

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

In re:	§	Chapter 11
	§	
NEXTMEDIA GROUP, INC., <i>et al.</i> , <sup>1</sup>	§	Case No. 09-14463 (PJW)
	§	
Debtors.	§	Jointly Administered
	§	
	§	Re: Docket Nos. 159, 160, 187

**NOTICE OF FILING OF (1) AMENDED DISCLOSURE STATEMENT  
AND (2) AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION**

PLEASE TAKE NOTICE that on February 17, 2010, the United States Bankruptcy Court for the District of Delaware, 824 Market Street, Wilmington, Delaware 19801 (the “Bankruptcy Court”) entered the *Order Approving Amended Disclosure Statement for Debtors’ Amended Joint Chapter 11 Plan* [D.I. 187].

PLEASE TAKE FURTHER NOTICE that the above-captioned debtors and debtors-in-possession (the “Debtors”) have today filed with the Bankruptcy Court the solicitation version of the *Amended Disclosure Statement for Debtors’ Amended Joint Chapter 11 Plan of Reorganization* attached hereto as Exhibit A.

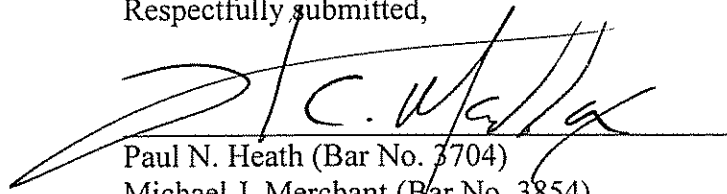
PLEASE TAKE FURTHER NOTICE that the Debtors have today filed with the Bankruptcy Court the solicitation version of the *Debtors’ Amended Joint Chapter 11 Plan of Reorganization* attached hereto as Exhibit B.

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four (4) digits of their taxpayer identification numbers, are: NextMedia Group, Inc. (“NM Group”) (0791), NextMedia Investors LLC (“NM Investors”) (9403), NextMedia Operating, Inc. (“NM OpCo”) (5397), NM Licensing LLC (5396), NextMedia Outdoor, Inc. (5398), NM Texas, Inc. (4229), NextMedia Northern Colorado, Inc. (8422), NextMedia Franchising, Inc. (9913) and NextMedia Outdoor, LLC (9700). The Debtors’ corporate headquarters are located at 6312 S. Fiddler’s Green Circle, #205E, Greenwood Village, Colorado 80111.

Dated: February 17, 2010  
Wilmington, Delaware

Respectfully submitted,

A handwritten signature in black ink, appearing to read "P. N. Heath", is written over a horizontal line. The signature is stylized and somewhat cursive.

Paul N. Heath (Bar No. 3704)  
Michael J. Merchant (Bar No. 3854)  
Chun I. Jang (Bar No. 4790)  
Robert C. Maddox (Bar No. 5356)  
RICHARDS, LAYTON & FINGER, P.A.  
One Rodney Square  
920 North King Street  
Wilmington, Delaware 19801  
Telephone: (302) 651-7700  
Facsimile: (302) 651-7701

- and -

Jason S. Brookner (admitted *pro hac vice*)  
Monica S. Blacker (admitted *pro hac vice*)  
ANDREWS KURTH LLP  
1717 Main Street, Suite 3700  
Dallas, Texas 75201  
Telephone: (214) 659-4400  
Facsimile: (214) 659-4401

*Counsel For the Debtors and  
Debtors-in-Possession*

**Exhibit A**

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

In re:	§	Chapter 11
	§	
NEXTMEDIA GROUP, INC., <i>et al.</i> ,	§	Case No. 09-14463 (PJW)
	§	
Debtors.	§	Jointly Administered

**AMENDED DISCLOSURE STATEMENT FOR DEBTORS'  
AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION**

**ANDREWS KURTH LLP**  
Jason S. Brookner  
Texas State Bar No. 24033684  
Monica S. Blacker  
Texas State Bar No. 00796534  
1717 Main Street, Suite 3700  
Dallas, Texas 75201  
Telephone: (214) 659-4400  
Facsimile: (214) 659-4401

**RICHARDS, LAYTON & FINGER, P.A.**  
Paul N. Heath (Bar No. 3704)  
Michael J. Merchant (Bar No. 3854)  
Chun I. Jang (Bar No. 4790)  
One Rodney Square  
20 N. King Street  
Wilmington, DE 19801  
Telephone: (302) 651-7700  
Facsimile: (302) 651-7701

**ATTORNEYS FOR THE DEBTORS  
AND DEBTORS IN POSSESSION**

Dated: February 17, 2010



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**AMENDED DISCLOSURE STATEMENT DATED FEBRUARY 17, 2010**

SOLICITATION OF VOTES WITH RESPECT TO THE  
AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION OF  
NEXTMEDIA GROUP, *ET AL.*

**THE PLAN IS PROPOSED BY THE DEBTORS WHO  
STRONGLY URGE YOU TO VOTE TO ACCEPT IT.**

This Amended Disclosure Statement (the "Disclosure Statement") solicits acceptances of the Amended Joint Chapter 11 Plan of Reorganization, dated February 17, 2010 (the "Plan"), of NextMedia Group, Inc. ("NM Group"), NextMedia Investors, LLC ("NM Investors"), NextMedia Operating, Inc. ("NM OpCo"), NM Licensing LLC ("NM Licensing"), NextMedia Outdoor, Inc. ("NM Outdoor"), NM Texas, Inc. ("NM Texas"), NextMedia Northern Colorado, Inc. ("NM Northern Colorado"), NextMedia Franchising, Inc. ("NM Franchising") and NextMedia Outdoor, LLC ("Outdoor LLC") (collectively, the "Debtors" or the "Company"), as debtors and debtors in possession in the above-captioned jointly administered chapter 11 cases, from holders of certain Claims and Equity Interests entitled to vote on the Plan. The Plan is being proposed jointly by all of the Debtors.

The purpose of this Disclosure Statement is to enable a Claim or Equity Interest holder, whose Claim or Equity Interest is impaired under the Plan and who may receive a distribution under the Plan, to make an informed decision in exercising its right to vote to accept or reject the Plan.

The Plan, which is attached hereto as Exhibit "A," contemplates a restructuring and reorganization of the Debtors. In summary, the principal terms of the Plan (which are set forth more fully herein and in the Plan itself) are as follows: (i) the holders of the First Lien Debt (as hereinafter defined) and holders of General Unsecured Claims (as hereinafter defined) will be unimpaired and paid in full; (ii) the holders of the Second Lien Debt (as hereinafter defined) will receive 95% of the common equity in Reorganized NM Group, in the form of shares of New NextMedia Class A Common Stock, subject to dilution as set forth herein and in the Plan; (iii) the Second Lien Lead Investors (as hereinafter defined) will receive 66.67% of the common equity in Reorganized NM Group, in the form of shares of New NextMedia Class B Common Stock, in exchange for a \$55 million equity investment (the "Equity Investment"), subject to dilution as set forth herein and in the Plan;<sup>1</sup> (iv) holders of Equity Interests in NM Investors will receive 5% of the common equity in Reorganized NM Group, in the form of shares of New NextMedia Class A Common Stock, subject to dilution as set forth herein and in the Plan; and (v) NM Investors will be dissolved and cease to exist as a legal entity. The restructuring will be financed through the Equity Investment, new debt financing of no less than \$127.5 million and up to \$135 million (on the terms described herein), cash on hand and any other additional financing that may be necessary (subject to any applicable limitations contained in the new debt financing documents or otherwise).

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<sup>1</sup> The Class B common shares to be issued to the Second Lien Lead Investors shall, among other things, enjoy a liquidation preference over the Class A common shares, as set forth more fully in the Plan and the in the New Shareholders' Agreement.

The Debtors believe that the Plan is in the best interests of holders of Claims and Equity Interests. Accordingly, Claim and Equity Interest holders who are entitled to vote are urged to vote in favor of the Plan. **To be counted, your ballot must be fully completed, executed and actually received by BMC Group, Inc. (the “Tabulation Agent”) at the following address no later than 5:00 p.m. (prevailing Eastern Time) on March 19, 2010 (the “Voting Deadline”):**

If by regular U.S. Mail:

BMC Group, Inc.  
Attn: NextMedia Group Ballot Processing  
PO Box 3020  
Chanhassen, MN 55317-3020

If by messenger or overnight delivery:

BMC Group, Inc.  
Attn: NextMedia Group Ballot Processing  
18750 Lake Drive East  
Chanhassen, MN 55317

Holders of Claims and Equity Interests should carefully read this Disclosure Statement and the Plan in their entirety prior to voting on the Plan. Each holder of a Claim or Equity Interest should consult its individual attorney, accountant and/or financial advisor as to the effect of the Plan on such holder.

For the convenience of Claim and Equity Interest holders, this Disclosure Statement summarizes the terms of the Plan. However, the Plan and any Exhibits and Schedules thereto including, without limitation, the documents contained in the Plan Supplement, are the operative documents.

THIS DISCLOSURE STATEMENT MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE WHETHER TO VOTE IN FAVOR OF OR AGAINST THE PLAN, AND NOTHING CONTAINED HEREIN SHALL CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTORS OR ANY OTHER PARTY, OR BE DEEMED CONCLUSIVE EVIDENCE OF THE LEGAL EFFECT OF THE PLAN ON HOLDERS OF CLAIMS OR EQUITY INTERESTS. CERTAIN INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS, BY ITS NATURE, FORWARD LOOKING, AND CONTAINS ESTIMATES, FORECASTS AND ASSUMPTIONS WHICH MAY PROVE TO BE MATERIALLY DIFFERENT FROM ACTUAL RESULTS.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED. NEITHER DELIVERY OF THIS DISCLOSURE STATEMENT NOR ANY EXCHANGE OF RIGHTS MADE IN CONNECTION WITH THE PLAN SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE

INFORMATION SET FORTH HEREIN SINCE THE DATE OF THIS DISCLOSURE STATEMENT OR THE DATE ON WHICH THE MATERIALS RELIED UPON IN PREPARATION OF THIS DISCLOSURE STATEMENT WERE COMPILED.

The information contained in this Disclosure Statement has not been subject to a certified audit or independent verification. The information contained herein and the records kept by the Debtors are not warranted or represented to be without inaccuracy.

