

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

	X	
In re:	:	Chapter 11
	:	
JOURNAL REGISTER COMPANY, et al.,	:	Case No. 12-13774 (SMB)
	:	
Debtors. ¹	:	Jointly Administered
	X	

ORDER (A) ESTABLISHING BIDDING PROCEDURES IN CONNECTION WITH THE SALE OF SUBSTANTIALLY ALL OF THE ASSETS OF THE DEBTORS, (B) APPROVING THE FORM AND MANNER OF NOTICES, (C) SETTING A SALE HEARING, (D) AUTHORIZING PROCEDURES IN CONNECTION WITH THE ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES, AND (E) GRANTING RELATED RELIEF

Upon consideration of the motion (the “Motion”)² of the Debtors for entry of an order, among other things, (a) establishing bidding procedures (the “Bidding Procedures”) in connection with the Sale of substantially all of the assets of the Debtors (the “Acquired Assets”); (b) approving the form and manner of notices of the Sale and the Bidding Procedures; (c) setting a hearing date to consider the approval of the Sale (the “Sale Hearing”); (d) authorizing the Sale free and clear of all liens, claims, encumbrances and interests (collectively, “Liens, Claims, Encumbrances, and Interests”), subject to higher and better offers; (e) authorizing the assumption

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Journal Register Company (8615); Register Company, Inc. (6548); Chanry Communications Ltd. (3704); Pennysaver Home Distributions Corp. (9476); All Home Distribution Inc. (0624); JR East Holdings, LLC (N/A); Journal Register East, Inc. (8039); Journal Company, Inc. (8220); JRC Media, Inc. (4264); Orange Coast Publishing Co. (7866); St. Louis Sun Publishing Co. (1989); Middletown Acquisition Corp. (3035); JiUS, Inc. (3535); Journal Register Supply, Inc. (6546); Northeast Publishing Company, Inc. (6544); Hometown Newspapers, Inc. (8550); The Goodson Holding Company (2437); Acme Newspapers, Inc. (6478); 21st Century Newspapers, Inc. (6233); Morning Star Publishing Company (2543); Heritage Network Incorporated (6777); Independent Newspapers, Inc. (2264); Voice Communications Corp. (0455); Digital First Media Inc. (0431); Great Lakes Media, Inc. (5920); Up North Publications, Inc. (2784); Greater Detroit Newspaper Network, Inc. (4228); Great Northern Publishing, Inc. (0800); and Saginaw Area Newspapers, Inc. (8444). The mailing address for each of the Debtors is Lower Makefield Corporate Center, 790 Township Road, 3rd Floor, Yardley, PA 19067.

² Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Motion or the Bidding Procedures, as applicable.

and assignment of certain executory contracts and unexpired leases in connection with the Sale (the “Assigned Contracts”); and (f) granting related relief; and jurisdiction existing for the Court to consider the Motion; and after due deliberation thereon; and upon the arguments and statements in support of the Motion presented at the hearing before the Court; and it appearing that the relief requested in the Motion is in the best interests of the Debtors, their estates, creditors, and other parties in interest; and reasonable and adequate notice of the Motion having been provided to all entities required to be served in accordance with Bankruptcy Code, the Bankruptcy Rules, and the Local Bankruptcy Rules; and it appearing that the Bidding Procedures, in the form of Exhibit “1” attached hereto, and the Cure Objection procedures described below are reasonable and appropriate under the circumstances of the Debtors’ chapter 11 cases, it is hereby:

ORDERED, ADJUDGED, AND DECREED AS FOLLOWS:

1. Adequate notice of the approval of the Bidding Procedures was given and no other or further notice is required except as provided herein with respect to the Sale Hearing and Cure Costs.

2. The Motion is granted as set forth herein, with all other relief sought in the Motion carried to the Sale Hearing and all parties reserving any and all of their respective rights with respect thereto.

3. The Bidding Procedures attached hereto as Exhibit “1” are hereby approved in their entirety. Any entity who wishes to participate in the Bidding Process must be a Potential Bidder, and any entity who wishes to participate in the Auction Process must be a Qualified Bidder. To be a Potential Bidder, an entity must deliver the Potential Bid Documents to the financial advisor and counsel to the Debtors and counsel to the Committee. All Qualified

Bidders must deliver to the financial advisor and counsel to the Debtors and counsel to the Committee, the Required Bid Documents in accordance with the Bidding Procedures by February 11, 2013 at 4:00 p.m. (Eastern Time) (the “Bid Deadline”), unless it is extended by the Debtors, in consultation with the Committee; provided, however, that any extension of the Bid Deadline of greater than two days shall require the consent of the Purchaser.

