar Date, or else such objection will be forever barred.

Unless compromised, settled, or otherwise resolved pursuant to a Final Order of the Bankruptcy Court or the authority granted to the Debtors or reorganized Company under the Plan, the Cure Amount to be paid in connection with the assumption of an executory contract or unexpired lease that is identified on the Contract Assumption Schedule will be the proposed Cure Amount listed on such schedule. The Cure Amounts will be considered an Administrative Claim and will be paid in full in Cash on the Distribution Date.

Any executory contracts or unexpired leases entered into by the Debtors during the Chapter 11 Cases, or previously assumed in the Chapter 11 Cases will continue in full force, and will not be affected by the Plan.

D. PROPERTY TO BE DISTRIBUTED TO CREDITORS UNDER THE PLAN

1. The New Second Lien Notes

The New Second Lien Notes are secured promissory notes in an aggregate principal amount of $[40] million, which amount reflects the mid-point in the enterprise value of the Debtors as set forth in the Valuation Analysis, minus (a) the amount of the first lien term loan issued under the Exit Facility, in an amount not to exceed $20 million, minus (b) anticipated draws on the first lien revolving facility issued under the Exit Facility to fund payments in connection with the Plan, including Allowed Administrative Claims, Allowed Priority Non-Tax Claims, Allowed Secured Claims, Cure Amounts and Class 4 Cash, minus (c) $10 million.

The New Second Lien Notes will bear interest at a rate of [ ]%, with interest amounts to be accrued or paid in kind (not paid in cash), and will mature on the tenth anniversary of the Effective Date. In addition to payment of interest in-kind, the Debtors and the Supporting Noteholders anticipate that the New Second Lien Notes will include the following material terms, as well as other terms to be agreed: various conditions to closing, including confirmation of the Plan and entry by the Bankruptcy Court of a [final] confirmation order, mandatory prepayment provisions, certain affirmative reporting covenants, negative covenants and financial covenants to be tested on a periodic basis, as well as specified events of default. The New Second Lien Notes will be secured by a lien on substantially all of the Debtors assets, such lien being second in priority to the lien on the same assets securing the Debtors obligations under the Exit Financing, with such priorities and rights to be outlined in an intercreditor agreement. The obligations in respect of the New Second Lien Notes will be guaranteed by all of the Debtors. As of the Effective Date, each holder of Class 3 Claims will be deemed to be party to applicable New Second Lien Note loan documents, as such documents are agreed among the Debtors and the Supporting Noteholders. However, in order to receive its New Second Lien Note, each holder of Class 3 Claims will be required to provide a signature page to the applicable New Second Lien Note loan documents. The form of the agreements governing the New Second Lien Notes will be filed with the Bankruptcy Court as a Plan Document.

2. **The New Common Stock**

The holders of the New Common Stock shall have certain rights as equity holders of Reorganized Interep. These include the right to receive any dividends or distributions of Reorganized Interep (such dividends and distributions to be made by the board of directors in its sole discretion). Additionally, it is likely that Reorganized Interep shall require the vote of the holders of at least 66 2/3% of the outstanding New Common Stock for certain extraordinary actions, including a merger, consolidation or sale of substantially all of the assets of Reorganized Interep, the termination or dissolution of Reorganized Interep or an amendment to the Reorganized Interep Certificate of Incorporation or the Reorganized Interep By-laws (if Reorganized Interep is a corporation) or the Reorganized Interep Certificate of Formation and the Reorganized Interep Operating Agreement (if Reorganized Interep is a limited liability company). For as long as the Supporting Noteholders maintain their initial percentages of ownership interests in the New Common Stock, they shall each have the right to elect three directors to the board of directors of Reorganized Interep as described in Section IX.A.1 below. If Reorganized Interep is organized as a limited liability company, the Reorganized Interep Operating Agreement will include standard provisions modifying the fiduciary duties of directors and officers to the extent contemplated by Section 18-1101 of the Delaware Limited Liability Company Act.

The New Common Stock may be subject to significant transfer restrictions. These include a general lock-up period for as long as three years from the Effective Date within which no transfers of New Common Stock may be made without the approval of the board of directors, and the right of first offer for Reorganized Interep and the Supporting Noteholders with respect to any proposed transfer of the New Common Stock. The New Common Stock may also be subject to drag-along rights so that if both Supporting Noteholders sell all of their New Common Stock to an unaffiliated third party, they shall have the right to cause the other holders of the New Common Stock to sell their New Common Stock to the third party at the same price and terms received by the Supporting Noteholders.

The New Common Stock will have the provisions described in a notice that will be filed with the Bankruptcy Court as a Plan Document.

In the event the Supporting Noteholders determine that the Reorganized Interep will be reconstituted as a limited liability company, each Noteholder shall be required to execute the Reorganized Interep Operating Agreement and shall not have any legal or beneficial interest in the New Common Stock or be registered on the Reorganized Interep's books and records as a holder of any of the New Common Stock, unless and until it has executed and delivered the Reorganized Interep Operating Agreement and any ancillary documents reasonably determined necessary by the Debtors or the Supporting Noteholders in connection therewith.

E. SECURITIES LAWS MATTERS WITH RESPECT TO DISTRIBUTIONS

1. **General**

No registration statement will be filed under the Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws, with respect to the offer and sale under the Plan of New Common Stock or New Second Lien Notes (the "New Securities"). The Debtors believe that the provisions of section 1145(a)(1) of the Bankruptcy Code exempt the offer and sale of the New Securities under the Plan from federal and state securities registration requirements.

2. **Bankruptcy Code Exemptions from Registration Requirements**

a. *Initial Offer and Sale*

Section 1145(a)(1) of the Bankruptcy Code exempts the offer and sale of securities under a plan of reorganization from registration under the Securities Act and state securities laws if three principal requirements are satisfied:

(i) the securities must be securities of the debtor, an affiliate participating in a joint plan with the debtor or a successor to the debtor under the plan;

(ii) the recipients of the securities must hold a prepetition or administrative expense claim against the debtor or an interest in the debtor or an affiliate participating in a joint plan with the debtor; and

(iii) the securities must be issued entirely in exchange for the recipient's claim against or interest in the debtor or an affiliate participating in a joint plan with the debtor, or principally in such exchange and partly for cash or other property.

The Debtors believe that the offer and sale of the New Securities under the Plan satisfy the requirements of section 1145(a)(1) of the Bankruptcy Code and are, therefore, exempt from registration under the Securities Act and state securities laws.

b. *Subsequent Transfers*

In general, because under section 1145(c) of the Bankruptcy Code the New Securities offered and sold under the Plan will be deemed to have been publicly offered, all resales and subsequent transactions in such securities will exempt from registration under the Securities Act pursuant to Section 4(1) thereof, unless the holder thereof is deemed to be an "affiliate" of Reorganized Interep or otherwise is deemed to be an "underwriter" with respect to such securities under Section 2(11) of the Securities Act.

Pursuant to section 1145(b) of the Bankruptcy Code, the following persons will be considered to be "underwriters" under Section 2(11) of the Securities Act:

(i) persons who purchase a claim against, an interest in or a claim for administrative expense against a debtor with a view to distributing any security received in exchange for such claim or interest ("accumulators");

(ii) persons who offer to sell securities offered or sold under a plan for the holders of such securities ("distributors");

(iii) persons who offer to buy securities offered or sold under a plan from the holders of such securities, if the offer to buy is both with a view to distributing such securities and under an agreement made in connection with the plan, with the consummation of the plan or with the offer or sale of securities under the plan; and

(iv) a person who is an "issuer" with respect to the securities, as defined in section 2(11) of the Securities Act.

Under section 2(11) of the Securities Act, an "issuer" includes any "affiliate" of the issuer. Rule 144 under the Securities Act defines "affiliate" of an issuer as any person directly, or indirectly through one or more intermediaries, controlling, controlled by or under common control with the issuer. Whether or not any particular person would be deemed to be an "affiliate" of Reorganized Interep or otherwise would be deemed to be an "underwriter" with respect to the New Securities offered and sold under the Plan would depend upon various facts and circumstances applicable to that person. Accordingly, the Debtors express no view as to whether any person would be deemed to be an "affiliate" of Reorganized Interep or otherwise would be deemed to be an "underwriter" with respect to such securities.

Rule 144 under the Securities Act provides an exemption from registration under the Securities Act for certain limited public resales of unrestricted securities by "affiliates" of the issuer of such securities. The Debtors believe that, pursuant to section 1145(c) of the Bankruptcy Code, the New Securities offered and sold under the Plan will be considered unrestricted securities for purposes of Rule 144. Rule 144 allows a holder of unrestricted securities that is an "affiliate" of the issuer of such securities to sell without registration within any three-month period a number of shares of such unrestricted securities that does not exceed the greater of 1% of the number of outstanding securities in question and the average weekly trading volume in the securities in question during the four calendar weeks preceding the date on which notice of such sale was filed pursuant to Rule 144, subject to the satisfaction of certain other requirements of Rule 144, including requirements as to notice, the availability of current public information regarding the issuer and, in the case of equity securities, the manner of

sale. Reorganized Interep is not expected to be a reporting company under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), immediately following the Effective Date or for a lengthy period thereafter, and the Rule 144 exemption is not expected to be available to holders of the New Securities offered and sold under the Plan until such time, if ever, as Reorganized Interep becomes a reporting company under the Exchange Act. *Any persons intending to rely on the exemption from registration provided by Rule 144 are urged to consult with their own counsel as to the requirements thereof and whether such requirements are capable of being satisfied at any particular time.*

In addition, the Supporting Noteholders that are party to the Plan Support Agreement as of the date of this Disclosure Statement, may be deemed to be affiliates of Reorganized Interep and will therefore have customary registration rights under a registration rights agreement, which will include customary demand, shelf and piggyback rights, indemnification provisions and underwriting cooperation provisions.

In connection with prior bankruptcy cases, the staff of the Securities and Exchange Commission (the "SEC") has taken the position that resales by accumulators and distributors of securities distributed under a plan of reorganization that are not "affiliates" of the issuer are exempt from registration under the Securities Act if effected in "ordinary trading transactions." The staff of the SEC has indicated in this context that a transaction may be considered an "ordinary trading transaction" if it is made on an exchange or in the over-the-counter market and does not involve any of the following factors:

(i) either concerted action by the recipients of securities issued under a plan in connection with the sale of such securities or concerted action by distributors on behalf of one or more such recipients in connection with such sales;

(ii) the use of informational documents concerning the offering of the securities prepared or used to assist in the resale of such securities, other than a bankruptcy court-approved disclosure statement and supplements thereto and documents filed with the SEC pursuant to the Securities Exchange Act of 1934, as amended; or

(iii) the payment of special compensation to brokers and dealers in connection with the sale of such securities designed as a special incentive to the resale of such securities (other than the compensation that would be paid pursuant to arms-length negotiations between a seller and a broker or dealer, each acting unilaterally, and not greater than the compensation that would be paid for a routine similar-sized sale of similar securities of a similar issuer).

Because Reorganized Interep is not expected to be a reporting company under the Exchange Act, and, accordingly, the New Securities offered and sold under the Plan are not expected to be eligible for listing on an exchange or trading in the over-the-counter market, immediately following the Effective Date and for a lengthy period thereafter, the "ordinary trading transactions" exemption is not expected to be available to holders of New Securities offered and sold under the Plan. *At such time, if ever, as Reorganized Interep becomes a reporting company under the Exchange Act, no assurance can be given regarding the proper application of the "ordinary trading transactions" exemption described above. Any persons intending to rely on such exemption are urged to consult their own counsel as to the applicability thereof to any particular circumstances.*

GIVEN THE COMPLEX NATURE OF THE QUESTION OF WHETHER A PARTICULAR PERSON MAY BE AN "AFFILIATE" OF REORGANIZED INTEREP OR OTHERWISE MAY BE AN "UNDERWRITER" WITH RESPECT TO THE NEW SECURITIES OFFERED AND SOLD UNDER THE PLAN, THE DEBTORS MAKE NO REPRESENTATIONS CONCERNING THE RIGHT OF ANY PERSON TO TRADE IN SUCH SECURITIES AND RECOMMEND THAT HOLDERS OF CLAIMS CONSULT THEIR OWN COUNSEL CONCERNING WHETHER THEY MAY FREELY TRADE SUCH SECURITIES.

State securities laws generally provide registration exemptions for subsequent transfers by a *bona fide* owner for the owner's own account and subsequent transfers to institutional or accredited investors. Such exemptions generally are expected to be available for subsequent transfers of the New Securities offered and sold under the Plan.

F. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF CONSUMMATION OF THE PLAN

1. **General**

IRS Circular 230 disclosure: To ensure compliance with requirements imposed by the IRS, we inform you that any U.S. tax advice contained herein was not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.

A DESCRIPTION OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN IS PROVIDED BELOW. THE DESCRIPTION IS BASED ON THE INTERNAL REVENUE CODE (THE "IRC"), TREASURY REGULATIONS, JUDICIAL DECISIONS AND ADMINISTRATIVE DETERMINATIONS, ALL AS IN EFFECT ON THE DATE OF THIS DISCLOSURE STATEMENT AND ALL SUBJECT TO CHANGE, POSSIBLY WITH RETROACTIVE EFFECT. CHANGES IN ANY OF THESE AUTHORITIES OR IN THEIR INTERPRETATION COULD CAUSE THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN TO DIFFER MATERIALLY FROM THE CONSEQUENCES DESCRIBED BELOW.

THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX AND IN IMPORTANT RESPECTS UNCERTAIN. NO RULING HAS BEEN REQUESTED FROM THE INTERNAL REVENUE SERVICE (THE "IRS"); NO OPINION HAS BEEN REQUESTED FROM DEBTORS' COUNSEL CONCERNING ANY TAX CONSEQUENCE OF THE PLAN; AND NO TAX OPINION IS GIVEN BY THIS DISCLOSURE STATEMENT.

THE DESCRIPTION THAT FOLLOWS DOES NOT COVER ALL ASPECTS OF FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO THE DEBTORS OR HOLDERS OF CLAIMS OR INTERESTS. FOR EXAMPLE, THE DESCRIPTION DOES NOT ADDRESS ISSUES OF SPECIAL CONCERN TO CERTAIN TYPES OF TAXPAYERS, SUCH AS DEALERS IN SECURITIES, LIFE INSURANCE COMPANIES, FINANCIAL INSTITUTIONS, TAX EXEMPT ORGANIZATIONS AND NON-U.S. TAXPAYERS, NOR DOES IT ADDRESS TAX CONSEQUENCES TO HOLDERS OF INTERESTS IN THE DEBTORS. IN ADDITION, THE DESCRIPTION DOES NOT DISCUSS STATE, LOCAL OR NON-U.S. TAX CONSEQUENCES.

FOR THESE REASONS, THE DESCRIPTION THAT FOLLOWS IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND PROFESSIONAL TAX ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER OF A CLAIM OR INTEREST. HOLDERS OF CLAIMS OR INTERESTS ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS REGARDING THE FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF THE PLAN.

2. **U.S. Federal Income Tax Consequences to the Debtors**

a. *Cancellation of Debt Income*

Generally, the discharge of a debt obligation by a debtor for an amount less than the adjusted issue price (in most cases, the amount the debtor received on incurring the obligation, with certain adjustments) creates cancellation of indebtedness ("COD") income, which must be included in the debtor's income. However, COD income is not recognized by a taxpayer that is a debtor in a reorganization case if the discharge is granted by the court or pursuant to a plan of reorganization approved by the court. The Plan, if approved, would enable the Debtors to qualify for this bankruptcy exclusion rule with respect to any COD income triggered by the Plan.

If debt is discharged in a reorganization case, however, certain income tax attributes otherwise available are reduced, in most cases by the amount of the indebtedness forgiven. Tax attributes subject to reduction include, in the following order of priority: (a) net operating losses and net operating loss carryforwards ("NOLs"); (b) most credit carryforwards, including the general business credit and the minimum tax credit; (c) capital losses and capital loss carryforwards; (d) the tax basis of the debtor's depreciable and nondepreciable assets, but not in an amount greater than the excess of the aggregate tax bases of the property held by the debtor immediately after the discharge over the aggregate of the debtor's liabilities immediately after the discharge; and (e) foreign tax credit

carryforwards. A debtor may elect to avoid the prescribed order of attribute reduction and instead reduce the basis of certain property first.

In the case of affiliated corporations filing a consolidated return (such as Interep and its consolidated subsidiaries), the attribute reduction rules apply first to the separate attributes of or allocable to the particular corporation whose debt is being discharged, and then, if necessary, to certain attributes of other members of the group. Accordingly, COD income of a debtor would result first in the reduction of any consolidated NOLs and other attributes, including asset basis, attributable to such debtor, and then, if necessary, of consolidated NOLs and other attributes including asset basis, attributable to other members of the consolidated group, after use of all such NOLs to determine the consolidated group's taxable income for the tax year in which the debt is discharged.

b. *Limitation on NOL Carryforwards*

(i) *General*

Section 382 of the IRC provides rules limiting the utilization of a corporation's NOLs and other losses, deductions and credits following a more than 50% change in ownership of a corporation's equity (an "ownership change"). An ownership change will occur with respect to the Debtors in connection with the Plan. Therefore, post-Effective Date usage of the Debtors' NOLs and other tax attributes (after reduction for COD income) by the Reorganized Debtors will be limited by section 382(l)(6) of the IRC, unless the Bankruptcy Exception of section 382(l)(5) (described below) applies to the transactions contemplated by the Plan. Unless the Bankruptcy Exception applies, the amount of post-ownership change annual taxable income of the Reorganized Debtors that can be offset by the pre-ownership change NOLs of the Debtors generally cannot exceed an amount equal to the product of (a) the applicable federal long-term tax-exempt rate in effect on the date of the ownership change and (b) the value of Interep's stock immediately prior to implementation of the Plan (the "<u>Annual Limitation</u>"). The value of Interep's stock for purposes of this computation would reflect the increase, if any, in value resulting from any surrender or cancellation of any Claims in the Chapter 11 Cases. For instance, if the equity value of Reorganized Interep were $[10,000,000] and the applicable U.S. federal long-term tax-exempt rate in effect on the date of the ownership change were [4.55]%, then, unless the Bankruptcy Exception is applicable, the Annual Limitation would be $[455,000].

Any unused Annual Limitation may be carried forward, thereby increasing the Annual Limitation in the subsequent taxable year(s). However, if Reorganized Interep does not continue Interep's historic business or use a significant portion of its assets in a new business for two years after the ownership change (the "<u>Business Continuity Requirement</u>"), the Annual Limitation resulting from the ownership change is generally zero.

In addition, the Annual Limitation may be increased if Interep has a "net unrealized built-in gain" at the time of an ownership change. If, however, Interep has a "net unrealized built-in loss" at the time of an ownership change, the Annual Limitation may apply to any such built-in loss that is recognized in the five-year period beginning on the date of the ownership change.

(ii) *Bankruptcy Exception*

Section 382(l)(5) of the IRC (the "<u>Bankruptcy Exception</u>") provides that no Annual Limitation will apply to limit the utilization of the Reorganized Debtors' NOLs or built-in losses if the New Common Stock owned by those persons who were stockholders of Interep immediately before the ownership change, together with New Common Stock received by certain holders of Allowed Claims pursuant to the Plan, comprise 50% or more of the voting power and value of all of the New Common Stock outstanding immediately after the ownership change. New Common Stock received by such holders will be included in the 50% calculation if, and to the extent that, such holders constitute "qualified creditors." A "qualified creditor" is a holder of an Allowed Claim that (a) was held by such holder since the date that is 18 months before the date on which the Debtors first filed their petition with the Bankruptcy Court or (b) arose in the ordinary course of business and is held by the person who at all times held the beneficial interest in such Allowed Claim. In determining whether the Bankruptcy Exception applies, certain holders of Allowed Claims that would own a *de minimis* amount of New Common Stock pursuant to the Plan are presumed to have held their Claims since the origination of such Claims. In general, this *de minimis* rule applies to holders of Allowed Claims who would own directly or indirectly less than 5% of the total fair market value of New Common Stock pursuant to the Plan.

If the Bankruptcy Exception applies, a subsequent ownership change with respect to the Reorganized Debtors occurring within two years after the Effective Date will result in the reduction to zero of the Annual Limitation that would otherwise apply to the subsequent ownership change. Thus, an ownership change within two years after the Effective Date would eliminate the ability of the Reorganized Debtors to use any pre-change NOLs thereafter. However, if the Bankruptcy Exception applies, the Business Continuity Requirement does not apply, although a lesser business continuation requirement may apply under Treasury Regulations. If a change of ownership occurs after the two years following the Effective Date, then the Reorganized Debtors will become subject to limitation in the use of their pre-change NOLs based upon the equity value of the Reorganized Debtors at the time of that subsequent change.

In addition, if the Bankruptcy Exception applies, NOLs of the Reorganized Debtors will be reduced by the amount of any deduction for any interest paid or accrued by the Debtors during the three taxable years preceding the taxable year in which the ownership change occurs and during the portion of the taxable year of the ownership change preceding the ownership change with respect to all Allowed Claims converted into New Common Stock.

The Reorganized Debtors could elect to not have the Bankruptcy Exception apply, in which event the Annual Limitation would apply.

c. *Alternative Minimum Tax*

In general, a federal alternative minimum tax ("AMT") is imposed on a corporation's alternative minimum taxable income ("AMTI") at a 20% rate to the extent that such tax exceeds the corporation's regular federal income tax for the year. AMTI is generally equal to regular taxable income with certain adjustments. For purposes of computing AMTI, certain tax deductions and other beneficial allowances are modified or eliminated. In particular, even though a corporation might otherwise be able to offset all of its taxable income for regular federal income tax purposes by available NOL carryforwards, a corporation is generally entitled to offset no more than 90% of its AMTI with NOL carryforwards (as recomputed for AMT purposes). Accordingly, usage of the Debtors' NOLs by the Reorganized Debtors may be subject to limitations for AMT purposes in addition to any other limitations that may apply.

In addition, if a corporation (or a consolidated group) undergoes an ownership change and is in a "net unrealized built-in loss" position on the date of the ownership change, the corporation's (or group's) aggregate tax basis in its assets may be reduced for certain AMT purposes to reflect the fair market value of such assets as of the change date. Accordingly, if the Debtors are in a net unrealized built-in loss position on the Effective Date, for AMT purposes the tax benefits attributable to basis in assets may be reduced.

Any AMT that a corporation pays generally will be allowed as a nonrefundable credit against its regular federal income tax liability in future taxable years when the corporation is no longer subject to AMT.

d. *Other Federal Income Tax Consequences*

The transactions described in the Plan include the exchange of the Notes for New Common Stock and New Second Lien Notes and the reconstitution of Interep as a Delaware corporation or a limited liability company which will elect to be treated as a corporation for federal income tax purposes. Such transactions are expected to constitute, for federal income tax purposes, one or more "reorganizations" of the Debtors that generally will not be taxable to the Debtors, and the NOLs and other tax attributes of the Debtors generally will carry over to the Reorganized Debtors subject to certain reductions and limitations including those described herein. Other federal income tax consequences to the Debtors may result depending on the terms of any additional transactions that occur with respect to the Debtors.

3. **U.S. Federal Income Tax Consequences to Holders of Claims**

The federal income tax consequences of the Plan to a holder of a Claim will depend, in part, on whether the Claim constitutes a "tax security" for federal income tax purposes, what type of consideration was received in exchange for the Claim, whether the holder reports income on the accrual or cash basis, whether the

holder has taken a bad debt deduction or worthless security deduction with respect to the Claim and whether the holder receives distributions under the Plan in more than one taxable year.

a. *Definition of Securities*

There is no precise definition of the term "security" under the federal income tax law. Rather, all facts and circumstances pertaining to the origin and character of a claim are relevant in determining whether it is a security. Nevertheless, courts generally have held that a debt instrument having a term of less than five years will not be considered a tax security, while corporate debt evidenced by a written instrument and having an original maturity of ten years or more will be considered a tax security. Accordingly, because the Notes (originally issued on July 2, 1998 with an original maturity date of July 1, 2008) had an original maturity of about ten years, they are expected to be tax securities.

b. *Holders of Notes Receiving New Common Stock and New Second Lien Notes*

Under the Plan, holders of Notes constituting tax securities would receive New Common Stock and New Second Lien Notes. The New Second Lien Notes having a ten-year maturity are expected to constitute tax securities. Thus, a holder of Notes who receives New Common Stock and New Second Lien Notes in satisfaction of such holder's Claim would not recognize gain or loss upon the exchange; the holder's aggregate tax basis in the New Common Stock and New Second Lien Notes (apart from any portion thereof allocable to interest) would equal the holder's basis in its Claim and such basis would generally be allocated between the New Common Stock and the New Second Lien Notes according to their relative fair market values; and the holding period for the New Common Stock and New Second Lien Notes (apart from any portion allocable to interest) would include the holding period of the Notes surrendered. The holder's tax basis in any New Common Stock and New Second Lien Notes allocable to interest would equal the fair market value of the New Common Stock and New Second Lien Notes on the date of distribution to the holder by Reorganized Interep and the holding period of such stock would begin on the day after the day of receipt. See "— Certain Other Tax Considerations for Holders of Claims — Market Discount" below for a discussion of the character of any gain recognized from a Claim with accrued market discount.

c. *Holders of Claims Other than Notes*

A holder of an Allowed Claim that is not a tax security who receives Cash in exchange for such holder's Claim would recognize gain or loss in an amount equal to the difference between (a) the amount of Cash received by the holder in satisfaction of its Claim (other than any Claim for accrued but unpaid interest) and (b) the holder's adjusted tax basis in its Claim (other than any Claim for accrued but unpaid interest).