NO REPRESENTATIONS OR ASSURANCES CONCERNING THE DEBTORS OR THEIR BUSINESSES OR THE PLAN ARE AUTHORIZED BY THE DEBTORS OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT AND THE EXHIBITS ATTACHED HERETO OR INCORPORATED BY REFERENCE OR REFERRED TO HEREIN. ANY REPRESENTATIONS OR INDUCEMENTS MADE BY ANY PERSON TO SECURE YOUR VOTE OTHER THAN THOSE CONTAINED HEREIN SHOULD NOT BE RELIED UPON IN ARRIVING AT ANY DECISION. ANY SUCH ADDITIONAL REPRESENTATIONS OR INDUCEMENTS SHOULD BE REPORTED TO COUNSEL TO THE DEBTORS.

THE SECURITIES AND EXCHANGE COMMISSION HAS NEITHER APPROVED NOR DISAPPROVED THIS DISCLOSURE STATEMENT, NOR HAS IT PASSED UPON THE ADEQUACY OR ACCURACY OF THE STATEMENTS CONTAINED HEREIN.

All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to them in the Plan.

### I. PLAN CLASSIFICATIONS AND TREATMENT

The classification and treatment of Claim and Equity Interest holders under the Plan are as follows:<sup>2</sup>

<u>Class</u>	<u>Description</u>	<u>Estimated Recovery/Treatment</u>	<u>Entitled to Vote</u>	<u>Distributions</u>
Class 1	Priority Non-Tax Claims	100%	No (deemed to accept)	Cash in full on the later of (i) the Effective Date of the Plan or (ii) ten (10) days after the Bankruptcy Court enters an order allowing a Priority Non-Tax Claim.
Class 2a	First Lien Claims Against All Debtors Except Outdoor LLC	100%	No (deemed to accept)	Cash in full on the Effective Date of the Plan.

<sup>2</sup> The estimates of aggregate amounts of Claims in each class are set forth on pages 25-26.



<u>Class</u>	<u>Description</u>	<u>Estimated Recovery/Treatment</u>	<u>Entitled to Vote</u>	<u>Distributions</u>
Class 2b	First Lien Claims Against Outdoor LLC	100%	No (deemed to accept)	Same as Class 2a.

<u>Class</u>	<u>Description</u>	<u>Estimated Recovery/Treatment</u>	<u>Entitled to Vote</u>	<u>Distributions</u>
Class 3a	Second Lien Claims Against All Debtors Except Outdoor LLC	29.2% <sup>3</sup>	Yes	<p>Each holder of an Allowed Second Lien Claim shall receive its pro rata share of an initial allocation of 95% of the New NextMedia Common Stock, in the form of shares of New NextMedia Class A Common Stock, subject to dilution through the issuance of shares of (i) New NextMedia Class B Common Stock to the Second Lien Lead Investors (in exchange for their Equity Investment) and (ii) New NextMedia Class A Common Stock pursuant to the Management Incentive Plan.</p> <p>Each holder of an Allowed Second Lien Claim shall, on the ballot to be provided to such holder to vote to accept or reject the Plan, indicate its election to receive its <i>pro rata</i> share of New NextMedia Class A Common Stock in the form of either (i) class A voting common stock or (ii) class A limited-voting common stock. If any holder of an Allowed Second Lien Claim fails to make such an election on its ballot, such holder shall be deemed to have elected, and shall receive, class A limited-voting common stock. Notwithstanding any election made by any holder of an Allowed Second Lien Claim to the contrary, the Debtors may, in the exercise of their reasonable business judgment, after consultation with the Second Lien Agent, issue class A limited-voting common stock to any holder of an Allowed Second Lien Claim as may be necessary to comply with applicable FCC rules and regulations.</p>

<sup>3</sup> Based on a \$210 million enterprise valuation. See page 18.

<u>Class</u>	<u>Description</u>	<u>Estimated Recovery/Treatment</u>	<u>Entitled to Vote</u>	<u>Distributions</u>
Class 3b	Second Lien Claims Against Outdoor LLC	29.2%	Yes	Same as Class 3a.
Class 4	Other Secured Claims	100%	No (deemed to accept)	Unless the holder of an Allowed Other Secured Claim has agreed or agrees to a different treatment, each such holder shall, at the Debtors' option in consultation with the Second Lien Lead Investors, either: (i) be reinstated or otherwise rendered unimpaired in accordance with section 1124 of the Bankruptcy Code, notwithstanding any contractual provision or applicable non-bankruptcy law that entitles the holder of an Allowed Other Secured Claim to demand or receive payment of such Claim prior to its stated maturity from and after the occurrence of an event of default, (ii) be paid in the ordinary course of business in accordance with the course of practice between the Debtors and such holder with respect to such Allowed Other Secured Claim, or (iii) receive the Collateral securing such Allowed Other Secured Claim.
Class 5	General Unsecured Claims	100%	No (deemed to accept)	Each holder of an Allowed General Unsecured Claim shall, at the Debtors' option after consultation with the Second Lien Lead Investors, receive the following treatment: (i) to the extent such Allowed General Unsecured Claim is due and owing on the Effective Date, (a) be paid in full in Cash on the later of the Effective Date and the date such Claim becomes an Allowed General Unsecured Claim, or, in each case, as soon as practicable thereafter, or (b) otherwise be paid in accordance with the terms of any agreement

<u>Class</u>	<u>Description</u>	<u>Estimated Recovery/Treatment</u>	<u>Entitled to Vote</u>	<u>Distributions</u>
				between the Debtors and such holder; (ii) to the extent such Allowed General Unsecured Claim is not due and owing on the Effective Date, be paid in full in Cash when and as such Allowed General Unsecured Claim becomes due and owing in the ordinary course of business; or (iii) receive treatment that leaves unaltered the legal, equitable, and contractual rights to which such Allowed General Unsecured Claim entitles the holder of such Claim.
Class 6	Equity Interests in NM OpCo, NM Outdoor, NM Northern Colorado and NM Licensing	100%	No (deemed to accept)	Each holder of an Equity Interest in NM OpCo, NM Outdoor, NM Northern Colorado and NM Licensing shall retain its Equity Interest.
Class 7	Equity Interests in NM Group	0.4% <sup>4</sup>	Yes	On the Effective Date, the Equity Interests in NM Group shall be cancelled and extinguished, and the holder of the Equity Interests in NM Group shall receive 5% of the New NextMedia Common Stock, in the form of shares of New NextMedia Class A Common Stock, subject to dilution through the issuance of shares of (i) New NextMedia Class B Common Stock to the Second Lien Lead Investors (in exchange for the Equity Investment) and (ii) New NextMedia Class A Common Stock pursuant to the Management Incentive Plan. NM Investors (as the holder of the Equity Interests in NM Group) shall immediately distribute its shares of New NextMedia Class A Common Stock to the holders

<sup>4</sup> Based upon a \$210 million enterprise valuation. See page 18.

<u>Class</u>	<u>Description</u>	<u>Estimated Recovery/Treatment</u>	<u>Entitled to Vote</u>	<u>Distributions</u>
				of the Equity Interests in NM Investors in accordance with the terms of the NM Investors Agreement.
Class 8	Equity Interests in NM Investors	Approximately 0.4% <sup>5</sup>	Yes	On the Effective Date, all Equity Interests in NM Investors shall be cancelled and extinguished. Each holder of an Equity Interest in NM Investors shall receive, via distribution from NM Investors, a number of shares of New NextMedia Class A Common Stock distributed to NM Investors pursuant to section 4.7 of the Plan, as calculated pursuant to the terms of the NM Investors Agreement.
Class 9	Equity Interests in NM Texas	0%	No (deemed to reject)	On the Effective Date, all Equity Interests in NM Texas shall be cancelled and extinguished, and the holder of such Equity Interests shall neither receive nor retain any property on account of such Equity Interests under the Plan.
Class 10	Equity Interests in Outdoor LLC	0%	No (deemed to reject)	On the Effective Date, all Equity Interests in Outdoor LLC shall be cancelled and extinguished, and the holders of such Equity Interests shall neither receive nor retain any property on account of such Equity Interests under the Plan.
Class 11	Equity Interests in NM Franchising	0%	No (deemed to reject)	On the Effective Date, all Equity Interests in NM Franchising shall be cancelled and extinguished, and the holder of such Equity Interests shall neither receive nor retain any

<sup>5</sup> The actual percentage recovery to each holder of an Equity Interest in NM Investors will vary depending upon (i) the amount of the holder's original investment in NM Investors and (ii) the terms and provisions of the NM Investors Agreement governing distributions of NM Investors' assets.

<u>Class</u>	<u>Description</u>	<u>Estimated Recovery/Treatment</u>	<u>Entitled to Vote</u>	<u>Distributions</u>
				property on account of such Equity Interests under the Plan.

The Debtors believe that the Plan is in the best interests of their respective creditors and equity interest holders. **THE DEBTORS RECOMMEND THAT YOU VOTE IN FAVOR OF THE PLAN.**

Pursuant to Section 1128(a) of the Bankruptcy Code, a hearing on confirmation of the Plan (the "Confirmation Hearing") has been scheduled to commence on March 22, 2010 at 4:00 p.m., prevailing Eastern Time, before the Honorable Peter J. Walsh, United States Bankruptcy Judge, in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"), 824 North Market Street, 6th Floor, Wilmington, Delaware 19801. At the Confirmation Hearing, the Bankruptcy Court will consider whether the Plan satisfies the requirements of the Bankruptcy Code. At that time, the Bankruptcy Court will also receive and consider a "ballot report," tabulating the votes for acceptance or rejection of the Plan cast by those parties entitled to vote.