4. The Stalking Horse Bid is a Qualified Bid for all purposes and 21st CMH Acquisition Co. (the “Purchaser”) shall be deemed a Qualified Bidder and shall have the right to credit bid all or part of its prepetition secured claims at the Auction.

5. If, as of the Bid Deadline, the Debtors have received one or more Qualified Bids, the Auction shall take place at 10:00 a.m. (Eastern Time) on February 15, 2013, at the offices of Morgan, Lewis & Bockius LLP, 101 Park Avenue, New York, New York, or such later time or other place as the Debtors shall determine in consultation with the Committee; provided, however, that any adjournment of the Auction shall require the consent of the Purchaser. If, as of the Bid Deadline, the only Qualified Bid received by the Debtors is the Stalking Horse Bid, the Debtors shall not conduct the Auction and will instead seek approval of the Stalking Horse Bid at the Sale Hearing.

6. No later than three (3) days after approval of this Order, the Debtors shall send the notice of the Bidding Procedures, the Auction and the Sale Hearing by mailing the Sale Notice and this Order via overnight mail, fax, and/or email to the Notice Parties, and all parties identified by the Debtors’ financial advisor as having a potential interest in the Acquired Assets. The form, manner, and service of the Sale Notice is appropriate under the circumstances and is hereby approved.

7. The Sale Notice (a) is hereby approved and (b) shall be published (without the Bidding Procedures) within five (5) Business Days after entry of this Order, in the New York Times (National Edition) or in such other publications as the Debtors and their advisors determine will promote the marketing and sale of the Acquired Assets.

8. Objections, if any, to the Sale shall be filed with the Court and served in accordance with the Sale Notice and this Order so as to be received by 5:00 p.m. (Eastern Time) on February 14, 2013. The Sale Hearing shall be held before this Court on February 21, 2013.

9. No later than seven (7) days after approval of this Order, the Debtors shall file with the Court and send the Cure Notices listing the Cure Costs by first class mail to each contract counterparty of the Assigned Contracts. The form, manner, and service of the Cure Notices is appropriate under the circumstances and is hereby approved.

10. Any Cure Objection filed to the assumption and assignment of the Assigned Contracts must: (a) identify the Assigned Contract to which the objector is a party; (b) describe with particularity the Cure Claim the claimant contends is required under Bankruptcy Code section 365 and identify the grounds for the alleged Cure Claim, if applicable; (c) attach all documents supporting or evidencing the Cure Claim, if applicable; (d) if the response contains an objection to adequate assurance under section 365 of the Bankruptcy Code (“Adequate Assurance”), state with specificity what the objecting party believes is required to provide Adequate Assurance; and (e) be filed with the Court and served upon the following parties: (i) counsel to the Debtors, Morgan, Lewis & Bockius LLP, 101 Park Avenue, New York, New York, 10178, Attn: Neil E. Herman; (ii) counsel to the Committee, Lowenstein Sandler LLP, 1251 Avenue of the Americas, New York, New York 10020, Attn: Gerald Bender; (iii) counsel to the Purchaser, Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New

York 10036 Attn: Lisa Beckerman; and (iv) the Office of the United States Trustee for Region 2 for the Southern District of New York, with such objection actually received by 5:00 p.m. (Eastern Time) on February 8, 2013.

11. If a Contract Counterparty does not object to the relevant Cure Cost by 5:00 p.m. (Eastern Time) on February 8, 2013, in the manner set forth above, then (a) the applicable Cure Cost shall be controlling with respect to the applicable Assigned Contract notwithstanding anything to the contrary in any Assigned Contract or other document; and (b) the Contract Counterparty shall be forever barred from asserting any other claim arising prior to the assignment against the Debtors or the Prevailing Bidder as to such Assigned Contract. Notwithstanding the foregoing, a Contract Counterparty's failure to object to the proposed Cure Cost shall not in any way reduce, limit or otherwise modify the Debtors' obligations under Section 365 of the Bankruptcy Code to timely comply and meet all of their post-petition obligations under their contracts until such time as the contracts are assumed or rejected; and such obligations arising after February 8, 2013 will automatically be deemed added to the Contract Counterparty's Cure Cost without any further action by the Contract Counterparty.