Generally, any gain or loss recognized by a holder of a Claim not constituting a tax security would be a long-term capital gain or loss if the Claim is a capital asset in the hands of the holder and the holder has held such Claim for more than one year, unless the holder had previously claimed a bad debt or worthless securities deduction or the holder had accrued market discount with respect to such Claim. See "Market Discount" below for a discussion of the character of any gain recognized from a Claim with accrued market discount.

4. **Certain Other Tax Considerations for Holders of Claims**

a. *Pre-Effective Date Interest*

In general, a Claim holder that was not previously required to include in its taxable income any accrued but unpaid pre-Effective Date interest on the Claim may be required to take such amount into income as taxable interest upon receiving a distribution with respect to such interest. A Claim holder that was previously required to include in its taxable income any accrued but unpaid pre-Effective Date interest on the Claim may be entitled to recognize a deductible loss to the extent that such interest is not satisfied under the Plan. The Plan provides that, to the extent applicable, all distributions to a holder of an Allowed Claim will apply first to the principal amount of such Claim until such principal amount is paid in full and then to any interest accrued on such Claim prior to the Commencement Date, and the remaining portion of such distributions, if any, will apply to any interest accrued on such Claim after the Commencement Date. There is no assurance, however, that the IRS will respect this treatment and will not determine that all or a portion of amounts distributed to such holder is properly allocable to prepetition interest. Each holder of a Claim on which interest accrued is urged to consult its tax advisor

regarding the tax treatment of its distributions under the Plan and the deductibility of any accrued but unpaid interest for federal income tax purposes.

b. *Post-Effective Date Distributions*

Holders of Claims may receive distributions subsequent to the Effective Date. The imputed interest provisions of the IRC may apply to treat a portion of any Post-Effective Date distribution as imputed interest. Imputed interest may, with respect to certain holders, accrue over time using the constant interest method, in which event the holder may, under some circumstances, be required to include imputed interest in income prior to receipt of a distribution.

In addition, because additional distributions may be made to holders of Claims after the initial distribution, any loss and a portion of any gain realized by a holder may be deferred until the holder has received its final distribution. All holders are urged to consult their tax advisors regarding the possible application of, or ability to elect out of, the "installment method" of reporting gain that may be recognized in respect of a Claim.

c. *Reinstatement of Claims*

Holders of Claims that will be reinstated generally would not recognize gain, loss or other taxable income upon the reinstatement of their Claims under the Plan. Taxable income, however, may be recognized by those holders if they are considered to receive interest, damages or other income in connection with the reinstatement or if the reinstatement is considered for tax purposes to involve a substantial modification of the Claim.

d. *Bad Debt Deduction*

A holder who, under the Plan, receives on account of a Claim an amount less than the holder's tax basis in the Claim may be entitled in the year of receipt (or in an earlier year) to a bad debt deduction in some amount under Section 166(a) of the IRC. The rules governing the character, timing and amount of bad debt deductions place considerable emphasis on the facts and circumstances of the holder, the obligor, the instrument or claim, and the transaction establishing the loss with respect to which a deduction is claimed. Holders of Claims, therefore, are urged to consult their tax advisors with respect to their ability to take, and the amount and character of, such a deduction.

e. *Market Discount*

A holder that purchased its Claim from a prior holder with market discount will be subject to the market discount rules of the IRC. Under those rules, assuming that the holder has made no election to amortize the market discount into income on a current basis with respect to any market discount instrument, any gain recognized on the exchange of its Claim (subject to a *de minimis* rule) generally would be characterized as ordinary income to the extent of the accrued market discount on such Claim as of the date of the exchange.

To the extent that a holder's Claim is exchanged in a transaction in which gain or loss is not recognized for U.S. federal income tax purposes, any accrued market discount not treated as ordinary income upon such exchange would carry over, on an allocable basis, to the consideration received, such that any gain recognized by the holder upon a subsequent disposition of such property would be treated as ordinary income to the extent of any accrued market discount not previously included in income.

f. *Installment Method*

A holder of a Claim constituting an installment obligation for tax purposes may be required to recognize currently any gain remaining with respect to the obligation if, pursuant to the Plan, the obligation is considered to be satisfied at other than its face value, distributed, transmitted, sold, or otherwise disposed of within the meaning of Section 453B of the IRC.

g. *Information Reporting and Backup Withholding*

All distributions under the Plan will be subject to applicable federal income tax reporting and withholding. The IRC imposes "backup withholding" (currently at a rate of 28%) on certain "reportable" payments to certain taxpayers, including payments of interest. Under the IRC's backup withholding rules, a holder of a Claim may be subject to backup withholding with respect to distributions or payments made pursuant to the Plan, unless the holder (a) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates this fact or (b) provides a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the taxpayer is not subject to backup withholding because of a failure to report all dividend and interest income. Backup withholding is not an additional federal income tax, but merely an advance payment that may be refunded to the extent it results in an overpayment of income tax. A holder of a Claim may be required to establish an exemption from backup withholding or to make arrangements with respect to the payment of backup withholding.

5. **Importance of Obtaining Professional Tax Assistance**

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN, AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATION PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A HOLDER'S INDIVIDUAL CIRCUMSTANCES. ACCORDINGLY, HOLDERS ARE URGED TO CONSULT WITH THEIR TAX ADVISORS ABOUT THE FEDERAL, STATE, LOCAL AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

VII. METHODS FOR DISBURSEMENTS TO CREDITORS AND RESOLUTION OF DISPUTED CLAIMS

A. DISBURSEMENTS TO CREDITORS

1. **Disbursing Agents**

Reorganized Interep or a third-party designated by Reorganized Interep will be appointed under the Plan to distribute the consideration to creditors as set forth in the Plan.

As set forth in greater detail in the Plan, the Disbursing Agent, together with its officers, directors, employees, agents, and representatives (acting in that capacity), are exculpated by all entities, holders of Claims and Equity Interests, and parties in interest, from any and all Causes of Action, and other assertions of liability (including breach of fiduciary duty) arising out of the discharge of the powers and duties conferred upon the Disbursing Agent, by the Plan, any Final Order of the Bankruptcy Court entered pursuant to or in the furtherance of the Plan, or applicable law, except solely for actions or omissions arising out of the Disbursing Agent’s gross negligence or willful misconduct. No holder of a Claim or an Equity Interest, or representative thereof, shall have or pursue any Cause of Action (i) against the Disbursing Agent, in its capacity as such, or its officers, directors, employees, agents, and representatives (acting in that capacity) for making payments in accordance with the Plan, or (ii) against any holder of a Claim or an Equity Interest for receiving or retaining payments or transfers of property as provided for by the Plan.

2. **Record Date for Entitlement to Distributions**

The Record Date for determining entitlements to distributions under the Plan is the Confirmation Date, unless otherwise ordered by the Bankruptcy Court. Thus, distributions under the Plan will be made only to those persons or entities on record in the claims register holding claims as of that date. After the Record Date for distributions, the claims register will be closed, and there will be no further changes in the record holder of any Claim. The Disbursing Agent will have no obligation to recognize any transfer of any Claim occurring after the Record Date, and instead will be authorized and entitled to recognize and deal for all purposes under the Plan with only those record holders stated on the claims register as of the close of business on the Record Date.

3. Distributions for Claims Allowed as of the Effective Date

Distributions of Cash to made on the Effective Date to holders of Claims that are Allowed as of the Effective Date may be made on the Effective Date or as promptly thereafter as practicable, but in any event no later than (1) thirty (30) days after the Effective Date or (2) such later date when the applicable conditions of Article VI of the Plan are satisfied.

4. Delivery of Distributions

Subject to Bankruptcy Rule 9010 and except as otherwise set forth in the Plan, all distributions under the Plan will be made to the holder of each Allowed Claim at the address of the holder as listed on the Debtors' Schedules filed with the Bankruptcy Court, as of the Record Date, unless the Debtors or, on and after the Effective Date, Reorganized Interep, have been notified in writing of a change of address, including, without limitation, by the filing of a timely proof of claim by such holder that provides an address for such holder different from the address reflected on the Schedules. All distributions for the benefit of any holder of a Noteholder Claim or a DIP Financing Claim will be made to the Indenture Trustee or DIP Agent, respectively. Subject to the provisions in the Plan specifically governing unclaimed distributions, in the event that any distribution to any holder is returned as undeliverable, the Disbursing Agent will use reasonable efforts to determine the current address of such holder, but no distribution to the holder will be made unless and until the Disbursing Agent has determined the then current address of the holder, at which time the distribution will be made to such holder without interest.

5. Distributions of Cash; Distributions of Class 3 Distributable Securities; No Fractional Shares; Rounding

Any distribution of Cash under the Plan will be made by check or wire transfer, except that payments to the holders of Allowed DIP Financing Claims will be made by wire transfer of immediately available funds to the DIP Agent.

Only whole numbers of shares of New Common Stock and only multiples of $[1,000] principal amount of New Second Lien Notes will be distributed under the Plan. On the Distribution Date, fractional shares or membership interests of New Common Stock will be rounded up or down on an equitable basis to ensure that no fractional shares or membership interests result. The principal amount of New Second Lien Notes will be adjusted up or down on an equitable basis to ensure issuance in multiples of $[1,000]. No property will be distributed on account of a rounding down of shares or membership interests or adjustment down of principal amount pursuant to the Plan.

6. Compliance with Tax Requirements

The Disbursing Agent will comply with all applicable Tax withholding and reporting requirements imposed on it by any governmental unit, and all distributions pursuant to the Plan will be subject to applicable withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Disbursing Agent will be authorized to take any actions that may be necessary or appropriate to comply with such withholding and reporting requirements, including requiring recipients to fund the payment of such withholding as a condition to delivery, liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding Taxes, or establishing any other mechanism the Disbursing Agent believes are reasonable and appropriate including requiring Claim holders to submit appropriate Tax and withholding certifications.

Each entity receiving a distribution pursuant to the Plan will have sole and exclusive responsibility for the satisfaction and payment of any Tax obligations imposed on it by any governmental unit on account of the distribution, including income, withholding, and other Tax obligations.

7. Allocation Between Principal and Accrued Interest

To the extent applicable, all distributions to a holder of an Allowed Claim will apply first to the principal amount of such Claim until such principal amount is paid in full and then to any interest accrued on such Claim as of the Commencement Date and thereafter, to the extent the Debtors' Estates are sufficient to satisfy such

principal and interest accrued as of the Commencement Date, to any interest accrued on such Claim from the Commencement Date through the Effective Date.

8. **Minimum Distributions**

No payment of Cash less than $25 will be made by the Disbursing Agent to any holder of a Claim unless a request therefor is made in writing to the Disbursing Agent no later than thirty (30) days after the Effective Date.

9. **Unclaimed Distributions and Stale Checks**

All distributions under the Plan that are unclaimed for a period of one (1) year after distribution thereof shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and revested in the Reorganized Debtors, as applicable, and any entitlement of any holder of any Claim to such distributions shall be extinguished and forever barred.

Checks issued by a Disbursing Agent in respect of Allowed Claims will be null and void if not cashed within one hundred eighty (180) days after the date of issuance. Requests for reissuance of any check must be made directly to the Disbursing Agent by the holder of the Allowed Claim to whom the check originally was issued. Any claim with respect to such a voided check must be made on or before two hundred seventy (270) days after the date of issuance of the check. After that date, all claims in respect of void checks will be discharged and forever barred.

B. RESOLUTION OF DISPUTED CLAIMS

1. **Objections to and Settlement of Claims**

The Debtors or reorganized Company, as applicable, shall bear the responsibility and cost of administering and closing the Chapter 11 Cases, including the duties typically associated with a debtor's claims administration. On and after the Effective Date, the reorganized Company, in consultation with the Supporting Noteholders, will have the exclusive right and authority to make and file objections to Claims.

On and after the Effective Date, the reorganized Company will be entitled to compromise, settle, otherwise resolve, or withdraw any objections to Claims, and compromise, settle, or otherwise resolve Disputed Claims without further order of the Bankruptcy Court.

Unless otherwise ordered by the Bankruptcy Court, all objections to Claims that are the subject of proofs of claim or requests for payment filed with the Bankruptcy Court (other than applications for allowance of Fee Claims) will be filed and served upon the holder of the Claim as to which the objection is made on or prior to the Claims Objection Deadline.

2. **Limited Recourse for Disputed General Unsecured Claims**

Each Disputed General Unsecured Claim that ultimately becomes an Allowed Claim will have recourse only to the undistributed Cash held in the Disputed Claims Reserve. Holders of the Disputed General Unsecured Claims may not otherwise look to the Debtors or reorganized Company, their respective properties, or any property previously distributed on account of any Allowed Claim.

3. **Disputed Claims Reserve**

From and after the Effective Date, the Disbursing Agent will place Cash into segregated accounts (the "Disputed Claims Reserve") equal to, in the case of the Claims in Class 4, the product of (a) the quotient of (i) the Maximum Allowable Amount of all Disputed Claims in Claims in Class 4 divided by (ii) the amount equal to the sum of (A) all Allowed Claims in Claims in Class 4, plus (B) the Maximum Allowable Amount of all Disputed Claims in Claims in Class 4, multiplied by (b) the Class 4 Cash. The Disputed Claims Reserve will remain in full force and effect until all Disputed Claims in Class 4 have been resolved.

On each Quarterly Distribution Date, each holder of an Allowed General Unsecured Claim that has been Allowed as of the Quarterly Test Date will receive, from the Disputed Claims Reserve, Cash in the amount of the difference between (a) the amount such holder would have received on the Effective Date, if its Claim had been Allowed as of the Effective Date, if all Claims that were disallowed on or prior to the Quarterly Test Date were disallowed as of the Effective Date, minus (b) the aggregate amount of Cash previously distributed on account of the Claim. Notwithstanding the foregoing, no payment or distribution may be made from the Disputed Claims Reserve that would result in such holder receiving an amount in excess of what the holder would have received if such holder's Claim were Allowed as of the Effective Date in the Maximum Allowable Amount. Once all Claims have been allowed or disallowed, any remaining Cash in the Disputed Claims Reserve will be distributed to the reorganized Company.

Notwithstanding anything to the contrary in the preceding paragraph, the Disbursing Agent will not be required to make any distribution on any Quarterly Distribution Date if the Disbursing Agent determines, in its sole and absolute discretion, that making such distribution would not be cost efficient. Any distribution to a holder of a Claim that has not been made shall be retained for distribution on the next Quarterly Distribution Date for which such distribution is cost-efficient, or such time as all Claims have been allowed or disallowed.

4. **Estimation of Claims**

The reorganized Company may at any time request that the Bankruptcy Court estimate any contingent, unliquidated, or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether any party previously objected to such Claim or whether the Bankruptcy Court has ruled on such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to such Claim, including during the pendency of any appeal relating to any such objection. All of the aforementioned objection, estimation, and resolution procedures are intended to be cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

5. **Special Rules for Distributions to Holders of Disputed Claims**

Except as otherwise agreed by the relevant parties, the reorganized Company will not be required to (a) make any partial payments or partial distributions to a person, estate or trust with respect to a Disputed Claim until all such disputes in connection with such Disputed Claim have been resolved by settlement or Final Order or (b) make any distributions on account of an Allowed Claim of any person, estate or trust that holds both an Allowed Claim and a Disputed Claim, unless and until all objections to the Disputed Claim have been resolved by settlement or Final Order and the Claims have been Allowed.

6. **Automatically Disallowed Claims and Claims Upon Which Recovery is Precluded**

The Plan contains certain provisions automatically disallowing certain Claims. In particular, any Litigation Claim will only be treated as an Allowed Claim to the extent that the holder of the Claim can establish that such Claim is not recoverable under the Debtors' insurance (but not self-insurance). Thus, the insured portion of any Litigation Claim must be collected from the insurance company, and cannot be collected from the Debtors, or the reorganized Company.

The Plan also precludes any distributions on account of Claims of holders from which property is recoverable or alleged to be recoverable pursuant to section 542, 543, 550, or 553 of the Bankruptcy Code or that is or is alleged to be a transferee of a transfer avoidable under section 544, 545, 547, 548, or 549 of the Bankruptcy Code until (A) the holder has paid the amount, or turned over any such property, for which such entity or transferee is liable under section 542, 543, 550 or 553 of the Bankruptcy Code or (B) the Bankruptcy Court determines by Final Order that the holder need not pay the amount, or turn over such property.

Finally, the Plan precludes recoveries to parties against whom the Debtors have enforceable setoff rights, if the Debtors chose to exercise such rights.

VIII. CONFIRMATION AND IMPLEMENTATION OF THE PLAN

A. CONDITIONS TO CONFIRMATION AND EFFECTIVENESS

Even if the requisite number of creditors vote to accept the Plan, see Section I.D (Introduction - The Bankruptcy Code's Voting Rules for Acceptance of a Plan) of this Disclosure Statement, it must still be confirmed by the Bankruptcy Court. At the Confirmation Hearing, the Debtors must demonstrate to the Bankruptcy Court that the Plan satisfies all the confirmation requirements set forth in section 1129 of the Bankruptcy Code. One such requirement is that a plan provide a recovery to every creditor or equity interest holder that is equal to or greater than the value the creditor or equity interest holder would recover if the Chapter 11 case were converted to a liquidation under Chapter 7 of the Bankruptcy Code. This requirement is known colloquially as the "best interests" test, referring to the best interests of creditors and equity holders. The Debtors, with the assistance of their financial advisors, have done a Best Interests Analysis to determine the likely recoveries to creditors if the Chapter 11 Cases were converted to a liquidation under Chapter 7 of the Bankruptcy Code. This Best Interests Analysis is annexed to this Disclosure Statement as Exhibit F. It shows that recoveries to creditors under the Plan will be greater than would be available in a Chapter 7 liquidation.

The Debtors have determined to seek confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code. To do so, the Debtors will be required to prove at the Confirmation Hearing that the Plan (i) does not discriminate unfairly in its relative treatment of Claims and Equity Interests, and (ii) is "fair and equitable" in respecting the legal priorities of holders of Claims and Equity Interests. The Debtors anticipate that they will be able to demonstrate to the Bankruptcy Court at the Confirmation Hearing that they have satisfied all the legal and factual requirements for confirmation of the Plan, including the "best interests" test, the “fair and equitable” test, and the “no unfair discrimination” test, and thus demonstrate that the Plan should be confirmed.

The following are additional conditions to the confirmation that have been agreed between the Debtors and the Supporting Noteholders pursuant to the Plan: (i) the Confirmation Order shall be in form and substance satisfactory to the Debtors and the Supporting Noteholders; (ii) the Class of holders of Noteholder Claims shall have voted to accept the Plan by the requisite majorities provided in section 1126(c) of the Bankruptcy Code; (iii) there has been no occurrence of any event, development or circumstance, which has had, or could reasonably be expected to have, in the reasonable judgment of the Supporting Noteholders, a material adverse effect on and/or a material adverse change in the business operations, results of operation, properties, assets, liabilities, condition (financial or otherwise) or prospects of the Debtors taken as a whole from the date of commencement of these Chapter 11 Cases; (iv) no event of default under, or termination or refinancing of, the DIP Credit Agreement shall have occurred and be continuing; and (v) all exhibits, schedules and other attachments to the Plan and all Plan Documents shall be in form and substance acceptable to the Debtors and the Supporting Noteholders. Once these conditions have been satisfied (or waived as provided in the Plan), the "Confirmation Date" will be considered to have occurred when the Confirmation Order has been entered on the docket, within the meaning of Bankruptcy Rules 5003 and 9021.

Once the Confirmation Date occurs, the Plan will become effective when the following conditions have been satisfied (or waived as provided in the Plan): (i) the Confirmation Order, in form and substance acceptable to the Debtors and the Supporting Noteholders, shall have become a Final Order; (ii) the Effective Date shall have occurred on or before September 30, 2008 or such later date as the Debtors and the Supporting Noteholders may agree; (iii) the Exit Facility and each of the other Plan Documents shall have been executed and delivered by the parties thereto with only such changes made after filing the Plan Documents with the Bankruptcy Court as are acceptable to the Debtors and the Supporting Noteholders and all conditions precedent (other than the occurrence of the Effective Date) to the effectiveness of such agreements shall have been satisfied or waived, in each case in accordance with the terms of such agreements; (iv) all other actions, documents, and agreements determined by the Debtors to be necessary to implement the Plan shall have been effected or executed and shall be in form and substance acceptable to the Supporting Noteholders; (v) the Supporting Noteholders shall be satisfied with the identities of members of senior management of Reorganized Interep and the terms of their employment; (vi) the Debtors shall have received all authorizations, consents, regulatory approvals, rulings, letters, no action letters, opinions or documents that are determined by the Debtors to be necessary to implement the Plan; (vii) no stay of the Confirmation Order shall then be in effect; and (viii) the Plan shall not have been materially amended, altered or modified from the Plan confirmed by the Confirmation Order, unless such material amendment, alteration or modification has been made in accordance with Section 8.6 of the Plan.

B. IMPLEMENTATION OF THE PLAN

1. **Corporate Existence On the Effective Date**

The Supporting Noteholders are evaluating whether Reorganized Interep shall continue to exist as a corporation or as a limited liability company. In either event Reorganized Interep shall continue to exist as a separate legal entity reconstituted under the laws of the State of Delaware, with all corporate powers or limited liability company powers in accordance with applicable laws. Reorganized Interep shall exist and operate pursuant to the Reorganized Interep Certificate of Incorporation and the Reorganized Interep Bylaws (if Reorganized Interep is a corporation) or the Reorganized Interep Certificate of Formation and Reorganized Interep Operating Agreement (if Reorganized Interep is a limited liability company).

Except as provided below, each of the Reorganized Subsidiaries will continue to exist as separate corporate or limited liability company entities. On or after the entry of the Confirmation Order, the Debtors may enter into the Dissolution Transactions, the effectiveness of which will be subject to the occurrence of the Effective Date; *provided*, *that*, such Dissolution Transactions are satisfactory in form and substance to the Supporting Noteholders. Regardless of whether the Dissolution Transactions have yet been taken with respect to a particular Dissolving Subsidiary, upon the Effective Date such Dissolving Subsidiary will be deemed dissolved and their business operations withdrawn for all purposes without any necessity of filing any document, taking any further action or making any payment to any governmental authority in connection therewith.

2. **Corporate Action To Facilitate Consummation of the Plan**

After the Confirmation Order is entered, and subject to the subsequent occurrence of the Effective Date, all matters provided for under the Plan that would otherwise require action by the stockholders or directors of one or more of the Debtors or the Reorganized Debtors, including any mergers among the Reorganized Subsidiaries, any merger of a Reorganized Debtor into a corporation or limited liability company (as elected by the Supporting Noteholders) formed under the laws of the State of Delaware, any Dissolution Transactions, the issuance of all of the New Common Stock, the adoption of certificates of incorporation, certificates of formation, bylaws and operating agreements, the election or appointment of the initial directors and officers of the Reorganized Debtors, the entry into any agreement or the delivery of any document by any of the Debtors or the Reorganized Debtors (including the Plan Documents and any plan of merger) will occur in accordance with the Plan and the Confirmation Order and without any further action by any of such entities' stockholders, unitholders or directors; *provided, however, that* in the event the Supporting Noteholders determine that the Reorganized Interep be reconstituted as a limited liability company, each Noteholder will be required to execute the Reorganized Interep Operating Agreement and will not have any legal or beneficial interest in the New Common Stock or be registered on the Reorganized Interep's books and records as a holder of any of the New Common Stock, unless and until it has executed and delivered the Reorganized Interep Operating Agreement and any ancillary documents reasonably determined necessary by the Debtors in connection therewith.

3. **Transactions on the Effective Date**

On the Effective Date, unless otherwise provided by the Confirmation Order, the following will occur, will be deemed to occur simultaneously, and will constitute substantial consummation of the Plan:

(i) The Reorganized Interep Certificate of Incorporation and Reorganized Interep Bylaws, or if applicable, the Reorganized Interep Certificate of Formation and Reorganized Interep Operating Agreement, and any revisions to the certificates of incorporation or bylaws or operating agreement of any other Reorganized Debtor will be authorized, approved, and effective in all respects without further action under applicable law, regulation, order, or rule, including any action by the stockholders or directors of the Debtors or the Reorganized Debtors. Immediately prior to or on the Effective Date, the Reorganized Interep Certificate of Incorporation or Reorganized Interep Certificate of Formation, as applicable, and any revised certificates of incorporation or formation of the Reorganized Debtors will be filed with the Secretary of State of each such entity's domicile.