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of a chapter 11 plan. The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan be filed no later than 5:00 p.m., prevailing Eastern Time, on March 19, 2010 (the "Confirmation Objection Deadline"), and simultaneously served on the following parties:

Counsel to the Debtors:

Jason S. Brookner  
Monica S. Blacker  
**ANDREWS KURTH LLP**  
1717 Main Street, Suite 3700  
Dallas, Texas 75201  
Telephone: (214) 659-4400  
Facsimile: (214) 659-4401  
Email: jbrookner@akllp.com  
mblackerc@akllp.com

--and--

Paul N. Heath  
Michael J. Merchant  
Chun I. Jang  
**RICHARDS, LAYTON & FINGER, P.A.**  
One Rodney Square  
20 N. King Street  
Wilmington, DE 19801  
Telephone: (302) 651-7700  
Facsimile: (302) 651-7701  
Email: heath@rlf.com  
merchant@rlf.com  
jang@rlf.com

Debtors:

**NEXTMEDIA GROUP, INC.**  
Attention: Chapter 11 Administrator  
6312 S. Fiddler's Green Circle, #205E,  
Greenwood Village, Colorado 80111

Internal Revenue Service:

Internal Revenue Service  
Attn: Insolvency Section  
31 Hopkins Plaza, Room 1150  
Baltimore, Maryland 21201

Counsel to the Second Lien Lead Investors:

Kenneth S. Ziman  
Elisha D. Graff  
**SIMPSON THACHER & BARTLETT LLP**  
425 Lexington Avenue  
New York, New York 10017  
Telephone: (212) 455-2000  
Facsimile: (212) 455-2502  
Email: kziman@stblaw.com  
egraff@stblaw.com

--and--

Robert S. Brady  
Edmon L. Morton  
**YOUNG CONAWAY STARGATT &  
TAYLOR, LLP**  
The Brandywine Building  
1000 West Street, 17<sup>th</sup> Floor  
Wilmington, DE 19801  
Telephone: (302) 571-6600  
Facsimile: (302) 571-1253  
Email: rbrady@ycst.com  
emorton@ycst.com

U.S. Trustee:

U.S. Trustee for the District of Delaware  
Attn.: Richard I. Schepacarter  
844 King Street, Ste. 2207  
Lockbox 35  
Wilmington, DE 19801

Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014. UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY FILED AND SERVED, THE BANKRUPTCY COURT MAY NOT CONSIDER IT.

## **II. INTRODUCTION AND OVERVIEW OF CHAPTER 11**

### **A. PURPOSES OF THIS DISCLOSURE STATEMENT**

This Disclosure Statement has been prepared by the Debtors to provide information that the Bankruptcy Court has determined to be material and necessary to enable those Claim and Equity Interest holders entitled to vote on the Plan to make an informed decision about whether to vote to accept or reject the Plan. Confirmation of a plan pursuant to chapter 11 of the Bankruptcy Code depends, in part, upon the receipt of a sufficient number of votes in favor of the Plan.

On February 17, 2010, after notice and a hearing, the Bankruptcy Court entered an order (the "Disclosure Statement Approval Order"), pursuant to section 1125 of the Bankruptcy Code, approving this Disclosure Statement as containing "adequate information." "Adequate Information" is information of a kind, and in sufficient detail, to enable a hypothetical, reasonable investor, typical of the solicited classes of Claims against and Equity Interests in the Debtors, to make an informed decision about whether to accept or reject the Plan. A copy of the Disclosure Statement Approval Order is attached hereto as Exhibit "B". The Bankruptcy Court's entry of the Disclosure Statement Approval Order **IS NOT** a recommendation by the Bankruptcy Court for you to either accept or reject the Plan.

### **B. GENERAL INFORMATION CONCERNING CHAPTER 11**

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code, pursuant to which a debtor in possession attempts to reorganize its business for the benefit of itself, its creditors and equity interest holders.

The commencement of a chapter 11 case creates an estate, comprised of all legal and equitable interests of the debtor in property as of the date the petition is filed, wherever located and by whomever held. Sections 1101, 1107, and 1108 of the Bankruptcy Code provide that a debtor may continue to operate its business and remain in possession of its property as a "debtor in possession" unless the bankruptcy court orders the appointment of a trustee. The Debtors are operating as debtors in possession.

The filing of a chapter 11 petition also triggers the automatic stay provisions of the Bankruptcy Code. Section 362(a) of the Bankruptcy Code provides for, among other things, an automatic stay of all attempts to collect prepetition debts against the debtor or to otherwise interfere with the debtor's property or business. Except as otherwise ordered by the bankruptcy court, the automatic stay remains in full force and effect until the time a plan of reorganization is confirmed.

The formulation of a plan of reorganization is the principal purpose of a chapter 11 case. A plan sets forth the means for satisfying the claims against and equity interests in the debtor.



Generally, unless a trustee is appointed, only the debtor may file a plan during the first 120 days of a chapter 11 case (the “Exclusive Period”). A debtor is generally then given 60 additional days (the “Solicitation Period”) during which it may solicit acceptance of its plan. The Exclusive Period and the Solicitation Period may be extended or reduced by the court upon a showing of “cause.”

### **C. GENERAL INFORMATION CONCERNING TREATMENT OF CLAIMS AND INTERESTS**

A chapter 11 plan may provide for anything from a complex restructuring of a debtor’s business and its related obligations to a simple liquidation of the debtor’s assets. After a chapter 11 plan has been filed, certain holders of claims against or equity interests in a debtor are permitted to vote to accept or reject the plan.

Section 1123 of the Bankruptcy Code provides that a plan of reorganization must classify the claims of a debtor’s creditors and equity interest holders. In compliance therewith, the Plan divides claims and equity interests into classes and sets forth the treatment for each class. In accordance with section 1123(a) of the Bankruptcy Code, Administrative Expense Claims have not been classified in the Plan. A debtor is also required, under section 1122 of the Bankruptcy Code, to classify claims against and equity interests in a debtor into classes that contain claims and equity interests that are substantially similar to the other claims and equity interests in such class. The Debtors believe that the Plan has classified all Claims and Equity Interests in compliance with the provisions of Bankruptcy Code section 1122.

Pursuant to sections 1122(a) and 1123(a)(1) of the Bankruptcy Code, Claims against and Equity Interests in the Debtors are classified as set forth previously on pages 3-7.

### **D. CLASSES IMPAIRED UNDER A PLAN**

Only classes of “impaired” claims or equity interests may vote to accept or reject a plan. A class is “impaired” if the legal, equitable, or contractual rights relating to the claims or equity interests in that class are modified in any way by the plan. Modification for purposes of determining impairment, however, does not include curing defaults or reinstating maturity. Classes of claims or equity interests that are not “impaired” under a plan of reorganization, and each member of such class, are conclusively deemed to have accepted the plan and thus are not entitled to vote. Similarly, classes of claims or equity interests that will neither receive nor retain any property under a plan are deemed not to have accepted the plan and are thus not entitled to vote. Accordingly, acceptances of a plan will only be solicited from holders of claims and/or equity interests in impaired classes that may receive distributions under the plan.

As set forth on pages 3-7, the holders of Claims in Classes 3a and 3b and the holders of Equity Interests in Classes 7 and 8 are impaired and entitled to vote to accept or reject the Plan.

### **E. VOTING**

The holder of a Claim against or Equity Interest in the Debtors whose Claim or Equity Interest is impaired under the Plan and who will receive a distribution under the Plan is entitled to vote to accept or reject the Plan if either (i) its Claim or Equity Interest has been scheduled by the Debtors and such Claim was not scheduled as disputed, contingent, or unliquidated; (ii) it has

filed a proof of Claim or Equity Interest on or before the Bar Date set by the Bankruptcy Court for such filings or any extension of such dates approved by the Bankruptcy Court, and no objection to such Claim or Equity Interest is pending; or (iii) such Claim or Equity Interest has previously been allowed pursuant to an order of the Bankruptcy Court. Any Claim or Equity Interest with respect to which an objection is pending is not entitled to vote unless the Bankruptcy Court, upon application of the holder whose Claim or Equity Interest is the subject of the objection, temporarily allows such Claim or Equity Interest in an amount that the Bankruptcy Court deems proper for the purpose of voting on the Plan. A ballot casting a vote on the Plan may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that such Ballot was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

The allowance of any Claim or Equity Interest for the purpose of voting on the Plan shall not constitute an allowance of the Claim or Equity Interest for purposes of receiving any distributions pursuant to the Plan. Any references in the Plan or Disclosure Statement to any Claims or Equity Interests shall not constitute an admission of the existence, nature, extent or enforceability thereof.

All proofs of claim by creditors of the Debtors (not including Governmental Units), must be filed with the Clerk of the Bankruptcy Court by March 29, 2010; proofs of claim by Governmental Units are due by June 21, 2010 (the last date to file a claim is referred to as the "Bar Date"). IF A CLAIMANT ALREADY FILED A PROOF OF CLAIM WITH THE BANKRUPTCY COURT, OR IF THE CLAIM IN QUESTION WAS SCHEDULED BY THE DEBTORS AS NOT BEING CONTINGENT, UNLIQUIDATED, OR DISPUTED, A PROOF OF CLAIM NEED NOT HAVE BEEN FILED. The schedules for all of the Debtors were filed with the Bankruptcy Court on February 12, 2010 and are available for inspection on the Bankruptcy Court's website at [www.deb.uscourts.gov](http://www.deb.uscourts.gov), or the Tabulation Agent's website at [www.bmcgroup.com/nextmediagroup](http://www.bmcgroup.com/nextmediagroup).

As set forth in section 1124 of the Bankruptcy Code, a class of claims or interests is "impaired" under a plan of reorganization unless, with respect to such class, the plan: (1) leaves unaltered the legal, equitable, and contractual rights of the holder of such claim or interest; or (2) notwithstanding any contractual provision or applicable law that entitles the holder of a claim or interest to demand or receive accelerated payment of such claim or interest after the occurrence of a default: (a) cures any such default that occurred before or after the commencement of the case, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code or of a kind that section 365(b)(2) expressly does not require to be cured; (b) reinstates the maturity of such claim or interest as it existed before such default; (c) compensates the holder of such claim or interest for any damages incurred as a result of any reasonable reliance on such contractual provision or such applicable law; (d) if the claim or interest arises from a failure to perform a non-monetary obligation (other than a default from failure to operate a nonresidential real property lease subject to section 365(b)(1)(A)), compensates the holder (other than the debtor or an insider) for any actual pecuniary loss incurred by the holder as a result of such failure; and (e) does not otherwise alter the legal, equitable or contractual rights to which such claim or interest entitles the holder of such claim or interest.

As stated previously, under the Plan, holders of Claims in Classes 3a and 3b and Equity Interests in Classes 7 and 8 are impaired and entitled to vote on the Plan.