12. If a Contract Counterparty objects to the relevant Cure Cost as set forth in the Cure Notice, such counterparty shall have the opportunity to appear before the Court at the Cure Objection Hearing to determine the Cure Cost and the appropriate Adequate Assurance of future performance. If any Cure Objection filed to the assumption and assignment of the Assigned Contracts heard at the Cure Objection Hearing results in a determination by the Court that materially increases such Cure Cost or requires different Adequate Assurance, the Prevailing Bidder shall be permitted to remove such contract from the list of Assigned Contracts.

13. The Cure Objection Hearing will be held to consider any objections filed to the assumption and assignment of the Assigned Contracts before this Court on February 21, 2013 at 10:00 a.m. (Eastern Time), or at such time thereafter as counsel may be heard. In order for the Debtors to assume and assign any of the Assigned Contracts, the Prevailing Bidder requesting the assumption and assignment must pay the Cure Costs determined by the Bankruptcy Court (if the counterparty objects) or set forth in the Cure Notice (if there is no objection).

14. The Prevailing Bidder's rights to request that the Debtors seek to assume and assign additional executory contracts and unexpired leases prior to Closing are fully preserved. In the event that the Prevailing Bidder makes such a request that the Debtors assume and assign such additional contracts or leases with less than 21 days' notice prior to the Sale Hearing, the Debtors shall file a separate motion to assume and assign such agreements pursuant to section 365 of the Bankruptcy Code and the Agreement. The Prevailing Bidder may also remove contracts and leases from Exhibit D to the Motion (and the list of Assigned Contracts attached to the Agreement) and withdraw the request to assume and assign any Assigned Contract pursuant to the terms of the Agreement at any time prior to the later of (i) five (5) days after the resolution of any dispute with a non-debtor party to an Assumed Contract relating to the Cure Amount or Adequate Assurance and (ii) the conclusion of the Cure Objection Hearing, in which case the Debtors will seek to reject the removed contracts and leases. The Prevailing Bidder shall have the right to settle any Cure Objection without further order of the Court, provided that such settlement does not increase any cost to or claim against the Debtors' estates. Any Cure Objections, if not consensually resolved, will be heard by the Court at the Cure Objection Hearing.

15. The failure of any Contract Counterparty to object to the assumption and assignment of an Assigned Contract shall be deemed that party's consent to the assumption and assignment of such Assigned Contract.

16. The Debtors shall provide to the Committee's professionals (i) weekly updates on the status of the sale process and negotiations with all bidders or potential bidders and (ii) copies of all documents received from bidders or potential bidders as soon as practicable after receipt by the Debtors.

17. As soon as practicable but no later than one (1) Business Day after the conclusion of the Auction, if a party other than the Purchaser is the Prevailing Bidder, the Debtors shall file with the Court and serve by fax, e-mail or overnight mail to all of their landlords under their existing real property leases a notice identifying the Prevailing Bidder and setting forth information required by section 365 of the Bankruptcy Code, including financial information, to provide adequate assurance of future performance by the Prevailing Bidder under any real property leases that are designated as Assigned Contracts. The Debtors shall also provide notice of such information on the website for their bankruptcy cases maintained by their noticing and claims agent, American Legal Claim Services, LLC (www.americanlegalclaims.com/jrc).

18. All Contract Counterparties shall have five (5) Business Days to make informal inquiries as to the Prevailing Bidder (other than the Purchaser) on all matters including, without limitation, adequate assurance of future performance, without necessity of engaging in formal discovery, and all Contract Counterparties shall have up until 9:00 p.m. on the day before the Sale Hearing is scheduled to file an objection to the Prevailing Bidder (other than the Purchaser) assuming the Assigned Contracts. Objections related to the adequate assurance of future performance will be adjourned and dealt with at a hearing to be scheduled before the Court on a

mutually agreeable date between the Contract Counterparties, the Debtors and such Prevailing Bidder.

19. All Qualified Bidders shall expressly agree to comply with the Debtors' existing privacy policies as may relate to personally identifiable information, including but not limited to credit card information and social security numbers, of any employee, customer or subscriber or other individual.