(ii) The property to be retained by and/or transferred under the Plan to a Reorganized Debtor will automatically be vested in such retainee or transferee without further action on the part Interep or any Debtor or Reorganized Debtor.

(iii) All Causes of Action belonging to the Debtors on the Effective Date will vest in the respective Reorganized Debtors.

(iv) Reorganized Interep will issue the Class 3 Distributable Securities to the holders of Class 3 Claims in accordance with Section 2.4(c) of the Plan; *provided, however, that* in the event the Supporting Noteholders determine that the Reorganized Interep be reconstituted as a limited liability company, each Noteholder will be required to execute the Reorganized Interep Operating Agreement and will not have any legal or beneficial interest in the New Common Stock or be registered on the Reorganized Interep's books and records as a holder of any of the New Common Stock, unless and until it has executed and delivered the Reorganized Interep Operating Agreement and any ancillary documents reasonably determined necessary by the Debtors in connection therewith

(v) The Exit Facility will be executed, delivered, become binding in all respects, and all mortgages, liens, and security interests securing borrowings under the Exit Facility will be created and perfected.

(vi) The Employee Incentive Plan will be effective.

(vii) All other Plan Documents will be executed, delivered, and become binding in all respects, on the Reorganized Debtors and each and every counterparty.

IX. EFFECT OF CONFIRMATION OF THE PLAN

A. CORPORATE GOVERNANCE

1. Directors and Officers of Reorganized Interep

a. *Board of Directors.*

On the Effective Date, the initial board of directors of Reorganized Interep shall consist of Interep's Chief Executive Officer and six directors nominated by the Supporting Noteholders. Thereafter, the terms and manner of selection of directors of Reorganized Interep will be as provided in the Reorganized Interep Certificate of Incorporation and the Reorganized Interep Bylaws or, if the Supporting Noteholders elect to merge the Company into a limited liability company, the Reorganized Interep Certificate of Formation and Reorganized Interep Operating Agreement, as the same may be amended from time to time, and applicable law.

b. *Officers.*

Each individual serving as an officer of Interep immediately prior to the Effective Date shall hold the same office of Reorganized Interep on and after the Effective Date unless and until changed by the board of directors of Reorganized Interep on or after the Effective Date (or unless and until the Supporting Noteholders provide notice to Interep prior to the Effective Date of their intent to cause such change to be made, subject to the occurrence of the Effective Date).

2. Directors and Officers of Reorganized Subsidiaries

a. *Boards of Directors.*

On the Effective Date, the initial board of directors or similar governing body of Reorganized Interep shall appoint the members of the initial boards of directors of the Reorganized Subsidiaries. Thereafter, the

terms and manner of selection of directors of the Reorganized Subsidiaries will be as provided in their respective certificates of incorporation and bylaws, as the same may be amended from time to time, and applicable law.

b. *Officers.*

Each individual serving as an officer of a Debtor immediately prior to the Effective Date shall hold the same offices of the respective Reorganized Subsidiary on and after the Effective Date, unless and until changed by such Reorganized Subsidiary's board of directors after the Effective Date (or unless and until the Supporting Noteholders provide notice to Interep prior to the Effective Date of their intent to cause such change to be made, subject to the occurrence of the Effective Date).

3. **Identity of Individuals Expected to Serve as Directors**

At or prior to the Confirmation Hearing, the Debtors will file with the Bankruptcy Court a listing of the names of the initial directors of the reorganized Company, as well as information concerning their background and qualifications.

B. EMERGENCE FROM BANKRUPTCY COURT PROTECTION

On and after the Effective Date, each Reorganized Debtor will be released from the custody and jurisdiction of the Bankruptcy Court and may operate its business and may use, acquire, and dispose of property without supervision or approval by the Bankruptcy Court, except for those matters as to which the Bankruptcy Court specifically retains jurisdiction under the Plan or the Confirmation Order. On and after the Effective Date, except as otherwise provided in the Plan, each Debtor will, as a Reorganized Debtor, continue to exist as a separate corporate entity, with all the powers of a corporation or limited liability company, as applicable, 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.

C. EXIT FACILITY

In connection with the implementation of the Plan, the Reorganized Debtors anticipate entering into a new secured credit facility providing financing for certain of the Reorganized Debtors. It is contemplated that the facility will be a senior secured facility in the amount of up to $50 million, of which up to $20 million will be used to repay any obligations outstanding under the DIP Credit Agreement on the Effective Date. The Debtors and the Supporting Noteholders are currently discussing the terms on which the Supporting Noteholders will provide such financing. The material terms of the Exit Facility will be filed with the Court as a Plan Document.

D. CONTINUED CORPORATE EXISTENCE AND REVESTING OF ASSETS AND CAUSES OF ACTION

On the Effective Date, except as otherwise provided for in the Plan or the Confirmation Order, (i) the property of each Debtor's Estate will vest in each respective Reorganized Debtor, free and clear of all liens, Old Equity Interests and Causes of Action against or in each Debtor or Reorganized Debtor or its property, (ii) any and all Causes of Action belonging to the Debtors or their Estates will be preserved and will vest in the respective Reorganized Debtor, provided, however, any (i) property of a Dissolving Subsidiary's Estate will vest in Reorganized Interep or another Reorganized Debtor in accordance with the terms of the Dissolution Transactions free and clear of all liens, Causes of Action against each Debtor or Reorganized Debtor or its property, and (ii) any and all Causes of Action belonging to such Dissolving Subsidiary will be preserved and will vest in Reorganized Interep or such other Reorganized Debtor, as applicable.

The reorganized Company will have the right to bring these vested Causes of Action against non-Debtor parties for, among other things, the recoveries of preferences and fraudulent conveyances, or various non-bankruptcy causes of action. Included in the vested Causes of Action are actions pursuant to Chapter 5 of the Bankruptcy Code, or otherwise, with respect to the entry into, and transfers under, a certain employment termination agreement between the Company and Ralph Guild dated April 1, 2007, pursuant to which payments of approximately $2.5 million were made to Mr. Guild in the year prior to the Commencement Date. At the Supporting Noteholders' request, the estate and the reorganized Company are reserving the right to bring all

potential Causes of Action under bankruptcy and applicable non-bankruptcy law. The Debtors are unable to estimate at this time the likely recoveries, if any, from the pursuit of such Causes of Action. These Causes of Action will inure to the benefit of the reorganized Company, holders of Class 3 Claims (as holders of debt securities and equity interests to be issued by the reorganized Company), and future creditors.

E. DISCHARGE AND RELEASE OF THE DEBTORS BY HOLDERS OF CLAIMS AND EQUITY INTERESTS

The rights afforded in the Plan and the payments and distributions to be made hereunder shall discharge all Claims and Causes of Action against a Debtor or its Estate arising prior to the Effective Date and all Old Equity Interests shall be cancelled, to the extent permitted by section 1141 of the Bankruptcy Code. The Confirmation Order, except as provided herein or therein, shall be a judicial determination of discharge of all Causes of Action against a Debtor and the termination of all Old Equity Interests, such discharge shall void any judgment against a Debtor at any time obtained to the extent it relates to a discharged Cause of Action or the terminated Old Equity Interests, and all entities shall be precluded from asserting against a Debtor, a Reorganized Debtor, or any of their respective property, any Cause of Action based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date, whether or not such holder filed a proof of claim. As provided in section 524 of the Bankruptcy Code, entry of the Confirmation Order shall operate as an injunction against the prosecution of any action against a Debtor, a Reorganized Debtor, or any of their property to the extent such prosecution relates to a discharged Cause of Action or the terminated Old Equity Interests. Notwithstanding the foregoing paragraph, nothing herein shall be deemed to prevent any party in interest from pursuing an action to enforce the terms of the Plan or the Confirmation Order.

On the Effective Date, except as otherwise provided in the Plan or in the Confirmation Order, all entities who have been, are, or may be holders of Claims against or Old Equity Interests in a Debtor shall be enjoined from taking any of the following actions against or affecting a Debtor, a Reorganized Debtor, or their property with respect to such Claims or Old Equity Interest (other than actions brought to enforce any rights or obligations under the Plan and appeals, if any, from the Confirmation Order):

(i) commencing, conducting, or continuing in any manner, directly or indirectly, any suit, action, or other proceeding of any kind against a Debtor, a Reorganized Debtor, or their property, or any direct or indirect successor in interest to a Debtor or any assets or property of such transferee or successor (including all suits, actions, and proceedings that are pending as of the Effective Date, which must be withdrawn or dismissed with prejudice);

(ii) enforcing, levying, attaching, collecting, or otherwise recovering by any manner or means whether directly or indirectly any judgment, award, decree or order against a Debtor, a Reorganized Debtor, or their property, or any direct or indirect successor in interest to a Debtor or any assets or property of such transferee or successor;

(iii) creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any lien against a Debtor, a Reorganized Debtor, or their property, or any direct or indirect successor in interest to a Debtor or any assets or property of such transferee or successors, or other than as contemplated by the Plan;

(iv) except as otherwise provided in the Plan, asserting any setoff, right of subrogation, or recoupment of any kind, directly or indirectly against any obligation due a Debtor, a Reorganized Debtor, or their property, or any direct or indirect successor in interest to a Debtor or any assets or property of such transferee or successor; and

(v) proceeding in any manner in any place whatsoever that does not conform to or comply with the provisions of the Plan.

F. OBLIGATIONS TO INDEMNIFY DIRECTORS, OFFICERS AND EMPLOYEES

The obligations of each Debtor or Reorganized Debtor to indemnify any Indemnitee on or after the Commencement Date (by reason of such person's prior or future service in such capacity or as a director, officer, or employee on behalf of a Debtor, to the extent provided in the applicable certificates of incorporation, bylaws or similar constituent documents, by statutory law or by written agreement, policies or procedures of or with such Debtor or Reorganized Debtor) will (i) be deemed and treated as arising pursuant to executory contracts that are assumed by the applicable Debtor or Reorganized Debtor pursuant to the Plan and section 365 of the Bankruptcy Code as of the Effective Date and (ii) survive and be unaffected by entry of the Confirmation Order, irrespective of whether such indemnification is owed for an act or event occurring before or after the Commencement Date. Notwithstanding the foregoing, the obligations of each Debtor or Reorganized Debtor to indemnify any Indemnitee who immediately prior to the Effective Date no longer was a director, officer, or employee of a Debtor, shall terminate and be discharged pursuant to section 502(e) of the Bankruptcy Code or otherwise as of the Effective Date. Under the Plan, the term "Indemnitees" is defined to include all directors, officer and employees of the Debtors, but exclude any Guild Family Person.

G. EXCULPATION AND RELEASES OF NON-DEBTORS

1. Exculpation

From and after the Effective Date, none of the Debtors, the Reorganized Debtors, the Committee, the DIP Lenders, the Indenture Trustee, and the Supporting Noteholders, each acting in such capacities, or any of their respective members, officers, directors, employees, advisors, professionals, attorneys or agents, acting in such capacity, shall have or incur any liability to any entity for any act or omission in connection with, related to, or arising out of, the Chapter 11 Cases, the formulation, preparation, dissemination, implementation, confirmation, or approval of the Plan, the property to be distributed under the Plan, or any contract, instrument, release, or other agreement or document provided for or contemplated in connection with the consummation of the transactions set forth in the Plan, *provided, however*, that the foregoing provisions shall not affect the liability of any entity that would result from any such act or omission to the extent that act or omission is determined by a Final Order of the Bankruptcy Court to have constituted gross negligence or willful misconduct. Any of the foregoing parties in all respects shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan. The Plan does not provide any exculpation for any Guild Family Person, nor any of their respective advisors, professionals, attorneys or agents, acting in such capacity.

2. Releases by the Debtors

As of the Effective Date, the Debtors, on behalf of themselves and all of their successors and assigns, and each of the Debtors' Estates (collectively, including the Debtors and their Estates, the "Releasing Parties") shall be deemed to have forever released, waived, and discharged the Released Parties from all Causes of Action, that are based in whole or in part on any act, omission, transaction, or other occurrence taking place on, or prior to, the Effective Date in any way relating to the Chapter 11 Cases, their commencement, the Plan, the Indenture, any document or agreement related thereto, the Noteholder Claims, any of such Released Party's relationship with the Debtors, which any Releasing Party has, had, or may have against any Released Party, *provided, however,* that such release shall not apply to any obligations of the Released Parties under the Plan or any Plan Document. Such release shall be effective notwithstanding that any Releasing Party or other entity may thereafter discover facts in addition to, or different from, those which that entity previously knew or believed to be true, and without regard to the subsequent discovery or existence of such different or additional facts, and the Releasing Parties and any successors or assigns are hereby expressly deemed to have waived any and all rights that they may have under any statute or common law principle which would limit the effect of the foregoing release, waiver, and discharge to those claims actually known or suspected to exist on the Effective Date. Notwithstanding the foregoing, no Released Party shall be released from any Cause of Action resulting from the gross negligence or willful misconduct of such Released Party. The term "Released Party" is defined in the Plan to mean the Indenture Trustee, the Supporting Noteholders, the DIP Agent, the DIP Lenders, the Exit Facility Agent and the Exit Facility Lenders, and each of their respective officers, directors, principals, employees, agents, advisors, and attorneys, acting in such capacities, and all of the successors and assigns of the foregoing, and each of the Debtors' officers, directors, principals, employees, agents, advisors, and attorneys, acting in such capacities, and all of the successors and assigns of the foregoing. The term "Released Party" does not include any Guild Family Person, nor any of their respective agents, advisors, and attorneys, acting in such capacity.

H. EXEMPTION FROM TRANSFER TAXES

Pursuant to section 1146(a) of the Bankruptcy Code, the issuance, transfer or exchange of New Second Lien Notes or New Common Stock under the Plan, the creation of any mortgage, deed of trust, lien or other security interest, the making or assignment of any lease or sublease, the execution and delivery of the Exit Facility, any Dissolution Transaction or other restructuring transaction, or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including any merger agreements or agreements of consolidation, restructuring, disposition, liquidation or dissolution, deeds, bills of sale or assignments executed in connection with any of the forgoing or pursuant to the Plan, will not be subject to any stamp Tax, real estate transfer Tax, mortgage recording Tax, sales or use Tax, or other similar Tax. All sale transactions consummated by the Debtors and approved by the Bankruptcy Court on and after the Commencement Date through and including the Effective Date, including the sale by the Debtors of owned property pursuant to section 363(b) of the Bankruptcy Code and the assumption, assignment and sale by the Debtors of unexpired leases of non-residential real property pursuant to section 365(a) of the Bankruptcy Code, will be deemed to have been made under, in furtherance of, or in connection with the Plan and, thus, will not be subject to any stamp Tax, real estate transfer Tax, mortgage recording Tax, sales or use Tax, or other similar Tax.

X. CERTAIN RISKS TO BE CONSIDERED IN CONNECTION WITH THE PLAN

Prior to voting to accept or reject the Plan, holders of Claims should read carefully the following discussion of some of the risks associated with the failure to confirm and consummate the Plan, and with the value of the New Second Lien Notes and the New Common Stock to be distributed to holders of Notes under the Plan. These factors should not, however, be regarded as the only risks involved in connection with the Plan and the future success of the reorganized Company.

If the Plan Is Not Confirmed and Consummated, Distributions to Holders of Allowed Claims Could Be Drastically Reduced.

If the Plan is not confirmed and consummated, there can be no assurance that the Company would be able to reach a new agreement for a restructuring with the Supporting Noteholders, who hold the overwhelming amount of the Notes. Even if such a new agreement were to be reached, there can be no assurances that the new agreement would provide for treatment for creditors that is as favorable as is contained in the Plan. If the Company is unable to successfully reorganize, the Company believes that holders of Allowed Claims would receive substantially less because of the inability in a liquidation to realize the greater going-concern value of the Debtors' assets. In addition, priority administrative expenses associated with a liquidation would likely result in minimal recoveries to holders of prepetition unsecured Claims.

If a Substantial Number of Unanticipated Class 4 General Unsecured Claims are Filed and/or Become Allowed Claims, the Recovery to Class 4 Creditors Could be Less Than 100%.

The Plan provides a fixed sum of Cash ($7.9 million) to be made available to pay the holders of Class 4 General Unsecured Claims. This amount was determined based on the Company's estimates of the amount of Class 4 General Unsecured Claims that will ultimately become Allowed Claims ($6.9 million, of which $5.9 million are Claims by former insiders and executives of Interep arising from severance agreements related to the termination of their employment in the years preceding the Commencement Date), to which a $1 million cushion was added for unanticipated Allowed Claims. The Company believes this cushion will be sufficient to cover any unanticipated Allowed Claims, and thus provide a 100% recovery to Class 4 creditors.

The Company has been notified by Ralph Guild, Interep's current non-executive Chairman, that he believes his claims against the Company arising from the termination of his employment on April 1, 2007 are substantially greater than the amounts estimated by the Company, due to his interpretation of the provisions of section 502(b)(7) of the Bankruptcy Code, which section caps employee severance claims. The Company disagrees with his interpretation. However, if Mr. Guild is ultimately successful in convincing the Bankruptcy Court that his claims are not capped by section 502(b)(7), and his Claims against the Company are not otherwise disallowed or subordinated, the recoveries to all Class 4 creditors will be reduced dramatically. Similarly, if unanticipated Claims

are filed against the Debtors, and the actual Allowed amount of Class 4 Claims exceeds the $7.9 million set aside to satisfy such Claims, recoveries to all Class 4 creditors will be proportionally reduced.

Unless Class 4 Creditors Vote to Accept the Plan, There is a Risk That the Plan Might Not Be Confirmed.

To confirm the Plan, at least one impaired class of Claims must vote in favor of the Plan. Thus, for example, if Class 3 creditors (the Noteholders) vote to accept the Plan but Class 4 creditors (holders of General Unsecured Claims) fail to accept the Plan, the Plan can nonetheless be confirmed as long as the recoveries to Class 4 Creditors are not materially worse than the recoveries for Class 3 creditors. If, however, a substantial number of unanticipated Claims are Allowed in Class 4, the Plan can only be confirmed and become effective if Class 4 creditors eligible to vote on the Plan vote in favor of accepting the Plan.

There May Be No Market for the New Common Stock on the Effective Date And the New Common Stock May Be Subject to Significant Transfer Restrictions.

On the Effective Date, it is anticipated that no market will exist for the New Common Stock. In addition, the Company does not expect that such a market will exist for the foreseeable future. On the Effective Date, it is anticipated that Reorganized Interep will have fewer than 30 stockholders and will not make publicly available any financial or other information. In addition, there may be significant restrictions on the transfer or pledge of New Common Stock. If there is no market for the New Common Stock and restrictions on its transfer exist, the New Common Stock will likely be highly illiquid and therefore of less value to a potential purchaser.

See also Section VI.E (Treatment of Claims and Interests Under the Plan – Securities Laws Matters with Respect to Distributions) for a discussion of restrictions under federal securities laws on subsequent transfers by stockholders deemed to be "affiliates" of Reorganized Interep or otherwise deemed to be "underwriters."

A Significant Amount of the New Common Stock May Be Held by a Few Stockholders.

The Debtors currently anticipate that, as of the Effective Date, 100% of the shares of New Common Stock will be held by fewer than 30 holders or their affiliates, and approximately 90% will be held by the Supporting Noteholders. Such holders, acting as a group, will be in a position to control the outcome of actions requiring stockholder approval, including certain rights with respect to the election of directors, as set forth in the Shareholders Agreement or the Operating Agreement, as the case may be. This concentration of ownership also could facilitate or hinder a negotiated change of control of Reorganized Interep and, consequently, have an impact upon the value of the New Common Stock.

Further, the possibility that one or more of the holders of significant numbers of shares of New Common Stock may determine to sell all or a large portion of their shares, in a short period of time, may adversely affect the value of the New Common Stock and the reorganized Company's ability to use its favorable tax attributes.

Dividends on the New Common Stock Are Not Anticipated and Payment of Dividends Is Subject to Restrictions.

The Company does not anticipate that Reorganized Interep will pay any dividends on the New Common Stock in the foreseeable future. In addition, covenants in certain debt instruments to which the Company will be a party after the Effective Date will restrict the ability of Reorganized Interep to pay dividends and may prohibit the payment of dividends and certain other payments.

There May Be No Market for the New Second Lien Notes and There Are No Assurances One Will Develop.

On the Effective Date, no market may exist for the New Second Lien Notes and there are no assurances that such a market will develop. If there is no market for the New Second Lien Notes, the New Second Lien Notes may be highly illiquid and therefore of less value to a potential purchaser. There can be no assurances that the New Second Lien Notes will trade either higher or lower than their face amount.

The Ability of the Company to Repay the New Second Lien Notes in Ten Years Will Depend on the Company's Financial Performance in the Future.

The ability of the reorganized Company to make payments of principal and interest on the New Second Lien Notes when such payments are due in ten years will depend on future performance. Future performance is, to a certain extent, subject to general economic, financial, competitive, legislative, regulatory, and other factors that are beyond the control of the reorganized Company. While no assurance can be provided, based upon the current level of operations and anticipated increases in revenues and cash flow described in the Financial Projections attached as Exhibit E hereto, the Company believes that cash flow from operations and the liquidity provided by the anticipated Exit Facility will be adequate to meet their future liquidity needs.

Historical Financial Information Will Not Be Comparable.

As a result of the consummation of the Plan and the transactions contemplated by the Plan, Reorganized Interep will operate the existing business of Interep and its Subsidiaries under a new capital structure. In addition, the Company will be subject to the fresh start accounting rules. Accordingly, the financial condition and results of the Company's operations from and after the Effective Date will not be comparable to the financial condition or results of operations reflected in the Company's historical financial statements.

Financial Projections Are Fundamentally Uncertain.

The Financial Projections attached as Exhibit E to this Disclosure Statement are dependent upon the validity of the assumptions contained in the Financial Projections. The Financial Projections are intended to illustrate the estimated effects of the Plan and certain related transactions on the results of operations, cash flow, and financial position of the reorganized Company for the periods indicated. The Financial Projections are qualified by the introductory paragraphs thereto and the accompanying assumptions, and must be read in conjunction with such introductory paragraphs and assumptions, which constitute an integral part of the Financial Projections. The Financial Projections are based upon a variety of assumptions as set forth therein, and the Company's future operating results are subject to and likely to be affected by a number of factors, including significant business, economic, regulatory and competitive uncertainties, many of which are beyond the control of the Company. Accordingly, actual results may vary materially from those shown in the Financial Projections.

The Financial Projections were not prepared with a view towards public disclosure or with a view towards complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information. The Company does not intend to update or otherwise revise the Financial Projections to reflect events or circumstances existing or arising after the date of this Disclosure Statement or to reflect the occurrence of unanticipated events. In the view of the Company's management, however, the Financial Projections were prepared on a reasonable basis and represent a reasonable view of the expected future financial performance of the reorganized Company after the Effective Date. Nevertheless, the Financial Projections should not be regarded as a representation or assurance by the Company or any other person that the Financial Projections will be achieved. Parties in interest are therefore cautioned not to place undue reliance on the Financial Projections contained in this Disclosure Statement.

Additional Risk Factors Affecting the New Second Lien Notes and the New Common Stock

The following factors are some, but not all, of the variables that may have an impact on the Company's financial performance in the future:

- Changes in the ownership of Company's radio station clients, in the demand for radio advertising, in its expenses, in the types of services offered by its competitors, and in general economic factors may adversely affect its ability to generate the same levels of revenue and operating results as experienced historically.

- Radio must compete for a share of advertisers' total advertising budgets with other advertising media such as television, cable, print, outdoor advertising and the Internet.

- Advertising tends to be seasonal in nature as advertisers typically spend less on radio advertising during the first calendar quarter.

- The Company relies on a limited number of clients for a significant portion of its revenues.

- The termination of a representation contract will increase the Company's results of operations for the fiscal quarter in which the termination occurs due to the termination payments that are usually required to be paid, but will negatively affect its results in later quarters due to the loss of commission revenues. Hence, the Company's results of operations on a quarterly basis are not predictable and are subject to significant fluctuations.

- The Company depends heavily on the services of David E. Kennedy, its Chief Executive Officer, and key management. The inability to retain or replace them could adversely affect the Company's business in the future.