## F. CONFIRMATION

### 1. Confirmation Requirements

There are two methods by which a plan may be confirmed: (i) the “acceptance” method, pursuant to which all impaired classes of claims and interests have voted in the requisite amounts to accept the plan and the plan otherwise complies with section 1129(a) of the Bankruptcy Code; and (ii) the “cram-down” method under section 1129(b) of the Bankruptcy Code, which is available even if classes of claims vote against the Plan.

### 2. Acceptance of the Plan

A plan is accepted by an impaired class of claims if the holders of at least two-thirds ( $\frac{2}{3}$ ) in amount and more than one-half ( $\frac{1}{2}$ ) in number of the allowed claims in such class actually voting vote to accept the plan. A plan is accepted by an impaired class of equity interests if holders of at least two-thirds ( $\frac{2}{3}$ ) in amount of allowed equity interests in such class actually voting vote to accept the plan. **BALLOTS OF HOLDERS OF IMPAIRED CLAIMS AND EQUITY INTERESTS THAT ARE SIGNED AND RETURNED TO THE TABULATION AGENT, BUT THAT DO NOT EXPRESSLY INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN OR INDICATE BOTH AN ACCEPTANCE AND A REJECTION OF THE PLAN, WILL NOT BE COUNTED.**

In addition to this voting requirement, section 1129 of the Bankruptcy Code requires that a plan be accepted by each holder of a claim or equity interest in an impaired class entitled to vote or that the plan otherwise be found by the bankruptcy court to be in the best interests of each holder of a claim or equity interest in such class (*see* discussion of “Best Interests Test” below).

### 3. Confirmation Without Acceptance By All Impaired Classes

Under section 1129 of the Bankruptcy Code, the Debtors have the right to seek confirmation of the Plan notwithstanding the rejection of the Plan by a class of Claims or Equity Interests. Any such determination would be based on consideration of the tabulation of votes, the Debtors’ fiduciary obligations and an analysis of other available alternatives. Because holders of Equity Interests in Classes 9, 10 and 11 are deemed to reject the Plan, the Debtors intend to seek confirmation of the Plan over the deemed rejection of such Classes.

A plan may be confirmed notwithstanding its rejection by one or more classes of claims or equity interests if, in addition to satisfying all other requirements of section 1129(a) of the Bankruptcy Code, the plan (1) is “fair and equitable” with respect to each class of claims or equity interests that is impaired under, and has not accepted, the plan and (2) does not “discriminate unfairly.”

A plan is “fair and equitable” under the Bankruptcy Code with respect to a dissenting class of equity interests (and specifically, in these Chapter 11 Cases, Classes 9, 10 and 11) if, with respect to such dissenting class, either (a) each holder of an interest of such class shall

receive or retain on account of such interest property of a value equal to the greater of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled or the value of such interest, or (b) the holder of any interest that is junior to the interest of such class shall not receive or retain any property on account of such junior interest. This “fair and equitable” standard, also known as the “absolute priority rule,” requires, among other things, that unless a dissenting unsecured class of claims or equity interests receives full compensation for its allowed claims or allowed interests, no holder of claims or interests in any junior class may receive or retain any property under the plan on account of such claims or interests.

The Debtors believe that the Plan is “fair and equitable” with respect to holders of Equity Interests in Classes 9, 10 and 11 because (i) there is one senior class -- Class 3b, comprised of Second Lien Claims -- which is not being paid in full and (ii) no Claim or Equity Interest junior to the Equity Interests in Classes 9, 10 and 11 will receive or retain any property under the Plan.

The requirement that a plan not “discriminate unfairly” means, among other things, that a dissenting class must be treated substantially equally with respect to other classes of equal rank. The Debtors believe that the Plan does not discriminate unfairly with respect to Classes 9, 10 and 11 because such Classes are being treated substantially equally with respect to other classes of equal rank (indeed, Classes 9, 10 and 11 are the most junior Classes with respect to NM Texas, Outdoor LLC and NM Franchising).

#### **4. Best Interests Test**

Notwithstanding acceptance of the Plan by each impaired Class, in order for the Plan to be confirmed the Bankruptcy Court must determine that the Plan is in the best interests of each holder of a Claim or Equity Interest in an impaired Class who has not voted to accept the Plan. Accordingly, if an impaired Class does not unanimously accept the Plan, the best interests test requires the Bankruptcy Court to find that the Plan provides for each holder of a Claim or Equity Interest in such Class to receive or retain on account of such Claim or Equity Interest property of a value, as of the Effective Date of the Plan, that is not less than the amount each such holder would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code on such date. The Debtors believe that the best interests test is satisfied because under the Plan, creditors and equity interest holders will receive more than if the Debtors were liquidated under chapter 7. A liquidation analysis (the “Liquidation Analysis”), showing the range of returns to creditors and equity interest holders in the event of a hypothetical liquidation of the Debtors, is attached hereto as Exhibit “C” and is described below in Article IX.

### **III. BACKGROUND AND EVENTS LEADING UP TO CHAPTER 11**

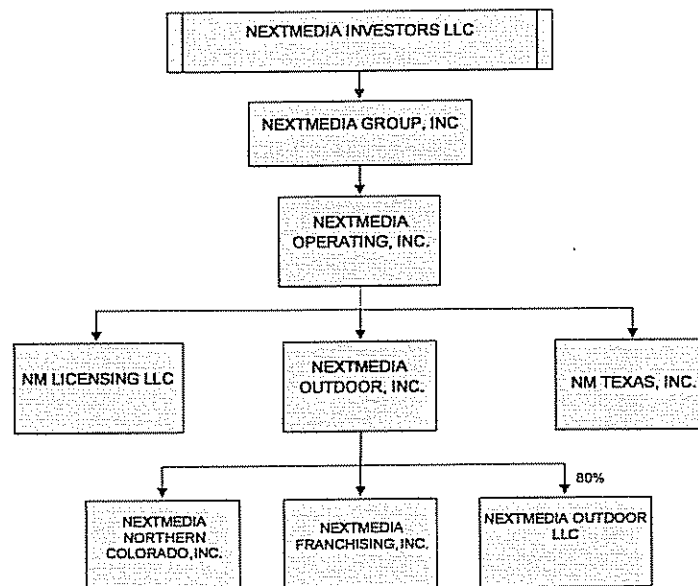
#### **A. NEXTMEDIA CORPORATE GROUP**

The Debtors were founded in late-1999 to capitalize on consolidation opportunities in the out-of-home (“OOH”) media space. The founders believed an opportunity existed to acquire individual radio stations, radio station clusters and groups in mid-sized and suburban markets because, at the time, the five largest owners of radio stations accounted for 37% of total radio revenue in the United States. The founders also believed that the outdoor advertising industry

was fragmented and, thus, an opportunity for consolidation existed since more than 200,000 advertising displays were owned by more than 1,000 small and mid-sized operators across the United States.

The Company is currently comprised of nine (9) affiliated entities. NM Investors is an investment limited liability company and the ultimate parent entity to eight (8) NextMedia entities. NM Investors owns 100% of the equity in NM Group. NM Group owns 100% of the equity in NM OpCo, which in turn owns 100% of the equity in each of NM Licensing, NM Outdoor and NM Texas. NM Outdoor owns 100% of the equity in NM Northern Colorado and NM Franchising, and owns 80% of the equity in Outdoor LLC (the other 20% of Outdoor LLC is held by non-Debtor individuals). The following chart details the NextMedia corporate structure as of December 21, 2009 (the date on which the Debtors filed for chapter 11) and as of the date hereof:

### NextMedia Corporate Structure



NM OpCo is the principal operating entity that, with its wholly-owned and majority-owned subsidiaries, provides out-of-home media services in two (2) segments: (i) radio broadcasting (through NM OpCo and NM Licensing (collectively, the “Radio Entities”)) and (ii) outdoor advertising (through NM OpCo, NM Outdoor and NM Northern Colorado (collectively, the “Outdoor Entities”)).<sup>6</sup>

<sup>6</sup> NM Investors has no liabilities or operations. Its only asset is its equity interest in NM Group. Thus, all references to the Debtors’ operations and business do not include NM Investors. None of NM Texas, NM

## **B. THE DEBTORS' BUSINESS**

The Debtors operate an aggregate of thirty six (36) AM and FM radio stations in a total of seven (7) small, mid-sized and suburban markets, including the Greenville-New Bern-Jacksonville, North Carolina area; the Saginaw-Bay City-Midland, Michigan area; Canton, Ohio; Myrtle Beach, South Carolina; San Jose, California; suburban Chicago; and suburban Dallas. In the majority of these markets, the Debtors own and operate clusters of radio stations and target diverse demographic groups through a broad range of programming formats, including rock, adult contemporary, oldies, sports/news/talk, and country. In each of the radio markets served, the Debtors also provide radio broadcast advertising services to local, regional and national advertising customers.

The Outdoor Entities operate the outdoor advertising business, which consists of approximately 5,200 display faces in the form of traditional outdoor advertising bulletins and posters affixed to billboard structures, bus stop shelters and building wall displays. While many of the Debtors' outdoor advertising displays are located on leased premises, in certain circumstances a Debtor either owns the premises on which its displays are located, or it relies upon easements to use the property. The Debtors' six (6) outdoor advertising markets consist of the following geographic areas: the surrounding areas of San Francisco, California; Myrtle Beach, South Carolina; Green Bay, Wisconsin; Northern Colorado (including the areas in and around Cheyenne, Wyoming, Western Kansas and Nebraska); and the States of Virginia and North Carolina.

The Debtors are headquartered in Greenwood Village, Colorado, and currently have just under 500 employees (part-time and full-time) in at least thirteen (13) markets across the United States.

## **C. PREPETITION CAPITAL STRUCTURE AND FINANCING ARRANGEMENTS**

As of the Petition Date, the Debtors did not have any publicly traded debt or securities. Prior to the Petition Date, the Debtors financed their operations with borrowings under two secured credit facilities, one secured by a first lien, and the other secured by a second lien, on the assets of the Debtors (other than NM Investors) (the "Loan Party Debtors").