20. Representatives of the Pension Benefit Guaranty Corporation and the Communications Workers of America shall be permitted to attend the Auction.

21. The Debtors shall provide a full and complete copy of that certain Stipulation and Order, dated December 20, 2012, among the Debtors, the Committee, the Purchaser and the PBGC to each Potential Bidder.

22. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation of this Order.

23. Notwithstanding the possible applicability of Rules 6004(h), 7062, or 9014 of the Bankruptcy Rules, any other Bankruptcy Rule, or Rule 62(a) of the Federal Rules of Civil Procedure, this Order shall be immediately effective and enforceable upon its entry and there shall be no stay of effectiveness or execution of this Order.

Dated: December 20th, 2012
New York, New York

/s/ STUART M. BERNSTEIN
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT 1

Bidding Procedures

Set forth below are the bidding procedures (the “Bidding Procedures”) to be employed with respect to the prospective sale (the “Sale”) of substantially all of the assets (the “Acquired Assets”) of the Journal Register Company and its direct and indirect subsidiaries (collectively, the “Debtors”) as approved by the United States Bankruptcy Court for the Southern District of New York (the “Court”). Absent the Debtors’ receipt of a higher or better offer for the Acquired Assets, as determined by the Debtors, in consultation with the Committee, the Acquired Assets will be sold pursuant to the terms of that certain Asset Purchase Agreement (the “Agreement”), dated as of November 29, 2012, and amended and restated as of December 19, 2012, by and between the Debtors and 21st CMH Acquisition Co. (the “Purchaser”), in connection with the Debtors’ motion seeking, among other things, approval of these Bidding Procedures and the Sale [Docket No. 199] (the “Motion”).¹ In the event one or more Qualified Bids (as defined below) are received, the Debtors will seek entry of an order from the Bankruptcy Court authorizing and approving the Sale, free and clear of all liens, claims, encumbrances, and other interests (collectively, “Liens, Claims, Encumbrances, and Interests”), to a Qualified Bidder (as hereinafter defined) that the Debtors determine, in consultation with the Committee, has made the highest and best offer from the bids submitted at the Auction by the Qualified Bidders and the Purchaser to purchase the Acquired Assets (the “Prevailing Bidder”).

Reservation of Rights

The Debtors shall retain all rights to any of their assets that are not subject to a bid accepted by the Debtors and approved by the Court at the Sale Hearing (as hereinafter defined).

The Bidding Process

The Debtors shall (i) determine whether any entity is a Qualified Bidder (in consultation with the Committee), (ii) coordinate the efforts of Potential Bidders (as defined below) in conducting their due diligence investigations of the Acquired Assets, (iii) receive offers from Qualified Bidders, and (iv) negotiate any offers made to purchase the Acquired Assets (collectively, the “Bidding Process”). Any entity who wishes to participate in the Bidding Process must be a Potential Bidder, and any entity who wishes to participate in the Auction Process must be a Qualified Bidder.

Neither the Debtors nor their representatives shall be obligated to furnish any information of any kind whatsoever relating to the Acquired Assets to any entity who has not delivered to the Debtors an executed confidentiality agreement satisfactory in form and substance to the Debtors (each, a “Confidentiality Agreement”). The Debtors have the right to adopt such other rules for the Bidding Process that, after consultation with their financial, restructuring, and legal advisors, and counsel for the Committee, will better promote the goals of the Bidding Process; provided, however, that any material modifications will require the consent of the Purchaser.

¹ Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Motion.

Participation Requirements

Unless otherwise ordered by the Court, to participate in the Bidding Process, each entity (a "Potential Bidder") must deliver to the Debtors' financial advisor and counsel, and counsel for the Committee the following documents (the "Potential Bid Documents"):

- (i) a statement fully disclosing the identity of each entity that will be bidding for the Acquired Assets or otherwise participating in connection with such bid, and complete terms of any such participation;
- (ii) a statement setting forth the Potential Bidder's financial capability of providing a bid in the required amount and containing financial and other information that will allow the Debtors, in consultation with the Committee, to make a reasonable determination as to the Potential Bidder's financial ability to consummate a Sale; and
- (iii) a Confidentiality Agreement.