Additional Risk Factors

In addition to the foregoing, the following risk factors are some, but not all, of the variables that may have an impact on the Plan, or the information contained in the Disclosure Statement, and exhibits thereto, including, without limitation, the Debtors' projections: the general economic environment in the United States and globally; trends in the market for radio and other media advertising; the ability of the reorganized Company to obtain and maintain any financing necessary for operations and other purposes; the potential impact of future hostilities, terrorist attacks, infectious disease outbreaks or other global events; changes in prevailing interest rates; the ability to attract and retain qualified personnel; the ability of the reorganized Company to attract and retain clients and customers; competitive practices in the industry, including radio commission rates, and government legislation and regulation; the ability of the reorganized Company to obtain and maintain normal credit terms with vendors and service providers; the reorganized Company's ability to maintain contracts that are critical to its operations; the ability of the reorganized Company to operate pursuant to the terms of its financing facilities (particularly the financial covenants); and other risks and uncertainties listed from time to time in the Company’s previous reports to the SEC and elsewhere in the Disclosure Statement.

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XI. CONCLUSION AND RECOMMENDATION

The Company believes that confirmation and implementation of the Plan is preferable to any alternative because the Company believes the Plan will not only provide the greatest recoveries to creditors, but will also assure the Company's future viability, for the benefit of its clients, customers, employees, and all other parties in interest. Accordingly, the Company urges the creditors entitled to vote on the Plan to vote to accept the Plan.

Dated: April 23, 2008

Interep National Radio Sales, Inc., a company organized under the laws of the State of New York (for itself and on behalf of each of its affiliated Debtors)

By: /s/ David E. Kennedy
Name: David E. Kennedy
Title: Chief Executive Officer

EXHIBIT A

PLAN OF REORGANIZATION

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

In re	:	Chapter 11 Case
INTEREP NATIONAL RADIO SALES, INC., *et al.*,	:	Case No. 08-11079 (RDD)
Debtors.	:	(Jointly Administered)

DEBTORS' JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

JONES DAY
Erica M. Ryland
Scott J. Friedman
Ross S. Barr
Benjamin Rosenblum
222 East 41st Street
New York, New York 10017
Telephone: (212) 326-3939
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Dated: April 23, 2008

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Interep National Radio Sales, Inc. ("Interep"); American Radio Sales, Inc.; Azteca America Spot Television Sales, Inc.; Cumulus Major Market Sales, Inc.; D&R Radio, Inc.; Hispanic Independent Television Sales, Inc.; Infinity Radio Sales, Inc.; Interactive Video Network, Inc.; Interep Interactive, Inc.; Interep Local Focus, Inc.; Interep New Media, Inc.; McGavren Guild, Inc.; Morrison and Abraham, Inc.; SBS/Interep LLC; and Streaming Audio, Inc., each as a debtor and debtor in possession (collectively, the "Debtors") in the above-captioned chapter 11 cases (the "Chapter 11 Cases") propose the following joint plan of reorganization:

ARTICLE I

DEFINITIONS AND CONSTRUCTION OF TERMS

1.1 Definitions. The capitalized terms used herein shall have the respective meanings specified below:

(1) "10% Notes" means the unsecured 10% Senior Subordinated Notes due July 1, 2008 issued under the Indenture.

(2) "Additional Distribution Amount" means, with respect to any General Unsecured Claim, the amount to be distributed in accordance with Section 6.2 of the Plan.

(3) "Administrative Claim" means a claim against a Debtor or its Estate (i) arising on or after the Commencement Date and prior to the Effective Date for a cost or expense of administration of the Chapter 11 Cases, that is entitled to priority or superpriority pursuant to sections 364(c)(1), 503(b), 503(c), or 507(a)(2) of the Bankruptcy Code, including DIP Financing Claims, Fee Claims and actual and necessary costs and expenses incurred after the Commencement Date of preserving the Estates and operating the businesses of the Debtors or (ii) entitled to priority under section 503(b)(9) of the Bankruptcy Code.

(4) "Allowed" means (a) with reference to a Claim, any Claim to the extent it has not been withdrawn, paid, deemed satisfied in full or otherwise extinguished (i) that has been listed by the Debtors in their Schedules as liquidated in amount and not disputed or contingent, for which no contrary proof of claim has been filed, and for which no objection to the allowance thereof has been interposed on or before the Claims Objection Deadline, (ii) that proof (or with respect to an Administrative Claim, a request for payment) of which has been filed on or before the Bar Date, and for which no objection to the allowance thereof has been interposed on or before the Claims Objection Deadline, (iii) that is allowed pursuant to the Plan or procedures set forth in the Plan, (iv) the Debtors or Reorganized Debtors determine, subject to the consent of the Supporting Noteholders, should be allowed, (v) is compromised, settled, or otherwise resolved pursuant to a Final Order of the Bankruptcy Court or the authority granted to the Reorganized Debtors under the Plan, or (vi) that an objection to the allowance of which has been interposed on or before the Claims Objection Deadline, but for which a Final Order of the Bankruptcy Court has been entered allowing such Claim, *provided, however*, that Claims allowed solely for the purpose of voting to accept or reject the Plan pursuant to an order of the Bankruptcy Court shall not be considered "Allowed Claims" hereunder; and (b) with reference to a Subsidiary Equity Interest, those Subsidiary Equity Interests held directly or indirectly by Interep on the Confirmation Date. Except as otherwise provided in the Plan or a Bankruptcy Court order, the amount of an Allowed Claim (including a Disputed Claim that subsequently becomes an Allowed Claim) shall not include (a) any interest, penalty, or late charge arising or accruing after the Commencement Date, or (b) any award or reimbursement of attorneys fees or related expenses or disbursements.

(5) "Ballot" means the form distributed to each holder of an impaired Claim entitled to vote on the Plan, on which such holder is to indicate acceptance or rejection of the Plan.

(6) "Bankruptcy Code" means title 11 of the United States Code, as amended from time to time, as applicable to the Chapter 11 Cases.

(7) "Bankruptcy Court" means the United States District Court for the Southern District of New York having jurisdiction over the Chapter 11 Cases and, to the extent any reference is made pursuant to section 157 of title 28 of the United States Code, the Bankruptcy Court unit of such District Court, or any court having competent jurisdiction to hear appeals or certiorari petitions therefrom, or any successor thereto that may be established by an act of Congress or otherwise, and that has competent jurisdiction over the Chapter 11 Cases.

(8) "Bankruptcy Rules" means the Federal Rules of Bankruptcy Procedure as promulgated by the United States Supreme Court under section 2075 of title 28 of the United States Code, as applicable to the Chapter 11 Cases.

(9) "Bar Date" means (a) the date set by an order of the Bankruptcy Court as the applicable deadline for the filing of proofs of claim, or requests for payment of Administrative Claims or (b) with reference to the assumption of an executory contract or unexpired lease by the Debtors, the date set by an order of the Bankruptcy Court as the applicable deadline for objecting to such assumption or Cure Amount proposed by the Debtors.

(10) "Business Day" means any day except Saturday, Sunday, or a "legal holiday" as such term is defined in Bankruptcy Rule 9006(a).

(11) "Cash" means legal tender of the United States of America.

(12) "Causes of Action" means all rights, Claims, causes of action, defenses, debts, demands, damages, obligations, and liabilities of any kind or nature whether under contract or tort, at law or in equity or otherwise, known or unknown, contingent or matured, liquidated or unliquidated, and all rights and remedies with respect thereto, including causes of action arising under Chapter 5 of the Bankruptcy Code or similar state statutes.

(13) "Chapter 11 Cases" has the meaning set forth in the introductory paragraph to the Plan.

(14) "Claim" means a claim (as defined in section 101(5) of the Bankruptcy Code) against a Debtor.

(15) "Claims Objection Deadline" means the last day for filing objections to Claims, which shall be the latest of (a) 180 days after the Effective Date; (b) 90 days after the filing of a proof of claim or request for payment of an Administrative Claim; or (c) such other date as may be approved by order of the Bankruptcy Court.

(16) "Class" means a category of holders of Claims or Equity Interests as set forth in the classifications under the Plan.

(17) "Class 3 Distributable Securities" means (a) with reference to the New Common Stock, all of the shares of New Common Stock to be distributed under the Plan, subject to dilution by up to 15% by New Common Stock issued or to be issued pursuant to the Employee Incentive Plan, and (b) with reference to the New Second Lien Notes, all the New Second Lien Notes distributed pursuant to the Plan.

(18) "Class 4 Cash" means $7.9 million.

(19) "Collateral" means any property or interest in property of the Estates that is subject to a lien to secure the payment or performance of a Claim, which lien is valid, perfected, and enforceable under non-bankruptcy law and is not subject to avoidance under the Bankruptcy Code or other applicable non-bankruptcy law.

(20) "Commencement Date" means the date on which each of the Debtors commenced their respective Chapter 11 Cases.

(21) "Committee" means the statutory committee of unsecured creditors, if any, appointed in the Chapter 11 Cases.

(22) "Confirmation Date" means the date on which the Bankruptcy Court enters the Confirmation Order on its docket, within the meaning of Bankruptcy Rules 5003 and 9021.

(23) "Confirmation Hearing" means the hearing before the Bankruptcy Court to consider confirmation of the Plan, as such hearing may be adjourned or continued from time to time.

(24) "Confirmation Order" means the order of the Bankruptcy Court confirming the Plan.

(25) "Contract Assumption Schedule" means Schedule 1.1(25) hereof listing those executory contracts and unexpired leases to be assumed under the Plan, which schedule shall include all Material Contracts, as such term is defined in the DIP Credit Agreement, and listing the proposed Cure Amounts, if any, for each such agreement.

(26) "Contract Rejection Schedule" means Schedule 1.1(26) hereof listing certain of the executory contracts and unexpired leases to be rejected under the Plan.

(27) "Cure Amount" means the dollar amount required under section 365 of the Bankruptcy Code to cure a Debtor's defaults under an executory contract or unexpired lease and to compensate the non-debtor party or parties to such contract or lease for any actual pecuniary loss to such party resulting from such default, at the time such contract or lease is assumed by that Debtor.

(28) "Debtors" has the meaning set forth in the introductory paragraph of the Plan.

(29) "DIP Agent" means Silver Point Finance, LLC as administrative agent and collateral agent for the DIP Lenders pursuant to the DIP Credit Agreement.

(30) "DIP Credit Agreement" means the Postpetition Revolving Credit and Guaranty Agreement, dated as of March 31, among Interep, as borrower, the other Debtors, as guarantors, the DIP Lenders and the DIP Agent, as amended, supplemented, modified, or restated from time to time.

(31) "DIP Financing Claim" means a Claim against the Debtors or their Estates arising under the DIP Financing Order or the DIP Credit Agreement, including all “Obligations”, as such term is defined in the DIP Credit Agreement.

(32) "DIP Financing Order" means the Final Order Authorizing Debtors to Obtain Post-Petition Financing Pursuant to 11 U.S.C. §§ 105, 362, 363, 364(c)(1), 364(c)(2), 364(c)(3) and 364(e) of the Bankruptcy Court dated April 16, 2008.

(33) "DIP Lenders" means, collectively: (a) those entities identified as "Lenders" in the DIP Credit Agreement and their respective permitted successors and assigns (solely in their capacity as "Lenders" under the DIP Credit Agreement); and (b) any agent bank named therein (solely in its capacity as agent bank under the DIP Credit Agreement).

(34) "Disbursing Agent" has the meaning set forth in Section 6.1(a)(i) of the Plan.

(35) "Disclosure Statement" means the disclosure statement with respect to the Plan, together with all exhibits and annexes thereto and any amendments or modifications thereof, as approved by the Bankruptcy Court as containing adequate information in accordance with section 1125 of the Bankruptcy Code.

(36) "Disputed" means, with respect to a Claim, any Claim to the extent it has not been withdrawn, paid in full, deemed satisfied in full or otherwise extinguished that, either in whole or in part, has not become an Allowed Claim.

(37) "Disputed Claims Reserve" means reserves established pursuant to Section 6.2(b) for Disputed Claims in Class 4 to the extent such Disputed Claims become Allowed, which reserves will be maintained in trust for holders of Allowed Claims and will not constitute property of the Reorganized Debtors.

(38) "Dissolving Subsidiaries" means those subsidiaries listed on Schedule 1.1(38) hereto.

(39) "Dissolution Transactions" means such actions that the Debtors determine to be necessary or appropriate, with the consent of the Supporting Noteholders, to merge, dissolve or otherwise alter or terminate the corporate existence or form of a Debtor as of the Effective Date, which action shall be in form and substance satisfactory to the Supporting Noteholders, including:

(i) the execution and delivery of appropriate agreements or other documents of transfer, merger, consolidation, restructuring, disposition, liquidation or dissolution, containing terms that are consistent with the terms of the Plan and that satisfy the requirements of applicable law, as well as other terms to which the applicable entities may agree;

(ii) the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, right, liability, duty or obligation on terms consistent with the terms of the Plan and having such other terms as the applicable entities may agree;

(iii) the filing of appropriate certificates or articles of merger, consolidation, continuance or dissolution, or change in corporate form or similar instruments with the applicable governmental authorities pursuant to applicable law; and

(iv) the taking of all other actions that the applicable entities determine to be necessary or appropriate including the making of filings, recordings or payments to any governmental authority that may be required by applicable law in connection with the foregoing.

(40) "Distribution Date" means (a) with reference to a particular Claim or Administrative Claim Allowed as of the Effective Date, the Effective Date and (b) with reference to a particular Claim or Administrative Claim Disputed as of the Effective Date, but thereafter Allowed, the Quarterly Distribution Date following the calendar month in which the order or judgment of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order or in which, by agreement, any Disputed Claim becomes an Allowed Claim.

(41) "Effective Date" means a day, as determined by the Debtors, that is a Business Day no earlier than the date on which all conditions to the effective date in Section 4.1 have been met.

(42) "Employee Incentive Plan" means the performance incentive plan for employees of the Reorganized Debtors, having the terms described on Schedule 1.1(42) hereto, with such changes as are agreed to by the Debtors and the Supporting Noteholders, and substantially in the form filed as a Plan Document.

(43) "Equity Interest" means, when used with reference to a particular Debtor, the common stock, membership interests, partnership interests, capital stock or other ownership interest in a Debtor (including, with respect to Interep, the Old Preferred Stock Interests and the Old Common Stock Interests), and any options, warrants or other rights with respect thereto.

(44) "Estate" means, as to each Debtor, the estate created for that Debtor pursuant to section 541 of the Bankruptcy Code.

(45) "Exit Facility" means a secured credit facility providing financing for certain of the Reorganized Debtors, pursuant to the terms of the Exit Facility Agreement.

(46) "Exit Facility Agreement" means, collectively, the Revolving Credit, Term Loan and Guaranty Agreement among the parties referenced in, and having the terms described on, Schedule 1.1(46) hereto, with such changes as are agreed to by the Debtors and the Supporting Noteholders and all collateral security and loan documents related thereto.

(47) "Fee Claim" means a claim under section 330(a), 331, 503, or 1103 of the Bankruptcy Code for compensation for services rendered or expenses incurred on or after the Commencement Date in connection with the Chapter 11 Cases.

(48) "Final Order" means an order or judgment of the Bankruptcy Court or any other court of competent jurisdiction (a) as to which the time to seek an appeal, petition for certiorari, or other proceedings for reargument or rehearing has expired and as to which no appeal, petition for certiorari, or other proceedings for reargument or rehearing shall then be pending; (b) as to which any right to appeal, petition for certiorari, reargument, or rehearing shall have been waived in writing in form and substance satisfactory to the Debtors and the Supporting Noteholders or, on and after the Effective Date, Reorganized Debtors; or (c) in the event that an appeal, petition for certiorari, or motion for reargument or rehearing has been sought, such order of the Bankruptcy Court or other court of competent jurisdiction shall have been affirmed by the highest court to which such order was appealed or from which reargument or rehearing was sought, or certiorari has been denied, and the time to take any further appeal, petition for certiorari or other proceedings for reargument or rehearing shall have expired; *provided, however,* that no order shall fail to be a Final Order solely because of the possibility that a motion pursuant to Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, Rule 9024 of the Bankruptcy Rules, or any analogous procedural rules under applicable state law can be filed with respect to such order.

(49) "General Unsecured Claim" means any Claim other than a Secured Claim, Administrative Claim, Priority Tax Claim, Non-Tax Priority Claim, Noteholder Claim, Intercompany Claim, Section 510(b) Claim, or any Claim for a Cure Amount.

(50) "Guild Family Person" shall means (i) Ralph Guild, his spouse, his parents, his children and their respective spouses, his grandchildren and their respective spouses, his great-grandchildren and their respective spouses, his siblings and their respective spouses, and his cousins, nieces and nephews and their respective spouses and (ii) any trust, the beneficiaries of which, or a corporation, limited liability company or partnership all of the beneficial interests in which, shall be held by any of the entities referenced in clause (i). For the purposes of this definition, "spouse" shall mean current and former spouses and domestic partners.

(51) "Indemnitees" means all directors, officers and employees of the Debtors, *provided, however*, the Indemnitees shall not include any Guild Family Person.

(52) "Indenture" means the Indenture dated as of July 2, 1998 among Interep National Radio Sales, Inc., a New York corporation, the Guarantors (as defined therein) and Summit Bank, as indenture trustee.

(53) "Indenture Trustee" means Summit Bank, as indenture trustee under the Indenture.

(54) "Intercompany Claim" means any Claim by any Debtor against another Debtor.

(55) "Interep" has the meaning set forth in the introductory paragraph of the Plan.

(56) "Litigation Claim" means (a) any Claim sounding in tort or otherwise relating to personal injury, property damage, products liability, unlawful discrimination, employment practices; or (b) any other Claim that is the subject of pending litigation.

(57) "Maximum Allowable Amount" means, (a) with respect to any Disputed Claim having a liquidated amount, the lesser of the amount (i) set forth in the proof(s) of claim or requests for payment filed by the holder thereof; (ii) determined by the Bankruptcy Court or any other court of competent jurisdiction as the maximum fixed amount of such Claim or as the estimated amount for such Claim for allowance, distribution, and reserve purposes; or (iii) agreed upon, in writing, by the holder and the Debtors or Reorganized Debtors, as applicable; and (b) with respect to a Disputed Claim filed in an unliquidated, undetermined, or contingent amount, the lesser of (i) the estimated amount of such Claim as determined by the Bankruptcy Court; or (ii) the amount agreed upon, in writing, by the holder and the Debtors or Reorganized Debtors, as applicable.

(58) "New Common Stock" means the common stock, par value $0.01 per share, or common units of Reorganized Interep to be authorized by the Reorganized Interep Certificate of Incorporation or the Reorganized Interep Certificate of Formation, as the case may be.

(59) "New Second Lien Notes" means the secured promissory notes in the aggregate principal amount of $[40] million evidencing term loan obligations of the Reorganized Debtors which shall have the material terms and conditions described in Schedule 1.1(59) hereto, with such changes as are agreed to by the Debtors and the Supporting Noteholders.

(60) "Noteholder" means a holder of a Noteholder Claim.

(61) "Noteholder Claim" means any Claim against a Debtor under or evidenced by the Indenture or the 10% Notes, which Claim includes principal and interest as of the Commencement Date.

(62) "Old Common Stock Interests" means all series of common stock issued by Interep and outstanding immediately prior to the Commencement Date, and any options, warrants or other rights with respect thereto.

(63) "Old Equity Interests" means (a) the Old Preferred Stock Interests, the Old Common Stock Interests, and other ownership interests in Interep and (b) any common stock, membership interests, partnership interests, capital stock, other ownership interests in a Debtor, and any options, warrants or other rights with respect thereto in a Debtor owned by an entity other than a Debtor.

(64) "Old Preferred Stock Interests" means all series of preferred stock issued by Interep and outstanding immediately prior to the Commencement Date, and any options, warrants or other rights with respect thereto.

(65) "Plan" means, collectively, this Debtors' Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, and all exhibits, supplements, appendices, and schedules thereto, as the same may be altered, amended, or modified from time to time by the Debtors with the consent of the Supporting Noteholders.

(66) "Plan Documents" means all of the agreements and other documents that aid in effectuating the Plan listed on Schedule 1.1(66) or specifically identified in this Plan as a Plan Document.

(67) "Priority Non-Tax Claim" means a claim against a Debtor or its Estate accorded priority in right of payment pursuant to section 507(a)(4), (5), or (7) of the Bankruptcy Code.

(68) "Priority Tax Claim" means a claim of a governmental unit against a Debtor or its Estate accorded priority in right of payment pursuant to section 507(a)(8) of the Bankruptcy Code.

(69) "Pro Rata Share" means as of any date of determination a proportionate share, so that the ratio of (a) (i) the consideration distributed on account of an Allowed Claim in a Class to (ii) the amount of such Allowed Claim, is the same as the ratio of (b) (i) the amount of the consideration distributed on account of all Allowed Claims in such Class to (ii) the amount of all Allowed Claims in such Class; *provided, however*, that solely for the purpose of calculating a Pro Rata Share, a Disputed Claim shall be treated as an Allowed Claim in the Maximum Allowable Amount.

(70) "Quarterly Distribution Date" means the last Business Day of each April, July, October and January that is at least 45 days after the Effective Date.

(71) "Quarterly Test Date" means, with respect to any Quarterly Distribution Date, the date that is the last day of the month preceding such Quarterly Distribution Date.

(72) "Record Date" has the meaning set forth in Section 2.7 of the Plan.

(73) "Registration Rights Agreement" means a registration rights agreement to be in form and substance acceptable to the Supporting Noteholders and the Debtors and substantially in the form filed as a Plan Document.

(74) "Released Parties" means the Indenture Trustee, the Supporting Noteholders, the DIP Agent, the DIP Lenders, the Exit Facility Agent and the Exit Facility Lenders, and each of their respective officers, directors, principals, employees, agents, advisors, and attorneys, acting in such capacities, and all of the successors and assigns of the foregoing, and each of the Debtors' officers, directors, principals, employees, agents, advisors, and attorneys, acting in such capacities, and all of the successors and assigns of the foregoing, *provided, however*, the Released Parties shall not include any Guild Family Person, nor any of their respective agents, advisors, and attorneys, acting in such capacity.

(75) "Releasing Parties" has the meaning set forth in Section 4.2(g) of the Plan.

(76) "Reorganized Debtors" means Reorganized Interep and each of the Reorganized Subsidiaries.

(77) "Reorganized Interep" means Interep National Radio Sales, Inc. on and after the Effective Date, as constituted under the laws of the State of Delaware either as a corporation or a limited liability corporation.

(78) "Reorganized Subsidiaries" means the Subsidiaries that are not Dissolving Subsidiaries, on and after the Effective Date.

(79) "Reorganized Interep Bylaws" means, in the event the Supporting Noteholders determine, in consultation with Interep, to retain the corporate form for Reorganized Interep in connection with the consummation of this Plan, the amended and restated bylaws of Reorganized Interep having the terms (to the extent applicable for bylaws) described on Schedule 1.1(79) hereto, with such changes as are agreed to by the Debtors and the Supporting Noteholders, and substantially in the form filed as a Plan Document.

(80) "Reorganized Interep Certificate of Formation" means, in the event the Supporting Noteholders determine, in consultation with Interep, to reconstitute Interep as a limited liability company in connection with the consummation of this Plan, the certificate of formation of Reorganized Interep having the terms (to extent applicable for a certificate of formation) described on Schedule 1.1(80) hereto, with such changes as are agreed to by the Debtors and the Supporting Noteholders, and substantially in the form filed as a Plan Document.

(81) "Reorganized Interep Certificate of Incorporation" means in the event the Supporting Noteholders determine, in consultation with Interep, to retain the corporate form for Reorganized Interep in connection with the consummation of this Plan, the amended and restated certificate of incorporation of Reorganized Interep having the terms (to the extent applicable for a certificate of incorporation) described on Schedule 1.1(81) hereto, with such changes as are agreed to by the Debtors and the Supporting Noteholders, and substantially in the form filed as a Plan Document.

(82) "Reorganized Interep Operating Agreement" means, in the event the Supporting Noteholders determine, in consultation with Interep, to reconstitute Interep as a limited liability company in connection with the consummation of this Plan, a limited liability operating agreement having the terms described on Schedule 1.1(82), and otherwise in form and substance acceptable to the Supporting Noteholders.

(83) "Schedules" means the schedules of assets and liabilities and the statements of financial affairs filed by the Debtors pursuant to section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, as such may be amended or supplemented from time to time.

(84) "Section 510(b) Claim" means any Claim against any of the Debtors: (a) arising from rescission of a purchase or sale of a security of a Debtor or an affiliate of a Debtor; (b) for damages arising from the purchase or sale of such security; or (c) for reimbursement or contribution allowed under section 502 of the Bankruptcy Code on account of such a Claim.

(85) "Secured Claim" means other than DIP Financing Claims, (a) any Claim which is secured by a lien on Collateral, but only to the extent of the value of such Collateral as determined in accordance with section 506(a) of the Bankruptcy Code; and (b) a Claim that is subject to a permissible setoff under section 553 of the Bankruptcy Code, but only to the extent of such permissible setoff.