The Loan Party Debtors' first lien secured debt arises under that certain Credit and Guaranty Agreement dated as of November 15, 2005 (as amended, supplemented or otherwise modified prior to the Petition Date, the "First Lien Credit Agreement"), among NM OpCo as borrower, NM Group and the other Loan Party Debtors as guarantors, the various lenders from time to time thereunder (the "First Lien Lenders"), Wilmington Trust FSB as successor administrative agent and collateral agent for the First Lien Lenders (in such capacities, the "First Lien Agent"),<sup>7</sup> and the other parties thereto. As of the Petition Date, the Loan Party Debtors owed the First Lien Lenders \$162,400,426.13 under the First Lien Credit Agreement (plus

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Franchising or Outdoor LLC have any assets or operations, and their only liabilities are as guarantors under the First Lien Credit Agreement and the Second Lien Credit Agreement.

<sup>7</sup> Shortly before the Petition Date, Wilmington Trust FSB replaced General Electric Capital Corporation as the administrative and collateral agent.

certain additional fees and expenses), plus an additional \$2,949,674.68 in certain interest rate swap obligations, which are secured on the same basis and are *pari passu* with the obligations under the First Lien Credit Agreement (collectively, the “First Lien Debt”). The First Lien Debt is secured by a first lien on substantially all of the Loan Party Debtors’ assets, including a pledge of the capital stock of each of NM Group’s direct and indirect subsidiaries (the “Prepetition Collateral”).

The Loan Party Debtors’ second lien secured debt arises under that certain Second Lien Credit and Guaranty Agreement dated as of November 15, 2005 (as amended, supplemented or otherwise modified prior to the Petition Date, the “Second Lien Credit Agreement”), among NM OpCo as borrower, NM Group and the other Debtors (except NM Investors) as guarantors, the various lenders thereunder (the “Second Lien Lenders,” collectively with the First Lien Lenders, the “Prepetition Lenders”), NexBank, SSB as administrative agent and collateral agent for the Second Lien Lenders (in such capacities, the “Second Lien Agent”), and the other parties thereto. As of the Petition Date, the Loan Party Debtors owed the Second Lien Lenders \$89,403,737.74 in principal and accrued but unpaid interest (plus certain additional fees and expenses) (the “Second Lien Debt”) under the Second Lien Credit Agreement. The Second Lien Debt is secured by a second lien on the Prepetition Collateral.

There is an inter-creditor agreement among the Company, the First Lien Agent and the Second Lien Agent governing the relative rights of the First Lien Lenders and the Second Lien Lenders in respect of the Prepetition Collateral and other related matters.

Prior to the Petition Date, by letters dated March 23, April 20 and June 5, 2009, the First Lien Agent notified the Loan Party Debtors of the occurrence of certain events of default under the First Lien Credit Agreement. By letters dated March 25, April 23, June 12 and July 3, 2009, the Second Lien Agent notified the Loan Party Debtors of the occurrence of certain events of default under the Second Lien Credit Agreement. Due to the continuation of such defaults under the First Lien Credit Agreement, the Loan Party Debtors began accruing interest to the First Lien Lenders at the default rate under the First Lien Credit Agreement as of March 31, 2009, and paid such interest in accordance with the terms of the First Lien Credit Agreement. The Loan Party Debtors did not make the required interest payment to the Second Lien Lenders on March 31, 2009, and have not made any subsequent interest payments to the Second Lien Lenders. Accordingly, default interest under the Second Lien Credit Agreement began accruing as of March 31, 2009 to the Petition Date, and remains unpaid.

#### **D. RESTRUCTURING INITIATIVES AND EVENTS LEADING UP TO BANKRUPTCY**

Due to declining revenues in the radio and OOH advertising industries and the U.S. economic downturn that began in or around December 2007 and escalated during 2008, the Company’s profitability has suffered. As a result, in or around March 2009, the Company hired Alvarez & Marsal Securities, LLC (“A&M”) as its financial advisor to advise the Company on potential restructuring initiatives and to assist with examining and evaluating various strategic alternatives to address the Debtors’ over-leveraged capital structure. In connection therewith, the Debtors commenced negotiations with their Prepetition Lenders regarding the terms of a consensual restructuring to de-lever the Company and provide the Debtors with financial flexibility on a go-forward basis.

Extensive discussions with the Prepetition Lenders continued throughout 2009, as did discussions with other potential transaction parties. Eventually, the Debtors reached an agreement in principle with two holders of the Second Lien Debt -- Strategic Value Partners LLC and Angelo, Gordon & Co., L.P. (together, the "Second Lien Lead Investors") -- for a consensual restructuring pursuant to the terms set forth in the Plan whereby, among other things: (i) the First Lien Debt and general unsecured claims will be unimpaired and paid in full through (a) the \$55 million Equity Investment, (b) debt (exit) financing in an amount of no less than \$127.5 million and up to \$135 million, (c) cash on hand and (d) such other financing as may be necessary (subject to any applicable limitations contained in the exit financing documents or otherwise); (ii) the Second Lien Debt will be converted into 95% of the equity in Reorganized NM Group (subject to dilution as set forth herein and in the Plan); and (iii) common shares representing 66.67% of the equity in Reorganized NM Group will be issued to the Second Lien Lead Investors in exchange for the Equity Investment.<sup>8</sup> The Second Lien Lead Investors have committed to provide \$127.5 million in exit financing if the Debtors are unable to secure such financing in the capital markets, or are unable to secure such financing on terms equal to or better than the terms of the commitment. To the extent the Debtors require exit financing in excess of \$127.5 million, the Second Lien Lead Investors will consider committing to provide such incremental amount, up to a maximum commitment of \$135 million.

The terms of the above-described consensual restructuring were reflected in a Restructuring Support Agreement, dated as of December 18, 2009 (as amended, supplemented or otherwise modified from time to time, the "RSA"), including a restructuring term sheet attached as an exhibit thereto, which set forth the specific terms to be contained in the Plan (the "Restructuring Term Sheet"). The RSA and the Restructuring Term Sheet were filed with the Bankruptcy Court on the Petition Date as exhibits to the *Declaration of Eric W. Neumann in Support of Chapter 11 Petitions and First Day Motions* (Docket No. 2). There also were several other commitment letters, term sheets and other documents attached as exhibits or annexes to the RSA (as each such document may be amended, supplemented, or otherwise modified from time to time, collectively, the "Supporting Documents"). The RSA, the Restructuring Term Sheet and the Supporting Documents are collectively referred to as the "Restructuring Documents." In connection therewith, the Second Lien Lead Investors agreed to provide up to \$20 million in debtor in possession financing to the Loan Party Debtors junior to the First Lien Debt and related adequate protection payments in respect thereof (as described more fully below in section IV(A)(2)(b)).

The Second Lien Lead Investors and certain other Second Lien Lenders executed the RSA, pursuant to which the parties thereto, including Second Lien Lenders representing approximately 86% in number and approximately 89% in dollar amount of the Second Lien Debt, agreed to support a Chapter 11 plan for the Debtors embodying the terms contained therein and in the Restructuring Documents. The Plan sets forth the terms and agreements contained in the Restructuring Documents. As contemplated and proposed in the Plan, the transaction values the Company at \$210 million as a going concern.

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<sup>8</sup> As stated earlier, the common shares to be issued to the Second Lien Lead Investors shall, *inter alia*, be of a different class than those to be issued to other constituents under the Plan, and enjoy a liquidation preference over such other common shares, all as set forth in the Plan and the New Shareholders' Agreement.



One of the Debtors' key assets is \$230 million in net operating losses ("NOLs") (and carryforwards thereof) that will be available to minimize U.S. federal income taxes on sales of assets and net income. Such NOLs (and carryforwards thereof) are subject to substantial limitations imposed by section 382 of the Tax Code (as defined herein). Following a review and analysis of the Tax Code as it affects the Company and its various restructuring alternatives, the Company concluded that an in-court restructuring under chapter 11 of the Bankruptcy Code would provide the Company with a greater flexibility to preserve its NOLs for future use.

As a result, and after careful consideration of all available alternatives, including (as stated above) the tax ramifications of an in-court restructuring versus an out-of-court restructuring, the Debtors determined that implementing a reorganization pursuant to the terms set forth in the Restructuring Documents, and commencement of these Chapter 11 Cases, was the best way to maximize the value of the business and recoveries for all of the Debtors' stakeholders.

Historically, the Company has investigated, evaluated and responded to solicitations regarding strategic transactions that would be accretive to the Company and its stakeholders, and has continued to do so during the course of these Chapter 11 Cases. However, the Company believes that its ability to take advantage of any such opportunities is dependent upon consummating the transactions contemplated in the Plan. The Company remains focused on this outcome, as it will maximize recoveries to the Company's stakeholders and provide the Company with a capital structure that will be sufficiently flexible to permit the pursuit of any such strategic opportunities.

#### **E. PREPETITION NM INVESTORS LITIGATION**

On September 26, 2008, James H. Hooker ("Hooker") and Richard F. Rambaldo ("Rambaldo"), two holders of Class C membership interests in NM Investors, filed a petition for dissolution (the "Petition for Dissolution") of NM Investors with the Court of Chancery for the State of Delaware (the "Chancery Court").

As originally drafted, the NM Investors Agreement provided that NM Investors would dissolve eight (8) years after its effective date, or April 17, 2008. In March 2008, the Board of Managers of NM Investors and members representing a majority of the NM Investors' membership interests sought to amend the NM Investors Agreement to extend NM Investors' duration through April 17, 2012 (the "2008 Amendment"). Hooker and Rambaldo refused to consent to the 2008 Amendment and demanded that NM Investors dissolve on April 17, 2008. The Company informed Hooker and Rambaldo that, notwithstanding their dissent, the Company viewed the 2008 Amendment extending the NM Investors liquidation date until April 17, 2012 to have been validly adopted.

Shortly thereafter, Hooker and Rambaldo filed the Petition for Dissolution, which sought (i) an order of dissolution for NM Investors and (ii) appointment of a liquidator. Hooker and Rambaldo moved for summary judgment on both issues (the "Summary Judgment Motion"). By memorandum opinion dated May 6, 2009, the Chancery Court partially granted the Summary Judgment Motion, finding that the 2008 Amendment was not effective and ordering the dissolution of NM Investors. The request for appointment of a liquidating trustee was denied

pending full discovery and a trial, which are now stayed under section 362(a) of the Bankruptcy Code due to the commencement of these Chapter 11 Cases.