Once the Potential Bid Documents are delivered, the Debtors' counsel will provide the Potential Bidder with a WORD version of the Agreement. The Debtors will also provide each Potential Bidder a full and complete copy of that certain Stipulation and Order, dated December 20, 2012, among the Debtors, the Committee, the Purchaser and the PBGC.

A Qualified Bidder is a Potential Bidder who, no later than 4:00 p.m. (Eastern Time) on February 11, 2013 (the "Bid Deadline"), delivers to the Debtors' financial advisor and counsel, with a copy to counsel for the Committee, the Deposit (defined below), and a written offer that:

- (i) States that such Potential Bidder offers to purchase the Acquired Assets upon the terms and conditions substantially as set forth in the Agreement or pursuant to an alternative structure that the Debtors determine, after consultation with the Committee, is no less favorable than the terms and conditions of the Agreement;
- (ii) Is accompanied by a clean and duly executed Agreement (the "Modified Agreement") and a marked Modified Agreement reflecting the variations from the Agreement, that contains (A) a cash component of the purchase price of not less than the sum of (i) \$114,150,000, (ii) Cure Amounts estimated to be \$500,000, (iii) \$6,000,000 (*i.e.* the Wind Down Cash), (iv) cash sufficient to pay off all Obligations under the DIP Credit Agreement estimated to be \$1,000,000, and (v) an initial overbid of \$500,000 (collectively \$122,150,000.00, the "Initial Overbid"); and (B) an unconditional obligation to be solely responsible for and to pay all (x) Assumed Liabilities and (y) obligations on account of severance pay and accrued paid time off that are required to be paid to any of Seller's employees who are not offered employment with such Potential Bidder pursuant to such Modified Agreement; provided, however, that Potential Bidders shall be permitted to submit, and a Modified Agreement may

consist of, a bid in any format and using any transaction structure, including but not limited to a proposed plan of reorganization for the Debtors or an alternative form of Agreement, provided that only bids (or combinations of bids) for all of the Acquired Assets in an aggregate amount in cash equal to the Initial Overbid (except for the Wind Down Cash portion of the Initial Overbid which may be comprised of another form of consideration acceptable to the Committee with a value equal to the amount of the Wind Down Cash) may be considered;

- (iii) Includes the 2007 Tax Refund as an Excluded Asset or provides additional consideration as part of the Purchase Price at least equal to the value of the 2007 Tax Refund (estimated as \$635,000) in a form acceptable to the Committee;
- (iv) States that such Potential Bidder is financially capable of consummating the transactions contemplated by the Modified Agreement and contains financial and other information that will allow the Debtors, in consultation with the Committee, to make a reasonable determination as to the Potential Bidder's financial and other capabilities to consummate the transactions contemplated by the Modified Agreement, including, without limitation, such financial and other information setting forth adequate assurance of future performance under Bankruptcy Code section 365;
- (v) States such Potential Bidder's offer is irrevocable until the closing of the purchase of the Acquired Assets if such Potential Bidder submits the Prevailing Bid or Back-Up Bid (each as defined below) and otherwise is only irrevocable until the Prevailing Bid and Back Up Bid are determined; provided, however, if the offer of such Potential Bidder is deemed to be the Back-Up Bid, the Potential Bidder's offer is irrevocable until the earlier of 5:00 p.m. Eastern Time on the day that is (i) the Outside Back-Up Date (as defined below) or (ii) the closing of the Sale transaction with the Prevailing Bidder;
- (vi) Does not request or entitle the Potential Bidder to any transaction or break-up fee, expense reimbursement, or similar type of payment;
- (vii) Results in a value to the Debtors, in the Debtors' reasonable judgment after consultation with its financial and legal advisors and the Committee, that is more than the aggregate consideration being paid under the Agreement;
- (viii) (i) Does not contain any due diligence or financing contingencies of any kind; and (ii) contains evidence that the bidder has received debt and/or equity funding commitments or has financial resources readily available sufficient in the aggregate to finance the purchase of the Acquired Assets, which evidence is reasonably satisfactory to the Debtors in consultation with the Committee; *provided, further*, that a Potential Bidder shall also

provide information relating to the financial condition of any such Potential Bidder, including financial statements for the year ended 2011, recent cash flow and income statements, and recent balance sheets (collectively, the "Financial Disclosures").