(86) "Shareholder Agreement" means, in the event the Supporting Noteholders determine, in consultation with Interep, to retain the corporate form for Reorganized Interep in connection with the consummation of this Plan, a shareholder agreement in form and substance satisfactory to the Supporting Noteholders and substantially in the form filed as a Plan Document

(87) "Subsidiaries" means any or all of American Radio Sales, Inc.; Azteca America Spot Television Sales, Inc.; Cumulus Major Market Sales, Inc.; D&R Radio, Inc.; Hispanic Independent Television Sales, Inc.; Infinity Radio Sales, Inc.; Interactive Video Network, Inc.; Interep Interactive, Inc.; Interep Local Focus, Inc.; Interep New Media, Inc.; McGavren Guild, Inc.; Morrison & Abraham, Inc.; SBS/Interep LLC; and Streaming Audio, Inc.

(88) "Subsidiary Equity Interest" means, when used with reference to a particular Subsidiary, the common stock, membership interests, partnership interests, capital stock or other ownership in a Debtor owned by a Debtor, and any options, warrants or other rights held by a Debtor with respect thereto.

(89) "Supporting Noteholders" means holders of the 10% Notes who are, or are Affiliates of, Silverpoint Capital L.P., OCM Principal Opportunities Fund III L.P., or OCM Principal Opportunities Fund IIIA. L.P.

(90) "Tax" means (a) any net income, alternative or add-on minimum, gross income, gross receipts, sales, use, ad valorem, value added, transfer, franchise, profits, license, property, environmental or other tax, assessment or charge of any kind whatsoever (together in each instance with any interest, penalty, addition to tax or additional amount) imposed by any federal, state, local or foreign taxing authority; or (b) any liability for payment of any amounts of the foregoing types as a result of being a member of an affiliated, consolidated, combined or unitary group, or being a party to any agreement or arrangement whereby liability for payment of any such amounts is determined by reference to the liability of any other entity.

1.2 Interpretation; Application of Definitions and Rules of Construction. Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include both the singular and the plural and pronouns stated in the masculine, feminine or neutral gender shall include the masculine, feminine and neutral. Unless otherwise specified, all section, article, or schedule references in the Plan are to the respective section in, article of, or schedule to the Plan. The words "herein," "hereof," "hereto," "hereunder" and other words of similar import refer to the Plan as a whole and not to any particular section, subsection or clause contained in the Plan. The use of the word “including” shall be deemed to mean “including, without limitation,” Except as expressly set forth herein, any reference to an entity as a holder of a Claim or Equity Interest includes that entity's successors and assigns. The rules of construction contained in section 102 of the Bankruptcy Code shall apply to the construction of the Plan. A term used herein that is not defined herein shall have the meaning ascribed to such term, if any, in the Bankruptcy Code. Any Plan references to amounts of time shall be calculated pursuant to Bankruptcy Rule 9006. The headings in the Plan are for convenience of reference only and shall not limit or otherwise affect the provisions of the Plan.

1.3 Disclosure Statement and Plan Documents. All Plan Documents are incorporated into the Plan by this reference as if set forth in full herein. In the event of a conflict between a Plan Document, the Disclosure Statement and the Plan, the Plan shall govern.

ARTICLE II

CLASSIFICATION, TREATMENT, AND VOTING RIGHTS OF CLAIMS AND EQUITY INTERESTS

2.1 Substantive Consolidation. Entry of the Confirmation Order shall constitute the approval, pursuant to section 105(a) of the Bankruptcy Code, effective as of the Effective Date, of the substantive consolidation of the Chapter 11 Cases solely for the purposes of voting on, confirmation of, and distributions under the Plan and for no other purpose. In furtherance thereof, on and after the Effective Date: (a) all guarantees of the Debtors of the obligations of any other Debtor shall be eliminated so that any claim against any Debtor and any guarantee thereof executed by any other Debtor and any joint or several liability of any of the Debtors shall be deemed to be one obligation of the consolidated Debtors; and (b) each and every Claim (other than an Intercompany

Claim) filed or to be filed in the Chapter 11 Case of any of the Debtors shall be deemed filed against the consolidated Debtors and shall be deemed one Claim against and obligation of the consolidated Debtors. The Plan does not contemplate the merger or dissolution of any of the Debtors (other than pursuant to a Dissolution Transaction) or the transfer or commingling of any assets of any of the Debtors, except to accomplish the distributions under the Plan. Such treatment of assets shall not have an effect on the legal or corporate structures of the Reorganized Debtors.

2.2 Administrative Claims.

(a) General. Except as otherwise specifically provided in this Section governing allowance and payment of Administrative Claims, unless such holder agrees to a different treatment, or unless an order of the Bankruptcy Court provides otherwise, on the Distribution Date, each holder of an Allowed Administrative Claim shall, in full and complete settlement, satisfaction, and discharge of such Claim, receive Cash in an amount equal to such Allowed Administrative Claim, *provided, however*, that an Administrative Claim representing a liability incurred in the ordinary course of business of a Debtor shall be paid in full in the ordinary course of business by the Debtors or the Reorganized Debtors, in accordance with the terms and subject to the conditions of any agreements governing such ordinary course liabilities.

(b) Allowance and Payment of DIP Financing Claims. On the Effective Date, the DIP Agent shall receive (for the benefit of and distribution to each of the DIP Lenders according to its Pro Rata Share), in full and complete settlement, satisfaction, and discharge of all DIP Financing Claims, Cash in the amount of the Allowed DIP Financing Claims and from and after the Effective Date the Reorganized Debtors shall continue to honor the indemnification, expense reimbursement, confidentiality and other surviving provisions set forth in the DIP Credit Agreement. Holders of DIP Financing Claims shall not be required to file or serve any request for payment of such Claims and such Claims shall be Allowed DIP Financing Claims as of the Effective Date, without any further action by the Bankruptcy Court and without recoupment, setoff or counterclaim, in the amounts set forth on one or more statements provided by the DIP Agent (absent manifest error).

(c) Allowance and Payment of Fee Claims. All entities seeking allowance by the Bankruptcy Court of a Fee Claim shall prepare final applications for allowances of compensation for services rendered and reimbursement of expenses incurred through the Effective Date, and shall file and serve such applications no later than the date that is sixty (60) days after the Effective Date. The failure to timely file such application shall result in the Fee Claim being forever barred and discharged. Objections to a Fee Claim must be filed and served no later than twenty (20) days after service of the application seeking allowance of such Fee Claim. As soon as practicable (but no later than 5 Business Days) after a Final Order by the Bankruptcy Court allowing a Fee Claim, the Disbursing Agent shall pay the holder thereof Cash in the unpaid Allowed amount of such claim.

(d) Allowance and Payment of Indenture Trustee Fees. Unless otherwise ordered by the Bankruptcy Court, the Reorganized Debtors may, in their sole discretion, pay all reasonable fees and expenses of the Indenture Trustee (its counsel, agents, and advisors) that are provided for under the Indenture in full in Cash without reduction to the recoveries of the Noteholders as soon as reasonably practicable after the Effective Date, whether or not such fees and expenses were incurred prior to, on or after the Commencement Date. To the extent a dispute regarding the amount of the Allowed Indenture Trustee fees and expenses exists, the Bankruptcy Court shall resolve such dispute.

2.3 Priority Tax Claims. Each holder of an Allowed Priority Tax Claim shall, in full and complete settlement, satisfaction, and discharge of such Claim, receive, at the option of the Reorganized Debtors, (i) the amount of such holder's Allowed Priority Tax Claim, plus interest on the unpaid amount of such Claim from the Effective Date at the rate applicable under non-bankruptcy law, in quarterly Cash installment payments over a period ending not later than five years after the Commencement Date (provided that the Reorganized Debtors may prepay the balance of any such Allowed Priority Tax Claim at any time without premium or penalty); (ii) Cash on the Distribution Date in the amount equal to the Allowed Priority Tax Claim; or (iii) such other treatment as may be agreed upon in writing by such holder and the Debtors or Reorganized Debtors. Notwithstanding the foregoing, the holder of an Allowed Priority Tax Claim will 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. Any such Claim or demand for any such penalty (a) will be discharged under the Plan and (b) the holder of an Allowed Priority Tax Claim shall be barred from collecting or attempting to collect such penalty from the Reorganized Debtors or their property.

2.4 Classification, Treatment, and Voting Rights of Classified Claims and Equity Interests.

(a) Class 1 – Priority Non-Tax Claims. On the Distribution Date, each holder of an Allowed Priority Non-Tax Claim shall, in full and complete settlement, satisfaction, and discharge of such Claim, receive either (i) Cash in the amount of such holder's Allowed Priority Non-Tax Claim; or (ii) such other treatment as may be agreed upon in writing by such holder and the Debtors or Reorganized Debtors with, in the case of any such Claim which, in the reasonable judgment of the Supporting Noteholders is material, the consent of the Supporting Noteholders. Class 1 is impaired under the Plan. Each holder of an Allowed Priority Non-Tax Claim is entitled to vote to accept or reject the Plan.

(b) Class 2 – Secured Claims. On the Distribution Date, each holder of an Allowed Secured Claim, if any, shall, in full and complete settlement and satisfaction of such Claim, at the sole option of the Reorganized Debtors and in the case of any such Claim which, in the reasonable judgment of the Supporting Noteholders is material, with the consent of the Supporting Noteholders, (i) have such Claim be reinstated and rendered unimpaired in accordance with section 1124 of the Bankruptcy Code; (ii) receive Cash in an amount equal to such Allowed Secured Claim, including such interest as is required to be paid pursuant to section 506(b) of the Bankruptcy Code; or (iii) receive the Collateral securing such Allowed Secured Claim and such Cash interest as is required to be paid pursuant to section 506(b) of the Bankruptcy Code. Class 2 is impaired under the Plan. Each holder of an Allowed Secured Claim is entitled to vote to accept or reject the Plan.

(c) Class 3 – Noteholder Claims. The sum of all Noteholder Claims shall be deemed Allowed pursuant to the Plan in the aggregate amount of (i) $99 million in principal; plus (ii) $2.475 million accrued and unpaid prepetition interest, fees and costs. On the Effective Date, each holder of an Allowed Noteholder Claim shall, in full and complete settlement, satisfaction, and discharge of such Claim, receive its Pro Rata Share of the Class 3 Distributable Securities. Class 3 is impaired under the Plan. Each holder of an Allowed Noteholder Claim is entitled to vote to accept or reject the Plan.

(d) Class 4 – General Unsecured Claims. Each holder of an Allowed General Unsecured Claim shall, in full and complete settlement, satisfaction, and discharge of such Claim, receive (a) on the Effective Date, its Pro Rata Share of the Class 4 Cash, *provided, however*, such General Unsecured Claim is Allowed as of the Effective Date and (b) on each Quarterly Distribution Date, its applicable Additional Distribution Amount. Class 4 is impaired under the Plan. Each holder of an Allowed General Unsecured Claim is entitled to vote to accept or reject the Plan.

(e) Class 5 – Intercompany Claims. On the Effective Date, all Allowed Intercompany Claims shall be reinstated and rendered unimpaired in accordance with section 1124 of the Bankruptcy Code. Class 5 is unimpaired under the Plan. Each holder of an Allowed Intercompany Claim is conclusively presumed to have accepted the Plan and is not entitled to vote on the Plan.

(f) Class 6 – Section 510(b) Claims. On the Effective Date, all Section 510(b) Claims shall be extinguished and discharged and the holder thereof shall receive no distributions under the Plan on account of such Section 510(b) Claims. Class 6 is impaired under the Plan. Each holder of a Section 510(b) Claim is conclusively presumed to have rejected the Plan and is not entitled to vote on the Plan.

(g) Class 7 – Old Equity Interests. On the Effective Date, each and every Old Equity Interest shall be cancelled and discharged and the holder thereof shall receive no distribution under the Plan. Class 7 is impaired under the Plan. Each holder of an Old Equity Stock Interest is conclusively presumed to have rejected the Plan and is not entitled to vote on the Plan.

(h) Class 8 – Subsidiary Equity Interests. On the Effective Date, all Allowed Subsidiary Equity Interests shall be reinstated and rendered unimpaired in accordance with section 1124 of the Bankruptcy Code. Class 8 is unimpaired under the Plan. Each holder of an Allowed Subsidiary Equity Interest is conclusively presumed to have accepted the Plan and is not entitled to vote on the Plan.

2.5 Classification Rules and Settlement of Claims.

(a) The inclusion of an entity by name or status in any Class is for purposes of general description only and includes all persons claiming as beneficial interest holders, assignees, heirs, devisees, transferees, or successors in interest of any kind of the entity so named or described. A Claim is in a particular Class only to the extent that the Claim qualifies within the description of Claims of that Class, and such Claim is in a different Class to the extent that the remainder of the Claim qualifies within the description of a different Class. [Except with respect to Noteholder Claims, the Plan shall give effect to subordination agreements which are enforceable under applicable non-bankruptcy law, pursuant to section 510(a) of the Bankruptcy Code, except to the extent the beneficiary or beneficiaries thereof agree to less favorable treatment.] Pursuant to section 1123(a)(4) of the Bankruptcy Code, all Allowed Claims of a particular Class shall receive the same treatment unless the holder of a particular Allowed Claim agrees to a less favorable treatment for such Allowed Claim.

(b) Any settlement or compromise of Disputed Claims, or treatment of Allowed Claims contemplated by the last sentence of clause (a) above, shall be in form and substance satisfactory to the Supporting Noteholders and any such settlement, compromise or other related agreement shall not be binding on the Debtors absent the consent of the Supporting Noteholders.

2.6 Impairment Controversies. If a controversy arises as to whether any Class or any Claim or Equity Interest is impaired under the Plan, such matter shall be determined by the Bankruptcy Court.

2.7 Record Date. Unless otherwise ordered by the Bankruptcy Court, the record date for determining entitlement to distributions under the Plan shall be the Confirmation Date.

2.8 Confirmation Without Acceptance By All Impaired Classes. Notwithstanding the rejection by one or more impaired Classes entitled to vote to accept or reject the Plan, the Debtors intend to seek confirmation of the Plan in accordance with section 1129(b) of the Bankruptcy Code.

ARTICLE III

EXECUTORY CONTRACTS AND UNEXPIRED LEASES

3.1 Rejection of Executory Contracts and Unexpired Leases.

(a) Upon the occurrence of the Effective Date, each and every executory contract and unexpired lease to which a Debtor is a party that is not listed on the Contract Assumption Schedule (including all such agreements listed in the Contract Rejection Schedule) shall be rejected pursuant to section 365 of the Bankruptcy Code. The Confirmation Order shall constitute the Bankruptcy Court's approval of such rejections pursuant to sections 365 and 1123 of the Bankruptcy Code and findings by the Bankruptcy Court that the requirements of section 365 of the Bankruptcy Code have been satisfied with respect to each rejected executory contract or lease.

(b) If the rejection of an executory contract or unexpired lease pursuant to the Plan gives rise to a Claim against a Debtor or its Estate, such Claim will be forever barred and will not be enforceable against the Debtors, the Reorganized Debtors, their respective successors, or their respective properties unless a proof of such claim is filed with the Bankruptcy Court and served on the Supporting Noteholders no later than twenty (20) days after the Confirmation Date.

(c) To the extent that any rejected executory contract or unexpired lease by its terms provides any entity other than the Debtors or Reorganized Debtors with any options upon "termination", such options shall not be enforceable as a result of the rejection of such executory contract or unexpired lease. In addition rejection of any executory contract or unexpired lease shall not affect any rights of the Debtors or Reorganized Debtors that arise upon termination pursuant to the terms of such executory contract or unexpired lease.

3.2 Assumption of Executory Contracts and Unexpired Leases If Not Rejected.

(a) Upon the occurrence of the Effective Date, each and every executory contract and unexpired lease listed on the Contract Assumption Schedule, shall be assumed pursuant to section 365 of the Bankruptcy Code, *provided, however,* that the Debtors shall, subject to the consent of the Supporting Noteholders, be entitled at any

time prior to the tenth (10th) day before the Confirmation Hearing to add or delete executory contracts and unexpired leases on the Contract Assumption Schedule and/or the Contract Rejection Schedule, and *provided, further*, that the Debtors and Reorganized Debtors shall, subject to the consent of the Supporting Noteholders, be entitled to file a motion after the Confirmation Date to reject any executory contract or unexpired lease for which an objection to a Cure Amount proposed by the Debtors has been timely filed, if the Debtors or Reorganized Debtors determine in their discretion (but only with the consent of the Supporting Noteholders), that in light of the Cure Amount asserted by the non-debtor party or in light of the Bankruptcy Court fixing a Cure Amount that is materially higher than the Cure Amount anticipated by the Debtors, assumption of such executory contract or unexpired lease is not in the best interests of the Debtors or Reorganized Debtors. The Confirmation Order shall constitute the Bankruptcy Court's approval of such assumptions pursuant to sections 365 and 1123 of the Bankruptcy Code and findings by the Bankruptcy Court that the requirements of section 365 of the Bankruptcy Code have been satisfied with respect to each assumed executory contract or lease and that such assumed executory contracts or leases shall inure to the benefit of the Reorganized Debtors.

(b) To the extent that the parties to executory contracts and unexpired leases listed on the Contract Assumption Schedule and the Supporting Noteholders have agreed prior to the Effective Date to modifications of such agreements as a condition for such assumption, such executory contracts and unexpired leases shall be deemed assumed as modified.

(c) Any objection to the assumption of an executory contract or unexpired lease by the Debtors shall be forever barred and will not be enforceable against the Debtors, the Reorganized Debtors, their respective successors, or their respective properties unless such objection is filed and served on the Debtors, and any other party required to be served pursuant to an order of the Bankruptcy Court, no later than the Bar Date.

(d) Unless compromised, settled, or otherwise resolved pursuant to a Final Order of the Bankruptcy Court or the authority granted to the Debtors or Reorganized Debtors, with the consent of the Supporting Noteholders, under the Plan, the Cure Amount to be paid in connection with the assumption of an executory contract or unexpired lease that is identified on the Contract Assumption Schedule shall be the proposed Cure Amount listed on such schedule.

3.3 Contract Assumption Schedule. Unless otherwise provided, each executory contract or unexpired lease listed or to be listed on the Contract Assumption Schedule shall include (a) any modifications, amendments, supplements, restatements or other agreements made directly or indirectly by any agreement, instrument or other documents that in any manner affects such contract or lease, irrespective of whether such agreement, instrument or other document is listed on the Contract Assumption Schedule; and (b) with respect to such executory contracts and unexpired leases that relate to the use or occupancy of real property, all executory contracts or unexpired leases appurtenant to the premises listed on the Contract Assumption Schedule including, all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, usufructs, reciprocal easement agreements, vault, tunnel or bridge agreements or franchises, and any other interests in real estate or rights *in rem* relating to such premises to the extent any of the foregoing are executory contracts or unexpired leases that have not been previously assumed by a Debtor. Listing a contract or lease on the Contract Assumption Schedule does not constitute an admission by a Debtor or Reorganized Debtor that a Debtor or Reorganized Debtor has any liability thereunder, or that such contract or lease is executory.

3.4 Contracts and Leases Entered into or Assumed After the Commencement Date. Contracts and leases entered into after the Commencement Date by any Debtor, and any executory contracts and unexpired leases assumed by any Debtor prior to confirmation of the Plan, will be performed by the Debtor or Reorganized Debtor liable thereunder in the ordinary course of its business and will survive and remain unaffected by entry of the Confirmation Order.

3.5 Obligations to Indemnify Directors, Officers and Employees. The obligations of each Debtor or Reorganized Debtor to indemnify any Indemnitee on or after the Commencement Date (by reason of such person's prior or future service in such capacity or as a director, officer, or employee on behalf of a Debtor, to the extent provided in the applicable certificates of incorporation, bylaws or similar constituent documents, by statutory law or by written agreement, policies or procedures of or with such Debtor or Reorganized Debtor) will (i) be deemed and treated as arising pursuant to executory contracts that are assumed by the applicable Debtor or Reorganized Debtor

pursuant to the Plan and section 365 of the Bankruptcy Code as of the Effective Date and (ii) survive and be unaffected by entry of the Confirmation Order, irrespective of whether such indemnification is owed for an act or event occurring before or after the Commencement Date. Notwithstanding the foregoing, the obligations of each Debtor or Reorganized Debtor to indemnify any Indemnitee who immediately prior to the Effective Date no longer was a director, officer, or employee of a Debtor, shall terminate and be discharged pursuant to section 502(e) of the Bankruptcy Code or otherwise as of the Effective Date.

ARTICLE IV

CONFIRMATION OF THE PLAN

4.1 Conditions Precedent to Confirmation and Effectiveness.

(a) The following are conditions to the confirmation of the Plan:

(i) The Confirmation Order shall be in form and substance satisfactory to the Debtors and the Supporting Noteholders.

(ii) The Class of holders of Noteholder Claims shall have voted to accept the Plan by the requisite majorities provided in section 1126(c) of the Bankruptcy Code.

(iii) There has been no occurrence of any event, development or circumstance, which has had, or could reasonably be expected to have, in the reasonable judgment of the Supporting Noteholders, a material adverse effect on and/or a material adverse change in the business operations, results of operation, properties, assets, liabilities, condition (financial or otherwise) or prospects of the Debtors taken as a whole from the date of commencement of these Chapter 11 Cases.

(iv) No event of default under, or termination or refinancing of, the DIP Credit Agreement shall have occurred and be continuing.

(v) All exhibits, schedules and other attachments to the Plan and all Plan Documents shall be in form and substance acceptable to the Debtors and the Supporting Noteholders.

(b) The following are conditions to the occurrence of the Effective Date:

(i) The Confirmation Order, in form and substance acceptable to the Debtors and the Supporting Noteholders, shall have become a Final Order.

(ii) The Effective Date shall have occurred on or before September 30, 2008 or such later date as the Debtors and the Supporting Noteholders may agree.

(iii) The Exit Facility and each of the other Plan Documents shall have been executed and delivered by the parties thereto with only such changes made after filing the Plan Documents with the Bankruptcy Court as are acceptable to the Debtors and the Supporting Noteholders and all conditions precedent (other than the occurrence of the Effective Date) to the effectiveness of such agreements shall have been satisfied or waived, in each case in accordance with the terms of such agreements.

(iv) All other actions, documents, and agreements determined by the Debtors to be necessary to implement the Plan shall have been effected or executed and shall be in form and substance acceptable to the Supporting Noteholders.

(v) The Supporting Noteholders shall be satisfied with the identities of members of senior management of Reorganized Interep and the terms of their employment.

(vi) The Debtors shall have received all authorizations, consents, regulatory approvals, rulings, letters, no action letters, opinions or documents that are determined by the Debtors to be necessary to implement the Plan.

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

(viii) The Plan shall not have been materially amended, altered or modified from the Plan confirmed by the Confirmation Order, unless such material amendment, alteration or modification has been made in accordance with Section 8.6.

(c) Waiver of Conditions. One or more of the (a) conditions to confirmation set forth in Section 4.1(a) may be waived by the Debtors and the Supporting Noteholders, and (b) conditions to effectiveness set forth in Section 4.1(b) may be waived by the Debtors and the Supporting Noteholders; *provided, however, that* the Debtors may waive the condition in Section 4.1(b)(vi) without the consent of the Supporting Noteholders, and the Supporting Noteholders may waive the condition in Section 4.1(b)(v) without the consent of the Debtors.

(d) Failure of Conditions. If each of the conditions to the Effective Date is not satisfied or duly waived by September 30, 2008, then unless the Debtors and the Supporting Noteholders agree otherwise and file notice with the Bankruptcy Court to such effect, or unless the Bankruptcy Court orders otherwise, the Confirmation Order shall automatically be vacated without further order of the Bankruptcy Court. If the Confirmation Order is vacated pursuant to this Section then the Plan will be null and void in all respects, and nothing in the Plan, the Disclosure Statement, any Plan Document, or the Confirmation Order shall constitute or be deemed a waiver or release of any claims by or against any Debtor or any other entity, or to prejudice in any manner the rights of a Debtor or any other entity in any proceedings involving a Debtor.

4.2 Effect of Confirmation of the Plan.

(a) Term of Bankruptcy Injunctions or Stays; Continued Jurisdiction. Until the Effective Date, unless otherwise provided, all injunctions or stays provided for in the Chapter 11 Cases in existence on the Confirmation Date, including those under section 105 or 362 of the Bankruptcy Code, shall remain in effect, and the Bankruptcy Court shall retain custody and jurisdiction of the Debtors and their respective Estates.

(b) Debtors' Authority. On and after the Effective Date, each Reorganized Debtor shall be released from the custody and jurisdiction of the Bankruptcy Court and may operate its business and may use, acquire, and dispose of property without supervision or approval by the Bankruptcy Court, except for those matters as to which the Bankruptcy Court specifically retains jurisdiction under the Plan or the Confirmation Order. On and after the Effective Date, except as otherwise provided in the Plan, each Debtor will, as a Reorganized Debtor, continue to exist as a separate corporate entity, with all the powers of a corporation or limited liability company, as applicable, 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.