On January 6, 2010, Hooker and Rambaldo filed an informal objection (the "Informal Objection") with the FCC, objecting to the Debtors' *pro forma* application for an involuntary assignment of their FCC licenses as a result of the commencement of their Chapter 11 Cases. The Informal Objection contends that the Debtors failed to abide by the Chancery Court's ruling and that the debtors were required to sell certain grandfathered FM radio stations to come into compliance with the FCC's local radio ownership rules.

The Debtors disagree with Hooker and Rambaldo, and believe that the commencement of these Chapter 11 Cases and consummation of the transactions set forth in the Plan are consistent with the order of dissolution issued by the Chancery Court, and with the provisions of the NM Investors Agreement governing dissolution and distribution of NM Investors' assets. The Debtors also believe that all of the previously described restructuring efforts undertaken by NM investors prior to the Petition Date are likewise consistent with the Chancery Court's ruling. Further, the Debtors do not believe that they were required to divest any FM stations in connection with the filing of the *pro forma* assignment application reflecting the Debtors' status as debtors in possession.

#### F. EXECUTIVES

The directors, officers or managers, as applicable, and the executive officers of each of the Debtors as of the Petition Date were as follows:

##### NextMedia Investors LLC:

<u>Name</u>	<u>Title</u>
Brian W. McNeill	Director
Jason Cahilly	Director
Adam Stulberger	Director
Steven Dinetz	Director, President and Chief Executive Officer
Eric W. Neumann	Chief Financial Officer and Treasurer
Jeffrey Dinetz	Executive Vice President and Chief Operating Officer of the Radio Division
Matthew L. Leibowitz	Secretary

##### NextMedia Group, Inc.:

<u>Name</u>	<u>Title</u>
Steven Dinetz	Director, President and Chief Executive Officer
Eric Neumann	Vice President and Chief Financial Officer
Jeffrey Dinetz	Director, President and Chief Operating Officer of the Radio Division
James Matalone	President and Chief Operating Officer of the Outdoor Division
Matthew Leibowitz	Assistant Secretary

**NextMedia Operating, Inc.:**

<u>Name</u>	<u>Title</u>
Steven Dinetz	Director, President and Chief Executive Officer
Eric Neumann	Vice President and Chief Financial Officer
Jeffrey Dinetz	Director, President and Chief Operating Officer of the Radio Division
James Matalone	President and Chief Operating Officer of the Outdoor Division
Matthew Leibowitz	Secretary

**NM Licensing LLC:**

<u>Name</u>	<u>Title</u>
Steven Dinetz	Manager, President and Chief Executive Officer
Jeffrey Dinetz	Manager, Vice President
Eric Neumann	Vice President
Matthew Leibowitz	Secretary

**NextMedia Outdoor, Inc.:**

<u>Name</u>	<u>Title</u>
Steven Dinetz	Director
Jeffrey Dinetz	Director
James Matalone	President and Chief Executive Officer – Outdoor Division
Scot McArtor	Executive Vice President and Chief Operating Officer Outdoor Division
Eric Neumann	Vice President
Matthew Leibowitz	Secretary

**NM Texas, Inc.:**

<u>Name</u>	<u>Title</u>
Steven Dinetz	Director
Jeffery Dinetz	Director
James Matalone	President and Chief Executive Officer
Scot McArtor	Executive Vice President and Chief Operating Officer
Eric W. Neumann	Vice President, Secretary and Treasurer

**NextMedia Outdoor, LLC:**

<u>Name</u>	<u>Title</u>
Steven Dinetz	Manager
Lori Baxter	Manager
Jeffrey Dinetz	Manager
James Matalone	President and Chief Operating Officer
Scot McArtor	Executive Vice President and Chief Operating Officer – Traditional Outdoor Division
Matthew Leibowitz	Secretary

**NextMedia Franchising, Inc.:**

<u>Name</u>	<u>Title</u>
Steven Dinetz	Director
Jeffrey Dinetz	Director
James Matalone	President and Chief Operating Officer
Eric Neumann	Vice President
Matthew Leibowitz	Secretary

**NextMedia Northern Colorado, Inc.:**

<u>Name</u>	<u>Title</u>
Steven Dinetz	Director
Jeffrey Dinetz	Director
James Matalone	President and Chief Executive Officer
Scot McArtor	Executive Vice President and Chief Operating Officer
Eric Neumann	Vice President
Matthew Leibowitz	Secretary

**IV. THE BANKRUPTCY FILINGS**

The Debtors' Chapter 11 Cases were commenced by the filing of voluntary chapter 11 petitions on December 21, 2009 (the "Petition Date"). The Chapter 11 Cases are pending before the Bankruptcy Court, under Jointly Administered Case No. 09-14436 (PJW).

**A. POST-FILING ACTIVITIES**

**1. Employment of Professionals**

The Debtors engaged the following professionals in the Chapter 11 Cases: Andrews Kurth LLP ("AK") and Richards, Layton & Finger, P.A. ("RLF") as co-counsel; A&M as financial advisor, and Leibowitz & Associates ("L&A") as special Federal Communications Commission ("FCC") Counsel. The applications to retain AK, RLF, A&M and L&A were approved on January 22, 2010.

## 2. First Day Motions and Orders

### a. **Administrative and Procedural Matters**

On the Petition Date, the Debtors filed a number of motions ("First Day Motions") seeking the following administrative and procedural orders, each of which was entered by the Bankruptcy Court on December 22, 2009: (i) an order directing joint administration of the Chapter 11 Cases; (ii) an order appointing BMC Group, Inc. as the Debtors' noticing, claims and balloting agent; (iii) an order authorizing continued use of existing cash management system, bank accounts, business forms and deposit and investment guidelines; and (iv) an order authorizing accelerated payment of prepetition compensation, benefits and employee reimbursements. An order extending the Debtors' time to file schedules and statement of financial affairs was entered on January 22, 2010.

### b. **Business Related Matters**

To smooth the transition into chapter 11, ensure the continued and uninterrupted supply of necessary goods and services, and to ensure the continued operation of the business, the Debtors filed a number of First Day Motions relating to their on-going business operations, which the Bankruptcy Court granted as follows: (i) an order authorizing payment of certain prepetition vendor claims, entered on December 22, 2009; (ii) an order temporarily prohibiting utilities from altering, refusing or discontinuing service and establishing procedures for adequate assurance requests, entered on December 22, 2009; and (iii) an order authorizing the Debtors to remit certain sales, use and related taxes and fees, entered on December 22, 2009.

Due to their financing needs, the Debtors also filed a motion seeking interim and final orders (i) authorizing the Debtors to borrow up to \$20 million in debtor in possession financing from the DIP Lenders (the Second Lien Lead Investors), (ii) authorizing the use of the First Lien Lenders' and Second Lien Lenders' cash collateral and (iii) providing adequate protection to the First Lien Lenders and the Second Lien Lenders. The Bankruptcy Court entered two interim orders on December 22, 2009, granting the requested relief. One order, among other things, (a) authorized the Debtors to borrow up to \$5 million from the DIP Lenders on an interim basis, (b) authorized the use of the Second Lien Lenders' cash collateral and (c) provided adequate protection to the Second Lien Lenders (which adequate protection included payment of the fees of the professionals of the Second Lien Agent and the Second Lien Lead Investors). The second order authorized the Debtors to use the cash collateral of the First Lien Lenders and provided such lenders with adequate protection (which adequate protection included the monthly payment of interest at the default rate under the First Lien Credit Agreement and the fees and expenses of the professionals of the First Lien Lenders and the First Lien Agent). A final order authorizing the Debtors to borrow up to \$20 million from the Second Lien Lead Investors and provide adequate protection to the Second Lien Lenders was entered on January 22, 2010 (the "DIP Financing Order"). A final order authorizing the Debtors to use the cash collateral of, and provide adequate protection to, the First Lien Lenders was entered on January 22, 2010 (the "Cash Collateral Order"). The DIP financing provided by the DIP Lenders is junior in priority to the liens and claims of the First Lien Lenders.

### **3. Miscellaneous Matters**

Shortly after the Petition Date, and in compliance with the terms of the RSA and the other Restructuring Documents, the Debtors filed with the Bankruptcy Court motions to (i) assume their obligations under the Restructuring Documents (including the payment of certain commitment fees and a break-up fee, as described therein, and payment or reimbursement of the reasonable out-of-pocket fees and expenses of the Second Lien Lead Investors), (ii) restrict trading in the membership interests of NM Investors and other actions in order to preserve certain favorable tax attributes (in particular, up to \$230 million in net operating losses) and (iii) file all necessary transfer applications with the FCC (to effect the transactions contemplated by the Plan) and pay all associated fees. The Bankruptcy Court granted these motions by orders dated January 22, 2010.

On February 2, 2010, the Debtors filed a motion to set March 29, 2010 as the Bar Date for all creditors of the Debtors other than Governmental Units. As set forth in section 502(b)(9) of the Bankruptcy Code, the Bar Date for Governmental Units is 180 days after the Petition Date, or June 21, 2010.

#### **B. EXCLUSIVITY**

The Debtors have the exclusive right to file a chapter 11 plan of reorganization until April 20, 2010, and the exclusive right to solicit acceptances thereof until June 19, 2010. The Debtors have not sought any extensions of those dates as of the date hereof.

The Debtors filed their Plan on January 5, 2010, as amended on February 12, 2010. A hearing on confirmation of the Plan is scheduled for March 22, 2010 at 4:00 p.m. prevailing Eastern Time.

#### **C. BAR DATES**

As previously set forth, the Debtors have requested that March 29, 2010 be set as the Bar Date for all creditors of the Debtors, except Governmental Units. The Bar Date for Governmental Units is June 21, 2010.

Under section 2.1 of the Plan, requests for payment of Administrative Expense Claims arising prior to the Effective Date must be filed within thirty (30) days after the Effective Date. Professional Persons holding Fee Claims must also file such Claims within thirty (30) days after the Effective Date.