- (ix) Includes evidence of authorization and approval from the Potential Bidder's board of directors or comparable governing body with respect to the submission, execution, delivery, and closing of the Modified Agreement.
- (x) Is accompanied by a deposit (the "Deposit") in the form of a certified check or wire transfer of immediately available funds payable to the order of Journal Register Company in an amount equal to 5% of the cash purchase price specified in the Modified Agreement. The Deposit of the Prevailing Bidder will be applied as a credit against the purchase price for the Prevailing Bidder. The Deposit of the Back-Up Bidder will be refunded without interest no more than 15 days after the date that the Prevailing Bidder is required to close (unless, at that time, the sale is completed with the Back-Up Bidder, in which case such Deposit will be applied as specified in the preceding sentence). The Deposits of all other Potential Bidders will be refunded without interest not later than three business days after the Sale Hearing.
- (xi) States that such Potential Bidder agrees to comply with the Debtors' existing privacy policies as may relate to personally identifiable information, including but not limited to credit card information and social security numbers, of any employee, customer or subscriber or other individual.
- (xii) For any bidder other than the Purchaser, excludes from the Acquired Assets any potential claims or causes of action against the Term A Loan Agent, the Term A Loan Lenders, the Term B Loan Agent, the Term B Loan Lenders, the Alden Entities (as defined in the Motion), 311 East Lancaster Avenue LLC, 500 Mildred Avenue LLC, 40 Sargent Drive LLC, 20 Lake Avenue LLC, and any of their current or former affiliates, officers, directors, general partners, limited partners, shareholders, employees, managers, agents, attorneys, accountants and advisors, or against any current or former officer or director of a Debtor or any current or former advisor, attorney or accountant to a Debtor with respect to any act or omission relating to a Debtor which occurred prior to the date of the commencement of the Bankruptcy Cases (the "Excluded Causes of Action"). The Excluded Causes of Action will remain property of the Debtors' estates and will be waived by the Debtors as part of any order approving the Sale to a Prevailing Bidder other than Purchaser.

The documents referred to in subparagraphs (i) – (xii) are referred to herein as the required bid documents (the "Required Bid Documents").

The Debtors will make a determination, in consultation with the Committee, regarding whether a Potential Bidder has submitted a bid that includes all of the Required Bid Documents and meets all of the above requirements (a "Qualified Bid"). The Purchaser is deemed a Qualified Bidder (the "Stalking Horse Bid"). The Debtors shall distribute copies of each Qualified Bid to (i) each other Qualified Bidder, or their counsel, if known, (ii) counsel to the Purchaser, (iii) counsel to the Committee, and (iv) the Pension Benefit Guaranty Corporation. The Debtors may extend the Bid Deadline at their discretion, in consultation with the Committee, provided, however, that any extension of the Bid Deadline of greater than two days shall require the consent of the Purchaser.

Debtor Journal Register East, Inc. sponsors a single-employer defined benefit pension plan known as the Journal Register Company Retirement Plan (the "Pension Plan"). The Pension Plan provides retirement benefits for approximately 4,242 of the Debtors' employees and their beneficiaries. Qualified Bids may consist of a combination of cash and certain assumed obligations, including obligations with respect to the Pension Plan. In determining the Prevailing Bidder, the Debtors shall consider any bid that assumes the liabilities of the Pension Plan and give credit for the value of the liabilities under the Pension Plan that the bidder agrees to assume. The Debtors shall provide to the Pension Benefit Guaranty Corporation (PBGC) copies of all Qualified Bids that propose to assume the Pension Plan and such bidders shall provide sufficient information for the PBGC to assure itself of the bidder's financial ability to maintain the Pension Plan.

Due Diligence

The Debtors shall afford each Potential Bidder who has delivered prior to the Bid Deadline to (i) the Debtors' financial advisor and counsel and (ii) the Committee an executed Confidentiality Agreement access to due diligence materials for the Acquired Assets. The Debtors will designate an employee or other representative to coordinate all reasonable requests for additional information and due diligence access from such bidders. The Debtors shall not be obligated to furnish any due diligence information after the Bid Deadline. Neither the Debtors nor any of their representatives are obligated to furnish any information relating to the Acquired Assets to any entity except to a Potential Bidder who has delivered an executed Confidentiality Agreement to the Debtors. Potential Bidders are advised to exercise their own discretion before relying on any information regarding the Acquired Assets provided by anyone other than the Debtors or their representatives.