(c) Continued Corporate Existence and Revesting of Assets and Causes of Action. On the Effective Date, except as otherwise provided for in the Plan or the Confirmation Order, (i) the property of each Debtor's Estate shall vest in each respective Reorganized Debtor, free and clear of all liens, Claims, Old Equity Interests, and Causes of Action against or in each Debtor or Reorganized Debtor or its property, (ii) any and all Causes of Action belonging to the Debtors or their Estates shall be preserved and shall vest in the respective Reorganized Debtor, *provided, however*, any (i) property of a Dissolving Subsidiary's Estate shall vest in Reorganized Interep or another Reorganized Debtor in accordance with the terms of the Dissolution Transactions free and clear of all liens, and Causes of Action against each Debtor or Reorganized Debtor or its property, and (ii) any and all Causes of Action belonging to such Dissolving Subsidiary shall be preserved and shall vest in Reorganized Interep or such other Reorganized Debtor, as applicable.

(d) Discharge of Debtors. The rights afforded in the Plan and the payments and distributions to be made hereunder shall discharge all Claims and Causes of Action against a Debtor or its Estate arising prior to the Effective Date, and all Old Equity Interests shall be cancelled, to the extent permitted by section 1141 of the Bankruptcy Code. The Confirmation Order, except as provided herein or therein, shall be a judicial determination

of discharge of all Causes of Action against a Debtor and the termination of all Old Equity Interests, such discharge shall void any judgment against a Debtor at any time obtained to the extent it relates to a discharged Cause of Action or the terminated Old Equity Interests, and all entities shall be precluded from asserting against a Debtor, a Reorganized Debtor, or any of their respective property, any Cause of Action based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date, whether or not such holder filed a proof of claim. As provided in section 524 of the Bankruptcy Code, entry of the Confirmation Order shall operate as an injunction against the prosecution of any action against a Debtor, a Reorganized Debtor, or any of their property to the extent such prosecution relates to a discharged Cause of Action or the terminated Old Equity Interests. Notwithstanding the foregoing paragraph, nothing herein shall be deemed to prevent any party in interest from pursuing an action to enforce the terms of the Plan or the Confirmation Order.

(e) Injunction. On the Effective Date, except as otherwise provided in the Plan or in the Confirmation Order, all entities who have been, are, or may be holders of Claims against or Old Equity Interests in a Debtor shall be enjoined from taking any of the following actions against or affecting a Debtor, a Reorganized Debtor, or their property with respect to such Claims or Old Equity Interest (other than actions brought to enforce any rights or obligations under the Plan and appeals, if any, from the Confirmation Order):

(i) commencing, conducting, or continuing in any manner, directly or indirectly, any suit, action, or other proceeding of any kind against a Debtor, a Reorganized Debtor, or their property, or any direct or indirect successor in interest to a Debtor or any assets or property of such transferee or successor (including all suits, actions, and proceedings that are pending as of the Effective Date, which must be withdrawn or dismissed with prejudice);

(ii) enforcing, levying, attaching, collecting, or otherwise recovering by any manner or means whether directly or indirectly any judgment, award, decree or order against a Debtor, a Reorganized Debtor, or their property, or any direct or indirect successor in interest to a Debtor or any assets or property of such transferee or successor;

(iii) creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any lien against a Debtor, a Reorganized Debtor, or their property, or any direct or indirect successor in interest to a Debtor or any assets or property of such transferee or successors, or other than as contemplated by the Plan;

(iv) except as otherwise provided in the Plan, asserting any setoff, right of subrogation, or recoupment of any kind, directly or indirectly against any obligation due a Debtor, a Reorganized Debtor, or their property, or any direct or indirect successor in interest to a Debtor or any assets or property of such transferee or successor; and

(v) proceeding in any manner in any place whatsoever that does not conform to or comply with the provisions of the Plan.

(f) Exculpation. From and after the Effective Date, none of the Debtors, the Reorganized Debtors, the Committee, the DIP Lenders, the Indenture Trustee, and the Supporting Noteholders, each acting in such capacities, or any of their respective members, officers, directors, employees, advisors, professionals, attorneys or agents, acting in such capacity, shall have or incur any liability to any entity for any act or omission in connection with, related to, or arising out of, the Chapter 11 Cases, the formulation, preparation, dissemination, implementation, confirmation, or approval of the Plan, the property to be distributed under the Plan, or any contract, instrument, release, or other agreement or document provided for or contemplated in connection with the consummation of the transactions set forth in the Plan, *provided, however*, that the foregoing provisions shall not affect the liability of any entity that would result from any such act or omission to the extent that act or omission is determined by a Final Order of the Bankruptcy Court to have constituted gross negligence or willful misconduct. Any of the foregoing parties in all respects shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan. Nothing in this paragraph shall be deemed to apply to any Guild Family Person, nor any of their respective advisors, professionals, attorneys or agents, acting in such capacity.

(g) Releases by the Debtors. As of the Effective Date, the Debtors, on behalf of themselves and all of their successors and assigns, and each of the Debtors' Estates (collectively, including the Debtors and their Estates, the "Releasing Parties") shall be deemed to have forever released, waived, and discharged the Released Parties from all Causes of Action, that are based in whole or in part on any act, omission, transaction, or other occurrence taking place on, or prior to, the Effective Date in any way relating to the Chapter 11 Cases, their commencement, the Plan, the Indenture, any document or agreement related thereto, the Noteholder Claims, any of such Released Party's relationship with the Debtors, which any Releasing Party has, had, or may have against any Released Party, *provided, however,* that such release shall not apply to any obligations of the Released Parties under the Plan or any Plan Document. Such release shall be effective notwithstanding that any Releasing Party or other entity may thereafter discover facts in addition to, or different from, those which that entity previously knew or believed to be true, and without regard to the subsequent discovery or existence of such different or additional facts, and the Releasing Parties and any successors or assigns are hereby expressly deemed to have waived any and all rights that they may have under any statute or common law principle which would limit the effect of the foregoing release, waiver, and discharge to those claims actually known or suspected to exist on the Effective Date. Notwithstanding the foregoing, no Released Party shall be released from any Cause of Action resulting from the gross negligence or willful misconduct of such Released Party.

ARTICLE V

IMPLEMENTATION OF THE PLAN

5.1 Corporate Existence. On the Effective Date:

(a) Reorganized Interep shall continue to exist as a separate legal entity, with all corporate powers or limited liability company powers in accordance with applicable laws, and shall either continue to be a corporation reconstituted under the laws of the State of Delaware or, in the event the Supporting Noteholders so elect, after consulting with Interep, shall be reconstituted as a limited liability company under the laws of the State of Delaware. Reorganized Interep shall exist and operate pursuant to the Reorganized Interep Certificate of Incorporation and the Reorganized Interep Bylaws, or, if applicable, the Reorganized Interep Certificate of Formation and Reorganized Interep Operating Agreement.

(b) Except as otherwise provided in Section 5.1(c) below, each of the Reorganized Subsidiaries shall continue to exist as separate corporate entities, with all corporate powers in accordance with the laws of their respective domiciles and pursuant to their existing certificates of incorporation and bylaws.

(c) On or after the entry of the Confirmation Order, the Debtors may enter into the Dissolution Transactions, the effectiveness of which are subject to the occurrence of the Effective Date; *provided*, *that*, such Dissolution Transactions are satisfactory in form and substance to the Supporting Noteholders. Regardless of whether the Dissolution Transactions have yet been taken with respect to a particular Dissolving Subsidiary, upon the Effective Date such Dissolving Subsidiary shall be deemed dissolved and their business operations withdrawn for all purposes without any necessity of filing any document, taking any further action or making any payment to any governmental authority in connection therewith.

5.2 Compliance With Section 1123(a)(6) of the Bankruptcy Code. The certificates of incorporation and bylaws, or, if applicable, the certificates of formation and the operating agreements, of each of the Reorganized Debtors shall contain provisions necessary to prohibit the issuance of nonvoting equity securities as required by section 1123(a)(6) of the Bankruptcy Code, subject to further amendment of such certificates of incorporation and bylaws (or, if applicable, certificates of formation and the operating agreements) as permitted by applicable law.

5.3 Corporate Action To Facilitate Consummation of the Plan. After the Confirmation Order is entered, and subject to the subsequent occurrence of the Effective Date, all matters provided for under the Plan that would otherwise require action by the stockholders or directors of one or more of the Debtors or the Reorganized Debtors, including any mergers among the Reorganized Subsidiaries, any merger of a Reorganized Debtor into a corporation or limited liability company formed under the laws of the State of Delaware, any Dissolution Transactions, the issuance of all of the New Common Stock, the adoption of certificates of incorporation, certificates of formation, bylaws and operating agreements, the election or appointment of the initial directors and officers of the

Reorganized Debtors, the entry into any agreement or the delivery of any document by any of the Debtors or the Reorganized Debtors (including the Plan Documents and any plan of merger) shall occur in accordance with the Plan and the Confirmation Order and without any further action by any of such entities' stockholders or directors; *provided, however, that* in the event the Supporting Noteholders determine that the Reorganized Interep be reconstituted as a limited liability company, each Noteholder shall be required to execute the Reorganized Interep Operating Agreement and shall not have any legal or beneficial interest in the New Common Stock or be registered on the Reorganized Interep's books and records as a holder of any of the New Common Stock, unless and until it has executed and delivered the Reorganized Interep Operating Agreement and any ancillary documents reasonably determined necessary by the Debtors in connection therewith.

5.4 Corporate Governance and Management of the Reorganized Debtors. On the Effective Date, the management, control, and operation of the Reorganized Debtors shall become the general responsibility of the boards of directors of each respective entity.

(a) Directors and Officers of Reorganized Interep.

(i) Board of Directors. On the Effective Date, the initial board of directors of Reorganized Interep shall consist of Interep's Chief Executive Officer and six directors nominated by the Supporting Noteholders. Thereafter, the terms and manner of selection of directors of Reorganized Interep will be as provided in the Reorganized Interep Certificate of Incorporation and the Reorganized Interep Bylaws or, if applicable, the Reorganized Interep Certificate of Formation and Reorganized Interep Operating Agreement, as the same may be amended from time to time, and applicable law.

(ii) Officers. Each individual serving as an officer of Interep immediately prior to the Effective Date shall hold the same office of Reorganized Interep on and after the Effective Date unless and until changed by the board of directors of Reorganized Interep on or after the Effective Date (or unless and until the Supporting Noteholders provide notice to Interep prior to the Effective Date of their intent to cause such change to be made, subject to the occurrence of the Effective Date).

(b) Directors and Officers of Reorganized Subsidiaries.

(i) Boards of Directors. On the Effective Date, the initial board of directors or similar governing body of Reorganized Interep shall appoint the members of the initial boards of directors of the Reorganized Subsidiaries. Thereafter, the terms and manner of selection of directors of the Reorganized Subsidiaries will be as provided in their respective certificates of incorporation and bylaws, as the same may be amended from time to time, and applicable law.

(ii) Officers. Each individual serving as an officer of a Debtor immediately prior to the Effective Date shall hold the same offices of the respective Reorganized Subsidiary on and after the Effective Date, unless and until changed by such Reorganized Subsidiary's board of directors after the Effective Date (or unless and until the Supporting Noteholders provide notice to Interep prior to the Effective Date of their intent to cause such change to be made, subject to the occurrence of the Effective Date).

5.5 Transactions on the Effective Date. On the Effective Date, unless otherwise provided by the Confirmation Order, the following shall occur, shall be deemed to occur simultaneously, and shall constitute substantial consummation of the Plan:

(a) The Reorganized Interep Certificate of Incorporation and Reorganized Interep Bylaws, or if applicable, the Reorganized Interep Certificate of Formation and Reorganized Interep Operating Agreement, and any revisions to the certificates of incorporation or bylaws of any other Reorganized Debtor shall be authorized, approved, and effective in all respects without further action under applicable law, regulation, order, or rule, including any action by the stockholders or directors of the Debtors or the Reorganized Debtors. Immediately prior to or on the Effective Date, the Reorganized Interep Certificate of Incorporation or Reorganized Interep Certificate

of Formation, as applicable, and any revised certificates of incorporation or formation of the Reorganized Debtors shall be filed with the Secretary of State of each such entity's domicile.

(b) The property to be retained by and/or transferred under the Plan to a Reorganized Debtor shall automatically be vested in such retainee or transferee without further action on the part Interep or any Debtor or Reorganized Debtor.

(c) All Causes of Action belonging to the Debtors on the Effective Date shall vest in the respective Reorganized Debtors.

(d) Reorganized Interep shall issue the Class 3 Distributable Securities to the holders of Class 3 Claims in accordance with Section 2.4(c); *provided, however, that* in the event the Supporting Noteholders determine that the Reorganized Interep be reconstituted as a limited liability company, each Noteholder shall be required to execute the Reorganized Interep Operating Agreement and shall not have any legal or beneficial interest in the New Common Stock or be registered on the Reorganized Interep's books and records as a holder of any of the New Common Stock, unless and until it has executed and delivered the Reorganized Interep Operating Agreement and any ancillary documents reasonably determined necessary by the Debtors in connection therewith

(e) The Exit Facility shall be executed, delivered, become binding in all respects, and all mortgages, liens, and security interests securing borrowings under the Exit Facility shall be created and perfected.

(f) The Employee Incentive Plan shall be effective.

(g) All other Plan Documents shall be executed, delivered, and become binding in all respects, on the Reorganized Debtors and each and every counterparty.

5.6 Securities Exemptions. All securities, including the New Common Stock and the New Second Lien Notes, issued pursuant to the Plan shall be exempt from registration under the Securities Act of 1933, as amended, pursuant to section 1145 of the Bankruptcy Code to the extent permitted thereby.

ARTICLE VI

PROVISIONS GOVERNING DISTRIBUTIONS AND RESOLUTION OF DISPUTED CLAIMS

6.1 Distributions Under the Plan.

(a) Disbursing Agent.

(i) The disbursing agent for distributions on account of Claims in all Classes shall be Reorganized Interep or its designee acting in such capacity (when acting in such capacity, the "Disbursing Agent").

(ii) The Disbursing Agent shall not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court; in the event that the Disbursing Agent is so otherwise ordered, all costs and expenses of procuring any such bond or surety shall be borne by Reorganized Interep.

(b) Distributions for Claims Allowed as of the Effective Date. Except as otherwise provided, distributions of Cash to be made on the Effective Date to holders of Claims as provided by Article II that are Allowed as of the Effective Date shall be deemed made on the Effective Date if made on the Effective Date or as promptly thereafter as practicable, but in any event no later than (1) 30 days after the Effective Date or (2) such later date when the applicable conditions of this Article are satisfied. Distributions on account of Claims Allowed after the Effective Date will be made pursuant to Section 6.2.

(c) Disbursing Agent Exculpation. Subject to the provisions of this paragraph, the Disbursing Agent, in its capacity as such, together with each of its officers, directors, employees, agents, and representatives (acting in

that capacity), are exculpated by all entities, holders of Claims and Equity Interests, and parties in interest, from any and all Causes of Action, and other assertions of liability (including breach of fiduciary duty) arising out of the discharge of the powers and duties conferred upon the Disbursing Agent, by the Plan, any Final Order of the Bankruptcy Court entered pursuant to or in the furtherance of the Plan, or applicable law, except solely for actions or omissions arising out of the Disbursing Agent's gross negligence or willful misconduct. No holder of a Claim or an Equity Interest, or representative thereof, shall have or pursue any Claim or Cause of Action (A) against either of the Disbursing Agent, in its capacity as such, or their officers, directors, employees, agents, and representatives (acting in that capacity) for making payments in accordance with the Plan, or (B) against any holder of a Claim or an Equity Interest for receiving or retaining payments or transfers of property as provided for by the Plan. Nothing contained in this paragraph shall preclude or impair any holder of an Allowed Claim from bringing an action in the Bankruptcy Court to compel the making of distributions contemplated by the Plan on account of such Claim against a Disbursing Agent.

(d) Surrender of Certificates, etc. The Disbursing Agent, may require, as a condition to making any distribution under the Plan, that each holder of an Allowed Claim surrender the note, certificate or other document evidencing such Allowed Claim to Reorganized Interep or its designee. In that event, any holder of an Allowed Claim that fails to (i) surrender such note, certificate or other document; or (ii) execute and furnish a bond before the first anniversary of the Effective Date, the form, substance, and amount of which is reasonably satisfactory to the Disbursing Agent, shall be deemed to have forfeited all rights and may not participate in any distribution under the Plan.

(e) Tax Matters.

(i) In connection with the Plan, to the extent applicable, the Disbursing Agent will comply with all applicable Tax withholding and reporting requirements imposed on it by any governmental unit, and all distributions pursuant to the Plan will be subject to applicable withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Disbursing Agent will be authorized to take any actions that may be necessary or appropriate to comply with such withholding and reporting requirements, including requiring recipients to fund the payment of such withholding as a condition to delivery, liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding Taxes, or establishing any other mechanism the Disbursing Agent believes are reasonable and appropriate including requiring Claim holders to submit appropriate Tax and withholding certifications.

(ii) Notwithstanding any other provision of the Plan, each entity receiving a distribution of Cash, New Second Lien Notes, New Common Stock, or any other consideration pursuant to the Plan will have sole and exclusive responsibility for the satisfaction and payment of any Tax obligations imposed on it by any governmental unit on account of the distribution, including income, withholding, and other Tax obligations.

(f) Delivery of Distributions. Subject to Bankruptcy Rule 9010 and except as otherwise set forth in the Plan, all distributions under the Plan shall be made to the holder of each Allowed Claim at the address of such holder as listed on the Schedules as of the Record Date, unless the Debtors or, on and after the Effective Date, Reorganized Interep, have been notified in writing of a change of address, including by the filing of a timely proof of claim by such holder that provides an address for such holder different from the address reflected on the Schedules. All distributions to any holder of a Noteholder Claim or a DIP Financing Claim shall be made to the Indenture Trustee or DIP Agent, respectively. Subject to the provisions herein specifically governing unclaimed distributions, in the event that any distribution to any holder is returned as undeliverable, the Disbursing Agent shall use reasonable efforts to determine the current address of such holder, but no distribution to such holder shall be made unless and until the Disbursing Agent has determined the then current address of such holder, at which time such distribution shall be made to such holder without interest. In the event the Supporting Noteholders determine that the Reorganized Interep be reconstituted as a limited liability company, each Noteholder shall be required to execute the Reorganized Interep Operating Agreement and shall not have any legal or beneficial interest in the New Common Stock or be registered on the Reorganized Interep's books and records as a holder of any of the New

Common Stock, unless and until it has executed and delivered the Reorganized Interep Operating Agreement and any ancillary documents reasonably determined necessary by the Debtors in connection therewith.

(g) Distributions of Cash. Any distribution of Cash under the Plan shall, at the Disbursing Agent's option, be made by check drawn on a domestic bank or wire transfer, except that the payment of Cash to the holders of Allowed DIP Financing Claims shall be made by wire transfer of immediately available funds to the DIP Agent.

(h) Distributions of Class 3 Distributable Securities; No Fractional Shares; Rounding. Notwithstanding any other provision of the Plan, (i) only whole numbers of shares of New Common Stock, and (ii) only multiples of $[1,000] principal amount of New Second Lien Notes will be distributed. On the Distribution Date, fractional shares or membership interests of New Common Stock will be rounded up or down on an equitable basis to ensure that no fractional shares or membership interests result. The principal amount of New Second Lien Notes will be adjusted up or down on an equitable basis to ensure issuance in multiples of $[1,000]. No property will be distributed on account of a rounding down of shares or membership interests or adjustment down of principal amount pursuant to this Section 6.1(h).

(i) Timing of Distributions. Any payment or distribution required to be made under the Plan on a day other than a Business Day shall be made on the next succeeding Business Day.

(j) Minimum Distributions. No payment of Cash less than $25 shall be made by the Disbursing Agent to any holder of a Claim unless a request therefor is made in writing to the Disbursing Agent no later than 30 days after the Effective Date.

(k) Unclaimed Distributions. All distributions under the Plan that are unclaimed for a period of one (1) year after distribution thereof shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and revested in the Reorganized Debtors, as applicable, and any entitlement of any holder of any Claim to such distributions shall be extinguished and forever barred.

(l) Time Bar to Cash Payments. Checks issued by a Disbursing Agent in respect of Allowed Claims shall be null and void if not negotiated within one hundred eighty (180) days after the date of issuance thereof. Requests for reissuance of any check shall be made directly to the Disbursing Agent by the holder of the Allowed Claim to whom such check originally was issued. Any Claim with respect to such a voided check shall be made on or before two hundred seventy (270) days after the date of issuance of such check. After such date, all Claims in respect of void checks shall be discharged and forever barred.

(m) Distributions to Holders as of the Record Date. As of the close of business on the Record Date for distributions under the Plan, the claims register shall be closed, and there shall be no further changes in the record holder of any Claim. The Disbursing Agent shall have no obligation to recognize any transfer of any Claim occurring after the Record Date, and shall instead be authorized and entitled to recognize and deal for all purposes under the Plan with only those record holders stated on the claims register as of the close of business on the Record Date for distributions under the Plan.

(n) Allocation Between Principal and Accrued Interest. To the extent applicable, all distributions to a holder of an Allowed Claim will apply first to the principal amount of such Claim until such principal amount is paid in full and then to any interest accrued on such Claim as of the Commencement Date and thereafter, to the extent the Debtors' Estates are sufficient to satisfy such principal and interest accrued as of the Commencement Date, to any interest accrued on such Claim from the Commencement Date through the Effective Date.

(o) Cancellation of Existing Securities and Agreements. On the Effective Date, the promissory notes, share certificates, bonds and other instruments evidencing any Claim or Equity Interest, other than an Allowed Secured Claim or an Allowed Subsidiary Equity Interest that is reinstated and rendered unimpaired pursuant to the Plan, shall be deemed cancelled without further act or action under any applicable agreement, law, regulation, order or rule and the obligations of the Debtors under the agreements, indentures and certificates of designations governing such Claims and Equity Interests, as the case may be, shall be discharged.

(p) Limited Recourse for Disputed General Unsecured Claims. Each Disputed General Unsecured Claim that ultimately becomes an Allowed Claim shall have recourse only to the undistributed Cash held in the Disputed Claims Reserve for satisfaction of the Cash distributions to which holders of Allowed General Unsecured Claims are entitled hereunder, and the holder may not otherwise look to the Debtors or Reorganized Debtors, their respective properties, or any property previously distributed on account of any Allowed Claim.

6.2 Resolution of Disputed Claims.

(a) Objections to and Settlement of Claims.

(i) The Debtors (prior to the Effective Date) and the Reorganized Debtors (on and after the Effective Date) shall bear the responsibility and cost of administering and closing the Chapter 11 Cases, including the duties typically associated with a debtor's claims administration. On and after the Effective Date, the Reorganized Debtors, after consultation with the Supporting Noteholders, shall have the exclusive right and authority to make and file objections to Claims.

(ii) On and after the Effective Date, the Reorganized Debtors shall be entitled to compromise, settle, otherwise resolve, or withdraw any objections to Claims, and compromise, settle, or otherwise resolve Disputed Claims without further order of the Bankruptcy Court.

(iii) Unless otherwise ordered by the Bankruptcy Court, all objections to Claims that are the subject of proofs of claim or requests for payment filed with the Bankruptcy Court (other than applications for allowance of Fee Claims) shall be filed and served upon the holder of the Claim as to which the objection is made on or prior to the Claims Objection Deadline.

(b) Creation of Disputed Claims Reserve. From and after the Effective Date, the Disbursing Agent will place Cash into segregated accounts (the "Disputed Claims Reserve") equal to, in the case of the Claims in Class 4, the product of (a) the quotient of (i) the Maximum Allowable Amount of all Disputed Claims in Claims in Class 4 divided by (ii) the amount equal to the sum of (A) all Allowed Claims in Claims in Class 4, plus (B) the Maximum Allowable Amount of all Disputed Claims in Claims in Class 4, multiplied by (b) the Class 4 Cash. The Disputed Claims Reserve will remain in full force and effect until all Disputed Claims in Class 4 have been resolved.

(c) Distributions from Disputed Claims Reserve. On each Quarterly Distribution Date, each holder of an Allowed General Unsecured Claim that has been Allowed as of the Quarterly Test Date shall receive, from the Disputed Claims Reserve, Cash in the amount of the difference between (a) the amount such holder would have received on the Effective Date, if its Claim had been Allowed as of the Effective Date, if all Claims that were disallowed on or prior to the Quarterly Test Date were disallowed as of the Effective Date, minus (b) the aggregate amount of Cash previously distributed on account of the Claim. Notwithstanding the foregoing, no payment or distribution may be made from the Disputed Claims Reserve that would result in such holder receiving an amount in excess of what the holder would have received if such holder's Claim were Allowed as of the Effective Date in the Maximum Allowable Amount. Once all Claims have been allowed or disallowed, any remaining Cash in the Disputed Claims Reserve shall be distributed to the Reorganized Debtors.