#### **D. CLAIMS AGAINST THE DEBTORS**

##### **1. In General**

Although the Bar Date has not yet passed, the Debtors' records reflect the following Claims against their respective estates:

Secured Claims in respect of the First Lien Debt: approximately \$165 million

Secured Claims in respect of the Second Lien Debt: approximately \$89.4 million

Priority Tax Claims:	approximately \$575,000
General Unsecured Claims:	approximately \$3.1 million

As of the date of this Disclosure Statement, approximately 63 proofs of claim have been filed, in the aggregate, against all of the Debtors, asserting the following:

Secured Claims:	approximately \$222,000
Priority Tax Claims:	approximately \$198,000
Priority Non-Tax Claims:	approximately \$18,000
General Unsecured Claims:	approximately \$225,000

The Debtors have not yet reviewed these proofs of claim to determine their validity, nor have the Debtors yet reconciled these claims with their business records. The Debtors will conduct a claims review and analysis in the normal course, but do not expect the ultimate amount of allowed claims to differ materially from the amounts reflected in their business records..

## **2. General Unsecured Claims**

The Debtors' unsecured creditors consist mostly of vendors of goods and services. Of these vendors, several may have delivered goods to the Debtors within twenty (20) days prior to the Petition Date and may be entitled to payment in full for such delivered goods pursuant to Section 503(b)(9) of the Bankruptcy Code. The Debtors do not anticipate that there will be a significant amount of Claims subject to administrative expense claim status under section 503(b)(9). As stated above, the Debtors currently estimate that the total amount of Allowed General Unsecured Claims will be approximately \$3.1 million. Holders of Allowed General Unsecured Claims will be paid in full under the Plan.

## **3. Administrative Expense Claims**

The Debtors believe that, as of the Confirmation Date, there will be approximately \$10.75 million in Administrative Expense Claims. These amounts are comprised of the following:

- Approximately \$5.05 million in DIP Claims;
- Approximately \$4.2 million in unpaid postpetition accounts payable;<sup>9</sup> and
- Approximately \$1.5 million in legal and advisory fees for all of the Debtors' professionals, and the professionals of the First Lien Lenders, First Lien Agent,

<sup>9</sup> Although the Debtors estimate approximately \$4.2 million in postpetition payables will be unpaid as of the Confirmation Date, such is due to the normal payable cycle. The Debtors thus expect to pay these amounts in the ordinary course of business.

Second Lien Lead Investors and Second Lien Agent (whom the Debtors are required to pay under the DIP Financing Order and the Cash Collateral Order.<sup>10</sup>

Under the Plan, Allowed Administrative Expense Claims will be paid in full on the Effective Date. Requests for payment of Administrative Expense Claims must be filed no later than thirty (30) days following the Effective Date, unless an earlier date is set by separate Bankruptcy Court order.

**4. Priority Non-Tax Claims**

The Debtors believe that, as of the Confirmation Date, there will not be any amounts owing in respect of Priority Non-Tax Claims. To the extent any Priority Non-Tax Claims are ultimately Allowed, such Claims will be paid in full under the Plan.

**5. Secured Claims and Priority Tax Claims**

The Debtors believe that, as of the Confirmation Date, there will be approximately \$575,000 in Priority Tax Claims. Holders of Priority Tax Claims will be paid in full on the Effective Date of the Plan. As stated earlier, the Debtors owe approximately \$254.4 million, in the aggregate, to the First Lien Lenders, the Second Lien Lenders and the interest swap counterparty. All First Lien Debt will be paid in full under the Plan, and the Second Lien Lenders will receive 95% of the equity in Reorganized NM Group, subject to dilution, as set forth below and in the Plan.

**V. REORGANIZED DEBTORS' BUSINESS AND FINANCIAL PROJECTIONS**

Upon and following the Effective Date of the Plan, the Reorganized Debtors intend to operate their radio and outdoor businesses in accordance with their past practices, and will continue to evaluate strategic opportunities in both the radio and outdoor segments that will maximize value for all of the Reorganized Debtors' constituents. The Debtors have believed in, and continue to believe in, their existing business and business plan, and are confident that their financial results will improve as the state of the U.S. economy improves. To that end, the Debtors expect that there will be growth in the OOH industry in the second half of 2010, and the Debtors intend to be positioned to take advantage of the potential upswing in the market.

As a condition to confirmation of the Plan, the Bankruptcy Code requires, among other things, the Bankruptcy Court to find that confirmation is not likely to be followed by either a liquidation or the need for further financial reorganization unless such liquidation or further reorganization is called for by the Plan. In connection with the Plan, and for purposes of satisfying this feasibility standard, the Company's management has developed the financial projections (the "Projections") set forth below.

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<sup>10</sup> Professional fees could increase by approximately \$4.5 million by the Confirmation Date, due to the potential timing of payment of professional fees prior to the Confirmation Date. Such amounts are, however, reflected in the budget and have otherwise been accounted for.



The Company prepared the Projections in good faith, based upon estimates and assumptions made by the Company's management. The estimates and assumptions in the Projections, while considered reasonable by management, may not be realized and are inherently subject to uncertainties and contingencies.<sup>11</sup> Such estimates and assumptions are also based on factors such as industry performance and general business, economic, competitive, regulatory, market and financial conditions, all of which are difficult to predict and generally beyond the Company's control. As a result, no representations can be made as to the accuracy of the Projections or the Reorganized Debtors' ability to achieve the projected results. The Projections may, therefore, not be relied upon as a guarantee or other assurance of actual results that will occur.

The Company did not prepare the Projections with a view towards complying the guidelines for prospective financial statements published by the American Institute of Certified Public Accountants, and the Company's auditor has not examined the Projections, determined the reasonableness thereof, or expressed an opinion with respect thereto. Neither the Company nor the Reorganized Debtors intend to, and they each disclaim any obligation to (i) furnish any updated projections to holders of Allowed Claims or Equity Interests prior to the Effective Date or to any party after the Effective Date (except as may otherwise be required by any Bankruptcy Court orders or definitive documentation entered into by the Company under the Plan upon the Effective Date or thereafter) or (ii) otherwise make such updated information publicly available.

#### **1. Summary of Financial Projections and Significant Underlying Assumptions**

Set forth below is a summary of the Projections regarding revenues, expenses, EBITDA, capital expenditures and the financing needs of the Debtors and the Reorganized Debtors for the fiscal year ended December 31, 2009 and fiscal years ended December 31, 2010 ("FY2010") through December 31, 2014 ("FY2014") (the "Projection Period"). The Projections are based on a number of assumptions, including the expectation that the Company has ample liquidity to achieve these Projections, either through the generation of free cash flow, significant cash reserves or availability under third party financing. Capital may be used to maintain or update physical locations, capitalize on acquisition opportunities or expand into new markets as favorable opportunities arise.

Revenue Assumptions: During 2009, the Company expects to have generated \$75.3 million in combined revenues, down from \$87.5 million in the prior year. The 14.0% decline in revenues is due to decreased radio and outdoor advertising spending, particularly in the automotive and real estate industries, as a result of the economic recession that began in late 2007. Radio revenues for 2009 are expected to be \$47.5 million, down 12.1% from the prior year. Outdoor revenues for 2009 are expected to be \$27.8 million, down 16.9% from the prior year. FY2010 radio revenues are projected to be \$49.2 million and are expected to increase to \$58.3 million in FY2014. The 4.3% compounded annualized growth rate from FY2010 to FY2014 is primarily driven by accelerated economic recoveries that are expected to lead to more advertising dollars being spent by local advertisers primarily in the Chicago, Myrtle Beach and San Jose radio markets. FY2010 outdoor revenues are projected to be \$28.9 million and are expected to increase to \$40.0 million in FY2014. The 8.5% compounded annualized growth rate

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<sup>11</sup> For purposes of the Projections, the Company has assumed that the Exit Facility will be in the amount of \$127.5 million.

from FY2010 to FY2014 is primarily driven by the expected recovery of rates and inventory levels of previous years as new and past advertisers return to spending dollars on marketing their businesses.

Cost Assumptions: Operating expenses in 2009 are expected to be lower at \$47.4 million compared to \$52.3 million in 2008. The 9.4% decline in operating expenses is primarily related to fixed and variable cost reductions initiated in direct relationship to the decline in revenue as a result of the recession. Radio operating expenses for 2009 are expected to be \$32.3 million, down 8.4% from the prior year. Outdoor operating expenses for 2009 are expected to be \$15.1 million, down 11.5% from the prior year. Radio and outdoor operating expenses are projected to increase 2.5%-3.2% during the Projection Period. The increase in expenses is due to the reintroduction of fixed costs that were temporarily eliminated during the Company's restructuring initiatives and variable expense growth related to higher revenues.

BCF Assumptions: BCF ("business cash flow," more commonly known as profit or income from operations) is expected to increase from \$28.9 million in FY2010 to \$43.6 million in FY2014. The 10.9% compounded annualized growth rate increase from FY2010 to FY2014 is attributable to the increased revenue less associated variable costs and some increase in fixed costs. BCF margins are expected to improve slightly over the Projection Period. Radio BCF for 2009 is expected to be \$15.2 million, down 19.1% from the prior year. Outdoor BCF for 2009 is expected to be \$12.7 million, down 22.6% from the prior year. FY2010 radio BCF is expected to be \$15.9 million and will increase to \$21.6 million in FY2014. FY2010 outdoor BCF is expected to be \$13.0 million and will increase to \$22.0 million in FY2014.

Adjusted EBITDA: Adjusted EBITDA for 2009 is projected to be \$23.3 million, down from \$32.5 million in 2008. The 28.4% decline in EBITDA is due to the decline in radio and outdoor advertising spending during the recession. Over the Projection Period, Adjusted EBITDA is expected to increase to \$37.9 million in FY2014. Adjusted EBITDA margins are expected to improve from 30.9% in 2009 to 38.6% in FY2014. The increases in Adjusted EBITDA and Adjusted EBITDA margins are attributable to the Company's ability to leverage its fixed cost structure and revenue growth associated with improving economic conditions.

Capital Expenditures: Historically, capital expenditures have averaged \$3.3 million since 2005 (except in 2007 when capital expenditures reached \$4.0 million) and are split between maintenance and revenue-producing capital expenditures. The Company is expected to make the following capital expenditures: \$4.1 million in 2009, \$6.5 million in FY2010 and \$6.0 million annually thereafter. Maintenance expenditures are expected to decrease from \$2.7 million in 2009 to \$1.7 million in FY2014. Revenue-producing expenditures are expected to increase from \$0.6 million in FY2009 to \$4.2 million in FY2014. The increase in revenue producing capital expenditures is primarily due to the rollout of pre-sold digital billboards in the Northern Colorado, Green Bay and Myrtle Beach outdoor markets.