Bid Deadline

As noted above, the Bid Deadline shall be not later than 4:00 p.m. (Eastern Time) on February 11, 2013, unless extended by the Debtors, in consultation with the Committee, provided, however, that any extension of the Bid Deadline of greater than two days shall require the consent of the Purchaser.

Representations and Warranties

The Sale shall be in accordance with certain limited representation, warranties, and covenants of the Purchaser and the Debtors as set forth in Articles 4, 5 and 6 of the Agreement.

Except as otherwise provided in the Agreement, all of the Debtors' right, title, and interest in and to the Acquired Assets shall be sold free and clear of all Liens, Claims, Encumbrances, and Interests in accordance with section 363(f) of the Bankruptcy Code, with such Liens, Claims, Encumbrances, and Interests to attach to the net proceeds (if any) of the Sale of the Acquired Assets in the same priority (and subject to the same defenses).

Each bidder will be deemed to acknowledge and represent that it has had an opportunity to inspect and examine the Acquired Assets and to conduct any and all due diligence regarding the Acquired Assets prior to making its offer, that it relied solely upon its own independent review, investigation and/or inspection of any documents and/or Acquired Assets in making its bid, and that it did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the Acquired Assets, or the completeness of any information provided in connection therewith or the Auction, except as expressly stated in the Bidding Procedures or, as to the Prevailing Bidder, in its own purchase agreement.

Auction

After all Potential Bids have been received, the Debtors (after consultation with counsel to the Committee) shall determine if any of them constitutes a Qualified Bid and which, among all of the Qualified Bids constitutes the highest and best bid. **The Debtors shall communicate their determinations to all Qualified Bidders, including the Purchaser, not later than February 13, 2013.**

Thereafter, the Debtors shall conduct an Auction, but only if at least one Qualified Bid in addition to the Stalking Horse Bid is received. **The Auction shall take place on 10:00 a.m. (Eastern Time) on February 15, 2013, at the offices of Morgan, Lewis & Bockius LLP, 101 Park Avenue, New York, New York, or such later time or other place as the Debtors shall determine in consultation with the Committee; provided, however, that any adjournment of the Auction shall require the consent of the Purchaser.** If, as of the Bid Deadline, the only Qualified Bid received by the Debtors is the Stalking Horse Bid, the Debtors will not conduct the Auction.

Representatives of the Pension Benefit Guaranty Corporation and the Communications Workers of America shall be permitted to attend the Auction.

Only the Purchaser and the Qualified Bidders shall be entitled to make any subsequent bids at the Auction. Each Qualified Bidder shall be required to confirm that it has not engaged in any collusion with respect to the bidding or the Sale. The Purchaser and the Qualified Bidders shall appear in person at the Auction, or through a duly authorized representative. Bidding shall commence at the amount of the highest Qualified Bid submitted by the Qualified Bidders prior to the Auction.

The Initial Overbid shall be an all cash offer of not less than \$122,150,000.00 together with an unconditional obligation to be solely responsible for and to pay all (x) Assumed Liabilities and (y) obligations on account of severance pay and accrued paid time off that are

required to be paid to any of Seller's employees who are not offered employment with such Potential Bidder pursuant to such Modified Agreement.

The Purchaser and the Qualified Bidders may then submit successive bids (in addition to the Initial Overbid) in increments of at least \$500,000.00 higher than the bid at which the Auction commenced and then continue in minimum increments of at least \$250,000.00 higher than the previous bid.

The Purchaser shall be entitled to include as part of any and all of its subsequent bids a credit for all or part of the Tranche A Credit Agreement, the Tranche B Credit Agreement, and/or any other secured debt owed by the Debtors to the Purchaser, as well as any postpetition interest relating to any secured debt owed by the Debtors to the Purchaser.

The Auction will be conducted openly and the Purchaser and the Qualified Bidders will be informed of the terms of the previous bid.

The Purchaser and the Qualified Bidders shall have the right to submit additional bids and make additional modifications to the Agreement at the Auction, consistent herewith, provided that any such modifications to the Agreement, on an aggregate basis and viewed in whole, shall not be less favorable to the Debtors than any prior bid by such party.