(d) Distribution Efficiency. Notwithstanding anything to the contrary in the preceding paragraph, the Disbursing Agent shall not be required to make any distribution on any Quarterly Distribution Date if the Disbursing Agent determines, in its sole and absolute discretion, that making such distribution would not be cost efficient. Any distribution to a holder of a Claim that has not been made shall be retained for distribution on the next Quarterly Distribution Date for which such distribution is cost-efficient, or such time as all Claims have been allowed or disallowed.

(e) Estimation of Claims. The Reorganized Debtors may at any time request that the Bankruptcy Court estimate any contingent, unliquidated, or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether any party previously objected to such Claim or whether the Bankruptcy Court has ruled on such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to such Claim, including during the pendency of any appeal relating to any such objection.

All of the aforementioned objection, estimation, and resolution procedures are intended to be cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

(f) Special Rules for Distributions to Holders of Disputed Claims. Notwithstanding any provision otherwise in the Plan and except as otherwise agreed by the relevant parties, the Reorganized Debtors shall not be required to (a) make any partial payments or partial distributions to a person, estate or trust with respect to a Disputed Claim until all such disputes in connection with such Disputed Claim have been resolved by settlement or Final Order or (b) make any distributions on account of an Allowed Claim of any person, estate or trust that holds both an Allowed Claim and a Disputed Claim, unless and until all objections to the Disputed Claim have been resolved by settlement or Final Order and the Claims have been Allowed.

(g) Litigation Claims. Any Litigation Claim that has been determined and liquidated shall be deemed an Allowed Claim only to the extent that the holder of such Claim can establish that such Claim is not recoverable from third parties through the Debtor's insurance coverage (exclusive of the Debtor's self-insurance).

(h) Nonpayment of Claims of Parties Holding Recoverable Property; Setoff.

(i) Notwithstanding any other provisions of the Plan, no payments or distributions will made on account of any Claims of holders from which property is recoverable or alleged to be recoverable pursuant to section 542, 543, 550, or 553 of the Bankruptcy Code or that is or is alleged to be a transferee of a transfer avoidable under section 544, 545, 547, 548, or 549 of the Bankruptcy Code until (A) the holder has paid the amount, or turned over any such property, for which such entity or transferee is liable under section 542, 543, 550 or 553 of the Bankruptcy Code or (B) the Bankruptcy Court determines by Final Order that the holder need not pay the amount, or turn over such property.

(ii) Subject to the provisions of section 553 of the Bankruptcy Code, in the event that a Debtor has a Cause of Action of any nature whatsoever against the holder of a Claim, such Debtor may, but is not required to, setoff against the Claim (and any payments or other distributions to be made in respect of such Claim hereunder) a Debtor's Cause of Action against the holder. Neither the failure to setoff nor the allowance of any Claim under the Plan shall constitute a waiver or release by a Debtor of any Cause of Action that a Debtor has against the holder of a Claim.

ARTICLE VII

RETENTION OF JURISDICTION

7.1 Scope of Jurisdiction. Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain such jurisdiction over the Chapter 11 Cases and this Plan (except in the case of the Exit Facility, the Reorganized Interep Operating Agreement or as applicable, the Reorganized Interep Certificate of Incorporation, and the Reorganized Interep Bylaws, the Shareholders Agreement and the Registration Rights Agreement which shall be subject, in each case, to the jurisdiction set forth in the definitive documentation thereof) to the fullest extent legally permissible, including but not limited to jurisdiction to:

(a) Hear and determine pending applications (including pursuant to the Plan) for the assumption or rejection of executory contracts or unexpired leases, if any are pending, and the allowance of Cure Amounts and Claims resulting therefrom.

(b) Hear and determine any and all adversary proceedings, applications, and contested matters in the Chapter 11 Cases, whether pending on the Confirmation Date or commenced thereafter.

(c) Hear and determine any objection to, or estimation of, Claims.

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

(e) Consider any amendments to or modifications of the Plan, to cure any defect or omission, or reconcile any inconsistency in the Plan or in any order of the Bankruptcy Court entered in the Chapter 11 Cases, including the Confirmation Order.

(f) Hear and determine all applications with respect to Fee Claims.

(g) Hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan and Confirmation Order including any and all disputes arising in connection with the interpretation, implementation or enforcement of the discharge, release and injunction provisions contained in the Plan, and issue such orders as are necessary to aid in the implementation of the Plan.

(h) Issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any entity with consummation or enforcement of the Plan or Confirmation Order.

(i) Recover all assets of the Debtors and property of the Debtors' Estates, wherever located.

(j) Hear and determine matters concerning Taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code.

(k) Hear any other matter not inconsistent with the Bankruptcy Court's jurisdiction.

(l) Enter a final decree closing the Chapter 11 Cases as contemplated by Bankruptcy Rule 3022.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

8.1 Effectuating Documents and Further Transactions. Each of the Debtors and the Reorganized Debtors is 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 the Plan and any securities issued pursuant to the Plan.

8.2 Exemption from Transfer Taxes. Pursuant to section 1146(a) of the Bankruptcy Code, the issuance, transfer or exchange of New Second Lien Notes or New Common Stock under the Plan, the creation of any mortgage, deed of trust, lien or other security interest, the making or assignment of any lease or sublease, the execution and delivery of the Exit Facility, any Dissolution Transaction or other restructuring transaction, or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including any merger agreements or agreements of consolidation, restructuring, disposition, liquidation or dissolution, deeds, bills of sale or assignments executed in connection with any of the forgoing or pursuant to the Plan, shall not be subject to any stamp Tax, real estate transfer Tax, mortgage recording Tax, sales or use Tax, or other similar Tax. All sale transactions consummated by the Debtors and approved by the Bankruptcy Court on and after the Commencement Date through and including the Effective Date, including the sale by the Debtors of owned property pursuant to section 363(b) of the Bankruptcy Code and the assumption, assignment and sale by the Debtors of unexpired leases of non-residential real property pursuant to section 365(a) of the Bankruptcy Code, shall be deemed to have been made under, in furtherance of, or in connection with the Plan and, thus, shall not be subject to any stamp Tax, real estate transfer Tax, mortgage recording Tax, sales or use Tax, or other similar Tax.

8.3 Dissolution of Committee. On the Effective Date, the Committee shall be dissolved and its members shall be released of all of their duties, responsibilities, and obligations in connection with the Chapter 11 Cases.

8.4 Post-Effective Date Professional Fees. From and after the Effective Date, the Reorganized Debtors shall, in the ordinary course of business and without the necessity for any approval by the Bankruptcy Court, pay the reasonable fees and expenses of professional persons thereafter incurred by the Reorganized Debtors, respectively, including those fees and expenses incurred in connection with the implementation and consummation of the Plan.

8.5 Payment of Statutory Fees. All fees payable pursuant to section 1930 of title 28 of the United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid on the Effective Date. After the Effective Date and until the Chapter 11 Cases are closed, converted, or dismissed, the Reorganized Debtors shall pay fees pursuant to section 1930 of title 28 of the United States Code as they become due.

8.6 Amendment or Modification of the Plan.

(a) Any alterations, amendments, or modifications of or to the Plan may be made in writing by the Debtors at any time prior to the Confirmation Date with the written consent of the Supporting Noteholders, provided that the Plan, as altered, amended, or modified, satisfies the conditions of sections 1122 and 1123 of the Bankruptcy Code, and the Debtors shall have complied with section 1125 of the Bankruptcy Code.

(b) Any alterations, amendments, or modifications of or to the Plan may be made in writing by the Debtors at any time after the Confirmation Date and before substantial consummation of the Plan with the written consent of the Supporting Noteholders, provided that (i) the Plan, as altered, amended, or modified, satisfies the requirements of sections 1122 and 1123 of the Bankruptcy Code, and (ii) the Bankruptcy Court, after notice and a hearing, confirms the Plan, as altered, amended or modified, under section 1129 of the Bankruptcy Code.

(c) A holder of a Claim that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended, or modified, if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim of such holder.

8.7 Severability. If the Bankruptcy Court determines that any provision of the Plan would be unenforceable or would prevent the Plan from being confirmed, either on its face or as applied to any Claim or Equity Interest or transaction, the Debtors may modify the Plan with the written consent of the Supporting Noteholders so that such provision shall not be applicable to the holder of any Claim or Equity Interest or in such manner as will allow the Plan to be confirmed. Such a determination by the Bankruptcy Court and modification by the Debtors shall not (a) limit or affect the enforceability and operative effect of any other provision of the Plan, or (b) require the re-solicitation of any acceptance or rejection of the Plan.

8.8 Revocation of the Plan. The Debtors reserve the right to revoke and withdraw the Plan prior to the occurrence of the Effective Date. If the Debtors revoke and withdraw the Plan, then the Plan shall be deemed null and void in all respects and nothing contained in the Plan, any Plan Document, or the Disclosure Statement shall constitute or be deemed a waiver or release of any claims by or against any Debtor or any other entity or to prejudice in any manner the rights of a Debtor or any other entity in any proceedings involving a Debtor.

8.9 Binding Effect. The Plan shall be binding upon and inure to the benefit of Reorganized Interep, the Debtors, the holders of all Claims and Equity Interests, and their respective successors and assigns, including the Reorganized Debtors.

8.10 Notices. To be effective, all notices, requests and demands to or upon the following parties shall be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

If to the Debtors or the Reorganized Debtors:

Interep National Radio Sales, Inc.
100 Park Avenue
New York, NY 10017
Phone: (212) [ ]

Facsimile: (212) [ ]
Attn: David Kennedy, Chief Executive Officer

With a copy to:

Jones Day
222 East 41st Street
New York, New York 10017-6702
Telephone: (212) 326-3939
Facsimile: (212) 755-7306
Attn: Erica M. Ryland, Esq.

If to the Supporting Noteholders:

[Insert]

With a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP,
1285 Avenue of the Americas,
New York, New York 10019-6064,
E-mail: akornberg@paulweiss.com and AEaton@paulweiss.com
Facsimile: (212) 757-3990
Attn: Alan W. Kornberg and Alice Belisle Eaton

and

Vinson & Elkins, LLP,
666 Fifth Avenue, Suite 2600,
New York, New York 10103-0040
E-mail: jvris@velaw.com.
Facsimile: (212)-237-0100
Attn: Jane Lee Vris

8.11 Governing Law. Except to the extent the Bankruptcy Code, Bankruptcy Rules, or other federal law is applicable, the rights and obligations arising under the Plan and any agreements, documents, and instruments executed in connection with the Plan or the Chapter 11 Cases, including the Plan Documents, shall be governed by, and construed and enforced in accordance with, the laws of the State of New York (without giving effect to the principles of conflicts of law, other than §5-1401 of the New York General Obligations Law, of such jurisdiction), except as may be otherwise specifically provided in such agreements, documents, and instruments.

Dated: April 23, 2008

INTEREP NATIONAL RADIO SALES, INC., a company organized under the laws of the State of New York (for itself and on behalf of each of the Subsidiaries)

By: /s/ David E. Kennedy
Name: David E. Kennedy
Title: Chief Executive Officer

EXHIBIT B

LIST OF SUBSIDIARY DEBTORS

DISCLOSURE STATEMENT – EXHIBIT B

LIST OF SUBSIDIARY DEBTORS

American Radio Sales, Inc.	08-11080
Azteca America Spot Television Sales, Inc.	08-11081
Cumulus Major Market Sales, Inc.	08-11082
D&R Radio, Inc.	08-11083
Hispanic Independent Television Sales, Inc.	08-11084
Infinity Radio Sales, Inc.	08-11085
Interactive Video Network, Inc.	08-11086
Interep Interactive, Inc.	08-11087
Interep Local Focus, Inc.	08-11088
Interep New Media, Inc.	08-11089
McGavren Guild, Inc.	08-11090
Morrison and Abraham, Inc.	08-11091
SBS/Interep LLC	08-11092
Streaming Audio, Inc.	08-11093

<u>EXHIBIT C</u>

DISCLOSURE STATEMENT ORDER

[TO FOLLOW]

EXHIBIT D

HISTORICAL FINANCIAL INFORMATION

[TO FOLLOW]

EXHIBIT E

FINANCIAL PROJECTIONS

[TO FOLLOW]

EXHIBIT F

BEST INTERESTS ANALYSIS

[TO FOLLOW]

<u>EXHIBIT G</u>

VALUATION ANALYSIS

[TO FOLLOW]

EXHIBIT H

PLAN SUPPORT AGREEMENT

PLAN SUPPORT AGREEMENT

This PLAN SUPPORT AGREEMENT (this "**Agreement**") is made and entered into as of March 30, 2008 by and among (i) Interep National Radio Sales, Inc. ("**Interep**"), (ii) certain of Interep's subsidiaries attached hereto on **Schedule A** (together with Interep, the "**Companies**"), and (iii) certain holders of the Interep Notes (as defined below) or their investment advisors or managers identified on the signature pages hereto (collectively, the "**Supporting Noteholders**"). Each of the Companies and each Supporting Noteholder is referred to herein individually as a "**Party**," and collectively, as the "**Parties**."

RECITALS

WHEREAS:

A. Interep, certain guarantors and Summit Bank as trustee (the "**Indenture Trustee**") are party to that certain Indenture dated as of July 2, 1998 (the "**Indenture**") pursuant to which Interep issued certain Notes due 2008 (the "**Interep Notes**") in the aggregate principal amount of $99,000,000;

B. Certain of Interep's subsidiaries guaranteed Interep's payment and performance under the Indenture and the Interep Notes;

C. Prior to the date hereof, representatives of the Companies and the Supporting Noteholders have engaged in good faith negotiations with the objective of reaching an agreement regarding restructuring the Companies' indebtedness and other obligations and interests (the "**Restructuring**") as set forth in this Agreement and the Original Plan of Reorganization (as defined below) through the prosecution of jointly administered chapter 11 cases (collectively, the "**Chapter 11 Cases**") in the United States Bankruptcy Court for the Southern District of New York (the "**Bankruptcy Court**") and confirmation and consummation of the Supplemented Plan of Reorganization (as defined below) as described herein;

D. The undersigned holders (being affiliates of Oaktree Capital Management, LP and Silver Point Capital, LP) hold in excess of 90% in principal amount of the Interep Notes;

E. Each Supporting Noteholder is the legal owner, beneficial holder, and/or the investment advisor or manager for the legal or beneficial owner of a Claim, as defined in section 101(5) of the Bankruptcy Code, 11 U.S.C. §§ 101 *et seq*. (the "**Bankruptcy Code**"), identified on its signature page hereto arising out of or relating to its interests in the Interep Notes (each, a "**Noteholder Claim**");

F. On March 30, 2008, the Board of Directors of each one of the entities constituting the Companies resolved, among other things, to commence chapter 11 cases for each of the Companies and to restructure the Companies as set forth in the Debtors' Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code attached hereto as **Exhibit A** (as attached hereto, the "**Original**

Plan of Reorganization") and otherwise take all commercially reasonable steps to complete all exhibits, attachments, schedules and other supporting documentation to the Original Plan of Reorganization as soon as possible, and have the Supplemented Plan of Reorganization confirmed and consummated by the Bankruptcy Court as soon as possible;

G. The Companies intend to solicit votes for the Supplemented Plan of Reorganization by seeking approval of a disclosure statement (such disclosure statement together with all of the related documents and agreements attached as exhibits thereto, all to the extent that they are in form and substance satisfactory to each of the Supporting Noteholders, and with such changes as may be agreed to by the Supporting Noteholders from time to time, collectively, the "**Disclosure Statement**");

H. Each Supporting Noteholder has reviewed or has had the opportunity to review the Original Plan of Reorganization and this Agreement with the assistance of professional legal advisors of its own choosing;

I. Subject to the terms and conditions hereof, each Supporting Noteholder desires to support and vote to accept the Supplemented Plan of Reorganization and the Companies desire to obtain the commitment of the Supporting Noteholders to support and vote to accept the Supplemented Plan of Reorganization, in each case subject to the terms and conditions set forth herein; and

J. In expressing such support and commitment, the Parties do not desire and do not intend in any way to derogate from or diminish the solicitation requirements of applicable securities and bankruptcy law, or the fiduciary duties of the Companies or any other Party having such duties.

NOW, THEREFORE, in consideration of the promises and the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

AGREEMENT

1. Means for Implementing the Term Sheet. The Companies believe that prompt Bankruptcy Court approval, confirmation and consummation of the Supplemented Plan of Reorganization will best facilitate the Companies' restructuring and is in the best interests of its creditors and other parties in interest. Accordingly, the Companies agree, on the terms and conditions set forth herein, that the Companies shall use their commercially reasonable best efforts to:

a. as expeditiously as practicable, draft and finalize the Disclosure Statement in form and substance satisfactory to each of the Supporting Noteholders;

b. obtain Bankruptcy Court approval of the Disclosure Statement;

c. as expeditiously as practicable, complete all attachments, exhibits, schedules and other ancillary documentation to the Original Plan of Reorganization (the Original Plan of Reorganization, as it may be amended, supplemented or further modified from time to time in form and substance satisfactory to each of the Supporting Noteholders, and as supplemented by attachments, exhibits, schedules and other ancillary documentation in form and substance satisfactory to each of the Supporting Noteholders as described in paragraph 3.a, the "**Supplemented Plan of Reorganization**");

d. solicit the requisite acceptances of the Supplemented Plan of Reorganization in a form and in substance reasonably satisfactory to each Supporting Noteholder and the Companies and in accordance with section 1125 of the Bankruptcy Code after: (i) the Chapter 11 Cases have commenced; and (ii) the Bankruptcy Court has approved the Disclosure Statement;

e. move the Bankruptcy Court to confirm the Supplemented Plan of Reorganization as expeditiously as practicable under the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure and the Bankruptcy Court's local rules (the federal and local rules being the "**Bankruptcy Rules**");

f. not withdraw the Supplemented Plan of Reorganization, or to file any exhibit, amendment, modification or supplement to the Supplemented Plan of Reorganization, without the prior consent of the Supporting Noteholders;

g. not pursue, propose or support, or encourage the pursuit, proposal or support of, any plan of reorganization (or liquidation) for one or more of the Companies other than the Supplemented Plan of Reorganization or sale of substantially all of the Companies' assets in a single transaction or series of transactions;

h. seek to satisfy as promptly as possible all conditions to confirmation and consummation of the Supplemented Plan of Reorganization as set forth in the Supplemented Plan of Reorganization; and

i. consummate the Supplemented Plan of Reorganization at the earliest practicable date;

provided however that the obligations under this Agreement shall in all respects be subject to the exercise by each one of the entities constituting the Companies of its respective fiduciary duty as a debtor and debtor in possession in the Chapter 11 Cases; *provided further however* that any failure to do any of the above shall constitute a Termination Event (as defined below) under paragraph 9(j) without regard to such fiduciary duties.

2. Representations as to Holdings of the Supporting Noteholders. Each Supporting Noteholder represents and warrants, on a several but not joint basis, as of the date hereof:

a. that it is the legal owner, beneficial holder, and/or the investment advisor or manager for the legal or beneficial owner of the Noteholder Claims identified on its signature page hereto;

b. that there are no Noteholder Claims of which it is the legal owner, beneficial owner and/or investment manager for the legal or beneficial owner that are not part of its Noteholder Claims unless such Supporting Noteholder does not possess the full power to vote and dispose of such Noteholder Claims; and

c. that it has the full power to vote, dispose of and compromise, consistent with the provisions contained in the Original Plan of Reorganization, the aggregate principal amount of the Noteholder Claims.

3. Agreement to Support the Plan of Reorganization.

a. For so long as this Agreement remains in effect, and subject to (v) the Companies fulfilling all of their obligations as provided herein, (w) any amendments to, supplements to or modifications of the Original Plan of Reorganization or Supplemented Plan of Reorganization being in form and substance satisfactory to each of the Supporting Noteholders, (x) any exhibits, schedules, attachments to and other ancillary documentation that are referenced in the Original Plan of Reorganization and Supplemented Plan of Reorganization, including without limitation the schedules thereto describing the New Common Stock, the Reorganized Interep Certificate of Incorporation, the Reorganized Interep Certificate of Formation and/or the Reorganized Interep Operating Agreement and all of the Plan Documents (each of the foregoing terms as defined in the Original Plan of Reorganization), being in form and substance satisfactory to each of the Supporting Noteholders, (y) the Disclosure Statement being in form and substance satisfactory to each of the Supporting Noteholders, *provided that* any information in the Disclosure Statement that incorporates or otherwise reflects the Projections (as defined in **Exhibit B**) shall be deemed satisfactory to the Supporting Noteholders and (z) the provisions of this paragraph 3, each Supporting Noteholder agrees, as a holder of claims against or equity interests in the Companies, to:

(i) support the approval of the Disclosure Statement and confirmation of the Supplemented Plan of Reorganization (including requesting the Trustee to support approval of the Disclosure Statement and confirmation of the Supplemented Plan of Reorganization);

(ii) not directly or indirectly pursue, propose, support, solicit or encourage the pursuit, proposal, solicitation or support of, any chapter 11 plan or other restructuring or reorganization (including, without limitation, any sale, proposal or offer of dissolution, winding up or merger) for, or the liquidation of (pursuant to a chapter 11 plan or sale of substantially all of the Companies' assets), any one or more of the Companies (directly or indirectly) that is inconsistent with the Supplemented Plan of Reorganization;

(iii) not, nor encourage any other person or entity to, object, oppose, delay, impede, appeal or take any other negative action, directly or indirectly, to

interfere with, the approval of the Disclosure Statement and the acceptance, implementation, confirmation and consummation of the Supplemented Plan of Reorganization;

(iv) not commence any proceeding or prosecute any objection to oppose or object to the Supplemented Plan of Reorganization or to the Disclosure Statement; and

(v) subject to the prior approval of the Disclosure Statement by the Bankruptcy Court and receipt of the Bankruptcy Court's approved Disclosure Statement by such Supporting Noteholder, vote its Noteholder Claims (and not revoke or withdraw its vote) to accept the Supplemented Plan of Reorganization.

b. Notwithstanding the foregoing, nothing in this Agreement shall be construed to prohibit any Party from appearing as a party-in-interest in any matter to be adjudicated in the Chapter 11 Cases so long as such appearance and the positions advocated in connection therewith are not materially inconsistent with this Agreement and are not for the purpose of hindering or delaying (or reasonably likely to hinder or delay) implementation of the transactions and other matters contemplated by this Agreement.

c. Each Supporting Noteholder agrees to permit disclosure in the Disclosure Statement of the contents of this Agreement, including the aggregate amount of the Noteholder Claims held by the Supporting Noteholders; *provided that* the amount of the Noteholder Claims held by any individual Supporting Noteholder shall be disclosed only to counsel to the Companies and shall not be disclosed by said counsel to any other person or entity (including in any filing with the Bankruptcy Court) except as provided in paragraph 14.

d. Notwithstanding anything to the contrary in this Agreement, including this paragraph 3, the Supporting Noteholders may also in their sole discretion determine to provide financing to the Companies, which may be one or more of a facility to provide credit (x) while the Chapter 11 Cases are pending (as provided by the Supporting Noteholders, the "**DIP Financing**", and any documents in respect thereof, as may be amended, supplemented or otherwise modified from time to time, the "**DIP Financing Documents**") and (y) to the reorganized entities or their successors following consummation of the Supplemented Plan of Reorganization (as provided by the Supporting Noteholders, the "**Exit Financing**"). In no event shall any provision of this Agreement (i) constitute a commitment by any Supporting Noteholder to provide, or otherwise obligate any Supporting Noteholder to provide, any financing to the Companies or (ii), in the event that the Supporting Noteholders agree to provide the DIP Financing and/or the Exit Financing, prohibit or prevent any Supporting Noteholder from taking any action, or require it to take any action, or to perform any obligation or refrain from exercising any right or remedy in respect of the DIP Financing or the Exit Financing and no default of any of its obligations hereunder shall exist by virtue of any such action taken or omitted in such capacity.

Any failure by a Supporting Noteholder to perform any of its obligations in paragraph 3.a shall constitute a Termination Event pursuant to paragraph 9.k.

4. Acknowledgement. While the Supporting Noteholders agree to support the Supplemented Plan of Reorganization and to vote to accept the Supplemented Plan of Reorganization, in each case subject to the terms and conditions hereof, this Agreement is not and shall not be deemed to be a solicitation of votes for the acceptance of a plan of reorganization for the purposes of sections 1125 and 1126 of the Bankruptcy Code. The Companies will not solicit acceptances of the Supplemented Plan of Reorganization from any Supporting Noteholder until the Supporting Noteholders have been provided with copies of a Disclosure Statement approved by the Bankruptcy Court.

5. Limitations on Transfer. Each Supporting Noteholder agrees, for so long as this Agreement is in effect (such period, the "**Restricted Period**"), not to (A) sell, transfer, assign, pledge (except bona fide pledges to its lenders or prime brokers), grant a participation interest in or otherwise dispose, directly or indirectly, of its right, title or interest (including any voting rights) in respect of the Interep Notes including any of its Noteholder Claims (to the extent held by it on the date hereof), in whole or in part, or any interest therein, or any other claims against or equity interest in the Companies, or (B) grant any proxies, deposit any of its Interep Notes or other claims or equity interests (to the extent either is held by it on the date hereof) into a voting trust, or enter into a voting agreement with respect to any of such Interep Notes or other claims or equity interests, unless (i) the transferee agrees in writing at the time of such transfer to be bound by this Agreement in its entirety without revisions and to assume the transferring Supporting Noteholder's obligations hereunder, and (ii) the transferor, within three (3) business days, provides written notice of such transfer to Interep and its legal counsel, Jones Day, 222 East 41st Street, New York, New York 10017 (attention: Erica Ryland), together with a copy of the written agreement of the transferee to be bound by this Agreement in its entirety without revision. Upon compliance with the foregoing, (i) the transferee shall be deemed to constitute a Supporting Noteholder solely to the extent of such transferred rights and obligations, and (ii) the transferor shall be deemed to relinquish its rights (and be released from its obligations) under this Agreement to the extent of such transferred rights and obligations. No Supporting Noteholder may create or utilize any subsidiary or affiliate to acquire any Interep Notes or any other claims against or equity interests in one or more of the Companies without first causing such subsidiary or affiliate to become a party hereto. Any sale, transfer or assignment of any claim against or interest in the Companies that does not comply with the procedure set forth in this paragraph 5 shall be deemed void *ab initio*.

6. Further Acquisition of Interep Notes and other Claims and Interests. This Agreement shall in no way be construed to preclude any Supporting Noteholder from acquiring on its or its clients' behalf additional Interep Notes, Noteholder Claims or other claims against or equity interests in one or more of the Companies. Any such additional Interep Notes, Noteholder Claims or other claims or equity interests shall be automatically subject to the terms of this Agreement.

7. Condition to each Party's Obligations. Each Party's obligations under this Agreement are subject to the prior execution of this Agreement by the following persons:

a. each one of the entities constituting the Companies; and

b. Supporting Noteholders holding, in the aggregate principal amount, at least $67,000,000 in Noteholder Claims.

In no event shall this Agreement be effective with respect to any Party until the conditions set forth in this paragraph 7 are satisfied.

8. Cooperation. Prior to the commencement of and during the Chapter 11 Cases, (i) the Companies shall provide to counsel for each of the Supporting Noteholders (x) drafts of all motions or applications and other documents that the Companies intend to file with the Bankruptcy Court not less than thirty-six (36) hours prior to the time when the Companies intend to file any such document unless such advance notice is impossible or impractical under the circumstances, in which case the Companies shall notify telephonically or by electronic mail counsel to each of the Supporting Noteholders to advise it of the documents to be filed and the facts that make the provision of advance copies not less than thirty-six (36) hours prior to submission impossible or impractical, and (y) electronic copies of all documents actually filed by the Companies with the Bankruptcy Court within one (1) Business Day of such filing.

9. Termination Events. The occurrence of each of the following events shall constitute a "**Termination Event**":

a. the Companies fail to commence the Chapter 11 Cases on or before March 30, 2008;

b. the failure of the Companies to obtain entry of an interim order approving on an interim basis the DIP Financing, if applicable, or other comparable financing acceptable to the Supporting Noteholders (the "**Interim DIP Financing Order**"), in either case in form and substance acceptable to the Supporting Noteholders within three (3) business days of the commencement of the Chapter 11 Cases;

c. the failure of the Companies to obtain entry of a final order within thirty (30) days of the date of entry of the Interim DIP Financing Order approving on a final basis the DIP Financing, if applicable, or other comparable financing acceptable to the Supporting Noteholders, (and, in the event there is an appeal pending or threatened, no stay is in effect and the lenders are continuing to provide financing on an interim basis protected, in their reasonable judgment by the safe harbor for good faith under section 364(e)) in either case in form and substance acceptable to the Supporting Noteholders (the "**Final DIP Financing Order**", and together with the Interim DIP Financing Order, the "**DIP Financing Orders**");

d. (i) any of the Material Contracts (as such term is defined in **Exhibit B**) is amended, renewed or extended, or any material provision of any Material Contract is terminated or waived, if such amendment, renewal, extension, termination or waiver would (x) have an adverse impact on any of the Companies or any of the Supporting Noteholders or (y) without the prior consent of each of the Supporting Noteholders, would result in reducing the cash payments thereunder or reducing the duration of the applicable Material Contract; or (ii) the default by any of the parties to a Material Contract in the performance of any of its material obligations under any Material Contract (any of the foregoing events, a "**Material Rep Contract Event**");

e. any exercise of rights and remedies by the Supporting Noteholders under the Interim DIP Financing Order (and the Final DIP Financing Order, when applicable) in connection with the occurrence and continuance of an event of default under the DIP Financing;

f. the failure of the Companies to obtain a final, nonappealable order from the Bankruptcy Court approving the Disclosure Statement as to which no appeal is pending (or, if appealed, no stay is in effect and the Debtors' ability to commence solicitation as promptly as possible is not affected by such appeal) or stay in effect by June 2, 2008;

g. the failure of the Company to commence solicitation of acceptance or rejection of the Supplemented Plan of Reorganization by June 16, 2008;

h. the failure of the Companies to obtain an order from the Bankruptcy Court confirming the Supplemented Plan of Reorganization, in form and substance satisfactory to the Supporting Noteholders, by July 21, 2008;

i. entry of an order denying approval of the Disclosure Statement or denying confirmation of the Supplemented Plan of Reorganization unless the Supporting Noteholders consent to the revisions that would be necessary to the Disclosure Statement or the Supplemented Plan of Reorganization in order to resolve the objections;

j. (x) one or more of the Companies has breached any of its material obligations under this Agreement, (y) there has been an Event of Default under the DIP Financing Documents or they have been otherwise terminated or (z) any of the Companies has announced its intention to pursue a chapter 11 plan or transaction or series of transactions that are inconsistent with the Supplemented Plan of Reorganization;

k. any of the Supporting Noteholders has breached any of its material obligations under this Agreement;

l. any of the Chapter 11 Cases shall have been dismissed or converted to a case under chapter 7 of the Bankruptcy Code, or an interim or permanent trustee shall be appointed in any of the Chapter 11 Cases, or a responsible officer or an examiner with powers beyond the duty to investigate and report (as set forth in sections 1106(a)(3) and (4) of the Bankruptcy Code) shall be appointed in any of the Chapter 11 Cases, or one or more of the Companies files a motion in support of, or otherwise supports, any of the foregoing;

m. the assumption of the Material Rep Contracts under the Supplemented Plan of Reorganization as approved by an order of the Bankruptcy Court, without modification of any of the Material Rep Contracts and without requiring the payment of cure amounts that are, in the reasonable judgment of the Supporting Noteholders, significantly greater than indicated in the financial information provided to them prior to the date hereof, shall not have occurred by August 5, 2008;

n. any court (including the Bankruptcy Court) shall declare, in a final, non-appealable order, this Agreement to be unenforceable;

o. the Companies shall file with the Bankruptcy Court any amendments, supplements, documents, agreements or instruments to or related to the Original Plan of Reorganization, the Supplemented Plan of Reorganization or the Disclosure Statement which are not in form and substance satisfactory to each of the Supporting Noteholders;

p. The Supporting Noteholders shall have become aware of any matter relating to financial models and underlying assumptions related to the Projections that in the Supporting Noteholders' judgment is inconsistent in a material and adverse manner with any such information or other matter disclosed to Supporting Noteholders prior to the date hereof, including facts and circumstances becoming known that the Projections are either unreasonable or unattainable by the Companies, which determination shall be made in the Supporting Noteholders' judgment;

q. the Companies shall have failed to obtain an exit financing facility that materially conforms to the capital structure and terms set forth on **Schedule B**, satisfactory in form and substance satisfactory to each of the Supporting Noteholders by August 5, 2008, or, in the event the Supporting Noteholders have agreed to provide the Exit Financing, the Company shall have failed to satisfy the conditions precedent to the Exit Financing or the Companies shall be incapable of satisfying the conditions precedent to the Exit Financing;

r. any payment is made to any creditor or claimant in the Chapter 11 Cases that is materially inconsistent with the provisions of the Plan of Reorganization or the Projections;

s. any adoption of or amendment to any management incentive plan, except if such plan or amendment is acceptable to each of the Supporting Noteholders;

t. the occurrence of any "Material Adverse Effect" (as such term is defined in **Exhibit B**;

u. the entry of an order by the Bankruptcy Court invalidating, disallowing, subordinating or limiting in any respect, as applicable, the claims in respect of the Interep Notes or any other claims held by any of the Supporting Noteholders; or

v. August 5, 2008.

The foregoing Termination Events are intended solely for the benefit of the Companies and the Supporting Noteholders.

10. Termination of this Agreement.

a. Upon the occurrence of any Termination Event, this Agreement shall terminate automatically on the third business day following such occurrence unless prior to such date, the Supporting Noteholders or, in the case of 9.k, the non-breaching Parties, each agree in writing to waive such Termination Event; provided, however, that any Termination Event specified in paragraphs 9.a, 9.l or 9.v, this Agreement shall terminate automatically and immediately upon the occurrence of such Termination Event.

11. Effect of Termination. Upon termination of this Agreement, all obligations hereunder shall terminate and shall be of no further force and effect; *provided, however*, that any claim for breach of this Agreement shall survive termination and all rights and remedies with respect to such claims shall not be prejudiced in any way; but *provided further*, that the breach of this Agreement by one or more of the Parties shall not create any rights or remedies against any non-breaching Party unless such non-breaching Party has participated in or aided and abetted the breach by the breaching Party. Except as set forth above in this paragraph 11 and for the obligations set forth in paragraph 14 hereof, upon such termination, any obligations of the non-breaching Parties set forth in this Agreement shall be null and void *ab initio* and all claims, causes of action, remedies, defenses, setoffs, rights or other benefits of such non-breaching Parties shall be fully preserved without any estoppel, evidentiary or other effect of any kind or nature whatsoever.

12. Representations and Warranties. Each of the Companies and each Supporting Noteholder for itself represents and warrants to each other Party, severally but not jointly, that the following statements are true, correct and complete as of the date hereof:

a. Corporate Power and Authority. It is duly organized, validly existing, and in good standing under the laws of the state of its organization, and has all requisite corporate, partnership or other power and authority to enter into this Agreement and to carry out the transactions contemplated by, and to perform its respective obligations under, this Agreement.

b. Authorization. The execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all necessary corporate, partnership or other action on its part.

c. Binding Obligation. Subject to the provisions of sections 1125 and 1126 of the Bankruptcy Code, this Agreement constitutes its legal, valid and binding obligation, enforceable in accordance with the terms hereof.

d. No Conflicts. The execution, delivery and performance by it (when such performance is due) of this Agreement do not and shall not (i) violate any provision of law, rule or regulation applicable to it or any of its subsidiaries or its certificate of incorporation or bylaws or other organizational documents or those of any of its subsidiaries or (ii) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any material contractual obligation to which it or any of its subsidiaries is a party.

e. Government Consents. The execution, delivery and performance by it (when such performance is due) of this Agreement do not and shall not (i) violate any provision of law, rule or regulation applicable to it or any of its subsidiaries or its certificate of incorporation or bylaws or other organizational documents or those of any of its subsidiaries or (ii) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any material contractual obligation to which it or any of its subsidiaries is a party.

13. Adequate Information. Although none of the Parties intends that this Agreement should constitute, and they each believe it does not constitute, a solicitation or

acceptance of the Original Plan of Reorganization or the Supplemented Plan of Reorganization, they each acknowledge and agree that, regardless of whether the Interep Notes constitute "securities" within the meaning of the Securities Act of 1933, (i) each of the Supporting Noteholders is (x) an "accredited investor" as such term is defined in Rule 501(a) of the Securities Act of 1933 or a registered investment advisor under the Investment Advisors Act of 1940 and (y) a "qualified institutional buyer" as such term is defined in Rule 144A of the Securities Act of 1933, (ii) adequate information was provided by the Companies to each Supporting Noteholder in order to enable it to make an informed decision such that, were this Agreement to be construed as or deemed to constitute such a solicitation or acceptance, such solicitation was (x) in compliance with any applicable nonbankruptcy law, rule, or regulation governing the adequacy of disclosure in connection with such solicitation, or (y) if there is not any such law, rule, or regulation, solicited after disclosure to such holder of "adequate information" as such term is defined in section 1125(a) of the Bankruptcy Code.

14. Public Announcements and Bankruptcy Court Filings. (a) The Companies may disclose (i) the existence of and nature of support evidenced by this Agreement in one or more public releases that have first been sent to counsel for each of the Supporting Noteholders for prior approval (which approval shall not be unreasonably withheld) and (ii) in the context of any such releases, the aggregate holdings of the Supporting Noteholders (but, as indicated in paragraph 3(c), not their identities (except as disclosed in the recitals hereof) or their individual holdings), (b) any Party hereto may disclose the identities of the Parties hereto and their individual holdings if reasonably necessary in any action to enforce this Agreement or in an action for damages as a result of any breaches hereof, (c) any Party hereto may disclose, to the extent consented to in writing by a Supporting Noteholder, such Supporting Noteholder's identity and individual holdings or aggregate holdings as to which it is investment advisor or manager, and (d) to the extent required by the Bankruptcy Code, Bankruptcy Rules, Local Rules of the Bankruptcy Court or other applicable rules, regulations or procedures of the Bankruptcy Court or the Office of the United States Trustee, or the order of a court of competent jurisdiction, the Companies may disclose the individual identities of the Supporting Noteholders in a writing that has first been approved by counsel for each of the Supporting Noteholders (which approval shall not be unreasonably withheld or delayed). Notwithstanding anything contained herein, in connection with the filing of the "First Day Affidavit" and the Disclosure Statement with the Bankruptcy Court, the Companies may attach a form of this Agreement, which excludes the identities or individual holdings of the Supporting Noteholders, as an exhibit to such document.

15. No Obligation to Extend Credit. Notwithstanding anything to the contrary herein, and subject to paragraph 3.d, in the event that any of the Supporting Noteholders provide the DIP Financing and/or the Exit Financing to the Companies: (i) any extension of credit that may be provided to the Companies pursuant to the DIP Financing or the Exit Financing, as applicable, and the effectiveness of the DIP Financing and Exit Financing, as applicable, shall remain subject to the conditions precedent set forth in the applicable documentation in respect of the DIP Financing or the Exit Financing, and (ii) no Supporting Noteholder shall be obligated to make any extensions of credit under the DIP Financing or the Exit Financing, as applicable, until such time as the Companies satisfy the conditions precedent in respect of the applicable facility, which satisfaction shall be determined in the sole discretion of the Supporting Noteholders.

16. Amendment or Waiver. Except as otherwise specifically provided herein, this Agreement may not be modified, waived, amended or supplemented unless such modification, waiver, amendment or supplement is in writing and has been signed by each Party. No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision of this Agreement, whether or not similar, nor shall any waiver be deemed a continuing waiver.

17. Notices. Any notice required or desired to be served, given or delivered under this Agreement shall be in writing, and shall be deemed to have been validly served, given or delivered if provided by personal delivery, or upon receipt of fax or email delivery, as follows:

a. if to any of the Companies, to Erica M. Ryland and Scott Friedman, Jones Day, 222 East 41st Street, New York, New York, 10017, email: emryland@jonesday.com and sjfriedman@jonesday.com.

b. if to any Supporting Noteholder, to Alan W. Kornberg and Kenneth M. Schneider, Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, New York 10019-6064, fax: (212) 757-3990, email: akornberg@paulweiss.com and kschneider@paulweiss.com and Jane Lee Vris, Vinson & Elkins, LLP, 666 Fifth Avenue, Suite 2600, New York, New York 10103-0040, fax: (212-237-0100), email: jvris@velaw.com.

18. Governing Law; Jurisdiction. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ANY CONFLICTS OF LAW PROVISION WHICH WOULD REQUIRE THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION. By its execution and delivery of this Agreement, each of the Parties hereto hereby irrevocably and unconditionally agrees for itself that any legal action, suit or proceeding against it with respect to any matter under or arising out of or in connection with this Agreement or for recognition or enforcement of any judgment rendered in any such action, suit or proceeding, may be brought in the United States District Court for the Southern District of New York. By execution and delivery of this Agreement, each of the Parties hereto irrevocably accepts and submits itself to the nonexclusive jurisdiction of such court, generally and unconditionally, with respect to any such action, suit or proceeding, and waives any objection it may have to venue or the convenience of the forum. Notwithstanding the foregoing consent to New York jurisdiction, each of the Parties hereto hereby agrees that the Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of or in connection with this Agreement.

19. Headings. The headings of the sections, paragraphs and subsections of this Agreement are inserted for convenience only and shall not affect the interpretation hereof.

20. Interpretation. This Agreement is the product of negotiations of the Parties, and in the enforcement or interpretation hereof, is to be interpreted in a neutral manner, and any presumption with regard to interpretation for or against any Party by reason of that Party having drafted or caused to be drafted this Agreement, or any portion hereof, shall not be effective in regard to the interpretation hereof.

21. Successors and Assigns. This Agreement is intended to bind and inure to the benefit of the Parties and their respective successors, assigns, heirs, executors, administrators and representatives.

22. No Third-Party Beneficiaries. This Agreement shall be solely for the benefit of the Parties hereto and no other person or entity shall be a third-party beneficiary hereof.

23. No Waiver of Participation and Reservation of Rights. Except as expressly provided in this Agreement and in any amendment among the Parties, nothing herein is intended to, or does, in any manner waive, limit, impair or restrict the ability of each of the Parties to protect and preserve its rights, remedies and interests, including without limitation, its claims against any of the other Parties (or their respective affiliates or subsidiaries) or its full participation in the Chapter 11 Cases. If the transactions contemplated by this Agreement or in the Supplemented Plan of Reorganization are not consummated, or if this Agreement is terminated for any reason, the Parties fully reserve any and all of their rights.

24. No Admissions. This Agreement shall in no event be construed as or be deemed to be evidence of an admission or concession on the part of any Party of any claim or fault or liability or damages whatsoever. Each of the Parties denies any and all wrongdoing or liability of any kind and does not concede any infirmity in the claims or defenses which it has asserted or could assert. No Party shall have, by reason of this Agreement, a fiduciary relationship in respect of any other Party or any party in interest in the Chapter 11 Cases, or any of the Companies, and nothing in this Agreement, expressed or implied, is intended to or shall be so construed as to impose upon any Party any obligations in respect of this Agreement except as expressly set forth herein.

25. Specific Performance. It is understood and agreed by the Parties that money damages would be an insufficient remedy for any breach of this Agreement by any Party and each non-breaching Party shall be entitled to specific performance and injunctive or other equitable relief as a remedy of any such breach, including, without limitation, an order of the Bankruptcy Court or other court of competent jurisdiction requiring any Party to comply promptly with any of its obligations hereunder.

26. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement. Delivery of an executed signature page of this Agreement by facsimile or electronic mail transmission shall be effective as delivery of a manually executed signature page of this Agreement.

27. Representation by Counsel. Each Party acknowledges that it has been represented by counsel in connection with this Agreement and the transactions contemplated herein. Accordingly, any rule of law or any legal decision that would provide any Party with a defense to the enforcement of the terms of this Agreement against such Party based upon lack of legal counsel shall have no application and is expressly waived.

28. Entire Agreement. This Agreement and the exhibits hereto constitute the entire agreement between the Parties and supersedes all prior and contemporaneous agreements, representations, warranties and understandings of the Parties, whether oral, written or implied, as to the subject matter hereof.

29. Several not Joint for Supporting Noteholders. The agreements, representations and obligations of the Supporting Noteholders under this Agreement are, in all respects, several and not joint. Any breach of this Agreement by any Supporting Noteholder shall not result in liability for any other non-breaching Supporting Noteholder.

30. Joint and Several for Companies. The agreements, representations and obligations of the Companies under this Agreement are, in all respects, joint and several. Any breach of this Agreement by any of the Companies shall result in liability for any other non-breaching Company.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, the undersigned have each caused this Agreement to be duly executed and delivered by their respective, duly authorized officers as of the date first above written.

INTEREP NATIONAL RADIO SALES, INC.,
on behalf of itself and each of its subsidiaries and affiliates identified on Schedule A

By: __/s/___________________________________
Name: David Kennedy
Title: Chief Executive Officer

[*Additional Signature Pages Follow*]

OCM PRINCIPAL OPPORTUNITIES FUND III, L.P.,
as a Supporting Noteholder

By: OCM Principal Opportunities Fund III GP, LLC
Its: General Partner

By: Oaktree Fund GP I, L.P.
Its: Managing Member

By :_/s/______________________________
Name:______________________________
Title: Authorized Signatory

By :_/s/______________________________
Name:______________________________
Title: Authorized Signatory

OCM PRINCIPAL OPPORTUNITIES FUND IIIA, L.P.,
as a Supporting Noteholder

By: OCM Principal Opportunities Fund III GP, LLC
Its: General Partner

By: Oaktree Fund GP I, L.P.
Its: Managing Member

By :_/s/______________________________
Name:______________________________
Title: Authorized Signatory

By :_/s/______________________________
Name:______________________________
Title: Authorized Signatory

SILVER POINT CAPITAL, LP
on its own behalf and behalf of the investment funds it manages and controls

By :_/s/____________________________

Name:___________________________

Title: Authorized Signatory

EXHIBIT A

DEBTORS' JOINT PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

(intentionally omitted)

EXHIBIT B

CERTAIN DEFINITIONS

"**Fiscal Year**" means the fiscal year of Interep and its Subsidiaries ending on December 31 of each calendar year.

"**GAAP**" means, subject to any limitations that may exist in the DIP Financing Documents, United States generally accepted accounting principles in effect as of the date of determination thereof.

"**Governmental Authority**" means any federal, state, municipal, national or other government, governmental department, commission, board, bureau, court, agency or instrumentality or political subdivision thereof or any entity or officer exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government or any court, in each case whether associated with a state of the United States, the United States, or a foreign entity or government.

"**Joint Venture**" means a joint venture, partnership or other similar arrangement, whether in corporate, partnership or other legal form; provided, in no event shall any corporate Subsidiary of any Person be considered to be a Joint Venture to which such Person is a party.

"**Material Adverse Effect**" means (A) the occurrence of any event, development or circumstance, which has had, or could reasonably be expected to have, a material adverse effect on and/or a material adverse change in (i) the business operations, results of operation, properties, assets, liabilities, condition (financial or otherwise) or prospects of Interep or its Subsidiaries taken as a whole; (ii) the ability of any Company to fully and timely perform its obligations under the DIP Financing Documents; (iii) the legality, validity, binding effect, or enforceability against a Company of any of the DIP Financing Documents to which it is a party; (iv) the collateral under the DIP Financing Documents or the liens granted to the lenders (or their agent) under the DIP Financing Documents or (v) the rights, remedies and benefits available to, or conferred upon, any lender (or their agent) or any secured party under the DIP Financing Documents or (B) at any time, a significant change in the Persons acting as senior officers (which shall include the departure, for any reason, of David Kennedy) of Interep as of the date hereof.

"**Material Contract**" means, each broadcast contract, programming contract, National Representative Contract or other radio, television or internet programming, or broadcasting, contracts listed on **Schedule C**.

"**National Representative Contract**" means, with respect to any Person, a contract between such Person and a radio station or a group of radio stations, which provides such Company with commissions for the advertising representation services it provides.

"**Person**" means and includes natural persons, corporations, limited partnerships, general partnerships, limited liability companies, limited liability partnerships, joint stock companies,

Joint Ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts or other organizations, whether or not legal entities, and Governmental Authorities.

"**Projections**" means the projections of the Companies dated March 2008 and received by the Supporting Noteholders on or about March 11, 2008 for the period of Fiscal Year 2008 through and including Fiscal Year 2013, including monthly projections for each month during 2008, previously delivered to the Supporting Noteholders, as may be amended by the Companies and delivered to the Supporting Noteholders on April 4, 2008 (or such later date as the Companies and the Supporting Noteholders may Agree) to the extent they are satisfactory in form and substance to the Supporting Noteholders.

"**Subsidiary**" means, with respect to any Person, any corporation, partnership, limited liability company, association, joint venture or other business entity the accounts of which would be consolidated with those of such Person in such Person's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, partnership, limited liability company, association, joint venture or other business entity of which more than fifty percent (50%) of the total voting power of shares of stock or other ownership interests entitled (without regard to the occurrence of any contingency) to vote in the election of the Person or Persons (whether directors, managers, trustees or other Persons performing similar functions) having the power to direct or cause the direction of the management and policies thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof; provided, in determining the percentage of ownership interests of any Person controlled by another Person, no ownership interest in the nature of a "qualifying share" of the former Person shall be deemed to be outstanding.