The Auction shall continue in one or more rounds until there is only one offer that the Debtors determine, in consultation with the Committee and subject to Court approval, is the highest and best offer from among the Qualified Bidders and the Purchaser submitted at the Auction (the "Prevailing Bid"). In making this decision, the Debtors, in consultation with the Committee, shall consider, without limitation, the amount of the purchase price, the form of consideration being offered, the likelihood of the bidder's ability to close a transaction and the timing thereof, the number, type and nature of any changes to the Agreement requested by each bidder, whether any Qualified Bidder's bid is contingent on the assumption and assignment of any particular lease(s), and the net benefit to the Debtors' estates. The bidder submitting such Prevailing Bid shall become the Prevailing Bidder, and shall have such rights and responsibilities of the Purchaser, as set forth in the Agreement. Within 24 hours after close of the Auction, the Prevailing Bidder shall complete and execute all agreements, contracts, instruments or other documents evidencing and containing the terms and conditions upon which the Prevailing Bid was made. Absent irregularities in the conduct of the Auction, or reasonable and material confusion during the bidding, the results at the close of the Auction shall be final and no additional bids will be accepted after the close of the Auction.

If an Auction is conducted, the party with the next highest or otherwise best Qualified Bid (including for this purpose, the Purchaser), as determined by the Debtors, in the exercise of its business judgment, in consultation with the Committee, at the Auction shall be required to serve as a back-up bidder (the "Back-Up Bidder") and keep such bid (the "Back-Up Bid") open and irrevocable until the earlier of 5:00 p.m. Eastern time on the date which is (i) thirty (30) days after the date of the Sale Hearing (the "Outside Back-Up Date") or (ii) the closing of the Sale transaction with the Prevailing Bidder.

Acceptance of Qualified Bids

The Debtors shall sell the Acquired Assets for the highest and otherwise best Qualified Bid received as determined by the Debtors in consultation with the Committee pursuant to the Bidding Procedures and approved by the Bankruptcy Court. The Debtors' presentation to the Bankruptcy Court for approval of a particular Qualified Bid does not constitute the Debtors' acceptance of the bid. The Debtors will be deemed to have accepted a bid only when the bid has been approved by the Court at the Sale Hearing.

Sale Hearing

The Sale Hearing is presently scheduled to take place on February 21, 2013 at 10:00 a.m. at the Courtroom of the Honorable Stuart M. Bernstein, United States Bankruptcy Judge for the Southern District of New York. Objections, if any, to the Sale would be then required to be filed in the Bankruptcy Court and served so as to be received by February 14, 2013. The Sale Hearing may be adjourned or rescheduled without notice by an announcement of the adjourned date at the Sale Hearing.

Following the Sale Hearing, if the Prevailing Bidder fails to consummate an approved Sale because of (a) the failure of a condition precedent beyond the control of either the Debtors or the Prevailing Bidder or (b) a breach or failure to perform on the part of such Prevailing Bidder, the Back-Up Bidder will be deemed to be the new prevailing bid, and the Debtors will be authorized, but not required, to consummate the Sale with the Back-Up Bidder without further order of the Bankruptcy Court upon at least 48 hours notice to the Committee, provided, however, that if the Purchaser is the Back-Up Bidder, the Debtors shall be required to consummate the Sale to the Back-Up Bidder. In the case of (b) above, the defaulting Prevailing Bidder's deposit shall be forfeited to the Debtors, and the Debtors specifically reserve the right to seek all available damages from the defaulting Prevailing Bidder.

Return of Deposit

Upon entry of the Sale Order, the Deposits of all Qualified Bidders, other than the Prevailing Bidder and the Back-Up Bidder, shall be returned to such Qualified Bidders. The Deposits of the Prevailing Bidder (if not the Purchaser) and the Back-Up Bidder shall be held in escrow until 30 days after the date that the Prevailing Bidder is required to close.

Modifications

The Debtors may (a) determine, in their business judgment, which Qualified Bid is the highest and otherwise best offer, in consultation with the Committee; and (b) reject at any time before entry of an Order of the Court approving a Qualified Bid, any bid that, in the Debtors' discretion (after consultation with the Committee), is (i) inadequate or insufficient or (ii) not in conformity with the requirements of the Bankruptcy Code, the Bidding Procedures, or the terms and conditions of the Sale.