Working Capital: As revenues grow during the Projection Period, working capital changes will range from increases of \$1.3 million to decreases of \$900,000. Projected days sales outstanding ("DSO") are based on a historical DSO trend of 53 to 55 days. Payable turn around days is based on a historical trend of 45 to 50 days.

## 2. Financial Projections

### NextMedia 5-Year Business Plan: Consolidated Income Statement

<b>CONSOLIDATED INCOME STATEMENT</b>							
<i>(\$ in millions)</i>	2008A	2009E	2010E	2011E	2012E	2013E	2014E
Radio Revenue	\$54.1	\$47.5	\$49.2	\$52.0	\$54.3	\$56.3	\$58.3
<i>% Growth</i>	<i>(5.4)%</i>	<i>(12.1)%</i>	<i>3.5%</i>	<i>5.7%</i>	<i>4.4%</i>	<i>3.6%</i>	<i>3.6%</i>
Outdoor Revenue	\$33.4	\$27.8	\$28.9	\$31.2	\$33.9	\$36.8	\$40.0
<i>% Growth</i>	<i>(0.3)%</i>	<i>(16.9)%</i>	<i>4.0%</i>	<i>8.1%</i>	<i>8.6%</i>	<i>8.7%</i>	<i>8.7%</i>
<b>Total Revenue</b>	<b>\$ 87.5</b>	<b>\$ 75.3</b>	<b>\$ 78.1</b>	<b>\$ 83.2</b>	<b>\$ 88.2</b>	<b>\$ 93.1</b>	<b>\$ 98.3</b>
<i>% Growth</i>	<i>(3.5)%</i>	<i>(14.0)%</i>	<i>3.7%</i>	<i>6.6%</i>	<i>6.0%</i>	<i>5.6%</i>	<i>5.7%</i>
<b>Broadcast Cash Flow</b>	<b>\$ 35.2</b>	<b>\$ 27.9</b>	<b>\$ 28.9</b>	<b>\$ 32.3</b>	<b>\$ 35.8</b>	<b>\$ 39.4</b>	<b>\$ 43.6</b>
<i>% Margin</i>	<i>40.2%</i>	<i>37.1%</i>	<i>37.0%</i>	<i>38.8%</i>	<i>40.6%</i>	<i>42.3%</i>	<i>44.4%</i>
Corporate Overhead	4.7	4.6	4.8	5.0	5.2	5.5	5.7
<b>EBITDA</b>	<b>\$ 30.5</b>	<b>\$ 23.3</b>	<b>\$ 24.1</b>	<b>\$ 27.3</b>	<b>\$ 30.6</b>	<b>\$ 34.0</b>	<b>\$ 37.9</b>
One Time Items	(2.1)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Adj. EBITDA</b>	<b>\$ 32.5</b>	<b>\$ 23.3</b>	<b>\$ 24.1</b>	<b>\$ 27.3</b>	<b>\$ 30.6</b>	<b>\$ 34.0</b>	<b>\$ 37.9</b>
<i>% Margin</i>	<i>37.2%</i>	<i>30.9%</i>	<i>30.8%</i>	<i>32.8%</i>	<i>34.7%</i>	<i>36.5%</i>	<i>38.6%</i>
Depreciation and Amortization	(11.5)	(8.8)	(8.6)	(8.4)	(8.1)	(8.1)	(8.1)
<b>EBIT (\$ mm)</b>	<b>\$ 21.0</b>	<b>\$ 14.5</b>	<b>\$ 15.5</b>	<b>\$ 19.0</b>	<b>\$ 22.5</b>	<b>\$ 25.8</b>	<b>\$ 29.8</b>
Interest Expense	(27.1)	(24.2)	(13.8)	(10.5)	(10.0)	(9.2)	(7.8)
Less: Proforma Interest Asset Sale	5.4	0.0	0.0	0.0	0.0	0.0	0.0
PIK - 2nd Lien Int and Swap Adjustment	(0.6)	8.4	(0.2)	0.0	0.0	0.0	0.0
Cash Taxes & AMT Asset Gains	(0.5)	(0.2)	(0.2)	(0.3)	(0.3)	(0.4)	(1.8)
<b>Net Income</b>	<b>\$(1.8)</b>	<b>\$(1.6)</b>	<b>\$ 1.3</b>	<b>\$ 8.1</b>	<b>\$ 12.1</b>	<b>\$ 16.2</b>	<b>\$ 20.2</b>

NextMedia 5-Year Business Plan:  
Consolidated Balance Sheet

<b>CONSOLIDATED BALANCE SHEET</b>							
<i>(\$ in millions)</i>	2008A	2009E	2010E	2011E	2012E	2013E	2014E
<b>Assets</b>							
Cash	\$ 3.3	\$ 5.7	\$ 3.4	\$ 3.4	\$ 3.4	\$ 3.4	\$ 3.4
Accounts receivable	13.0	11.0	12.0	12.5	\$ 13.3	14.0	14.8
Pre-Paid and Other	1.9	1.7	1.8	1.7	\$ 1.8	1.9	2.0
<b>Total Current Assets</b>	<b>\$ 18.2</b>	<b>\$ 18.4</b>	<b>\$ 17.2</b>	<b>\$ 17.6</b>	<b>\$ 18.5</b>	<b>\$ 19.3</b>	<b>\$ 20.2</b>
Property & Equipment	\$ 56.5	\$ 55.5	\$ 56.8	\$ 57.4	\$ 58.1	\$ 58.7	\$ 59.4
Intangibles	143.6	147.8	150.7	147.7	144.9	142.1	139.3
<b>Total Assets</b>	<b>\$ 218.3</b>	<b>\$ 221.7</b>	<b>\$ 224.7</b>	<b>\$ 222.7</b>	<b>\$ 221.5</b>	<b>\$ 220.1</b>	<b>\$ 218.9</b>
<b>Liabilities</b>							
Accounts payable and accruals	\$ 6.9	\$ 7.1	\$ 7.4	\$ 7.7	\$ 7.9	\$ 8.1	\$ 8.3
Accrued interest	0.0	8.4	1.0	1.0	1.0	1.0	1.0
Other (Interest Swap)	9.3	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Current Liabilities</b>	<b>\$16.2</b>	<b>\$15.5</b>	<b>\$8.4</b>	<b>\$8.7</b>	<b>\$8.9</b>	<b>\$9.1</b>	<b>\$9.3</b>
Revolver	\$ 18.6	\$ 42.3	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
Frist Lien Debt	135.4	120.0	123.8	113.4	99.8	82.1	60.5
DIP Loan	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Second Lien Debt	80.6	5.0	0.0	0.0	0.0	0.0	0.0
<b>Total Debt</b>	<b>\$ 234.6</b>	<b>\$ 167.4</b>	<b>\$ 123.8</b>	<b>\$ 113.4</b>	<b>\$ 99.8</b>	<b>\$ 82.1</b>	<b>\$ 60.5</b>
Deferred taxes and other	\$ 2.2	\$ 83.6	\$ 20.2	\$ 20.2	\$ 20.2	\$ 20.2	\$ 20.2
Equity	(34.7)	(44.8)	72.3	80.4	92.6	108.7	128.9
<b>Total Liabilities &amp; Equity</b>	<b>\$ 218.3</b>	<b>\$ 221.7</b>	<b>\$ 224.7</b>	<b>\$ 222.7</b>	<b>\$ 221.5</b>	<b>\$ 220.1</b>	<b>\$ 218.9</b>

**NextMedia 5-Year Business Plan:  
Consolidated Cash Flow Statement**

<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>					
<i>(\$ in millions)</i>	2010E	2011E	2012E	2013E	2014E
<u>Operating Activities</u>					
Net Income (Loss)	\$1.3	\$8.1	\$12.1	\$16.2	\$20.2
Depreciation	6.9	6.6	6.3	6.3	6.3
Non-cash interest expense	1.9	1.8	1.8	1.8	1.8
Provision for bad debt expense	0.8	0.8	0.9	0.9	1.0
Other	0.0	0.0	0.0	0.0	0.0
Increase (Decrease) in Working Capital	(1.6)	(1.0)	(1.5)	(1.6)	(1.7)
Cash Provided by (Used in) Operating Activities	\$9.2	\$16.3	\$19.6	\$23.7	\$27.6
<u>Investing Activities</u>					
Purchase of equipment	(\$6.5)	(\$6.0)	(\$6.0)	(\$6.0)	(\$6.0)
Payments for acquisitions, net of cash provided	0.0	0.0	0.0	0.0	0.0
Proceeds from sale of properties	0.0	0.0	0.0	0.0	0.0
Cash Provided by (Used in) Investing Activities	(\$6.5)	(\$6.0)	(\$6.0)	(\$6.0)	(\$6.0)
<u>Financing Activities</u>					
Proceeds from DIP	\$15.0	\$0.0	\$0.0	\$0.0	\$0.0
Repayment of First Lien and DIP	(182.3)	0.0	0.0	0.0	0.0
SVP/AG term loan facility	127.5	0.0	0.0	0.0	0.0
SVP/AG equity investment	55.0	0.0	0.0	0.0	0.0
Repayment of New First Lien	(3.7)	(10.3)	(13.6)	(17.7)	(21.6)
Financing related costs	(16.3)	0.0	0.0	0.0	0.0
Dividend to parent	0.0	0.0	0.0	0.0	0.0
Other	(0.2)	0.0	0.0	0.0	0.0
Cash Provided by (Used in) Financing Activities	(\$5.1)	(\$10.3)	(\$13.6)	(\$17.7)	(\$21.6)
Net Change in Cash	(\$2.3)	\$0.0	\$0.0	\$0.0	\$0.0
Beginning Cash Balance	5.7	3.4	3.4	3.4	3.4
Ending Cash Balance	\$3.4	\$3.4	\$3.4	\$3.4	\$3.4

## VI. THE PLAN

As stated earlier, the Plan contemplates a reorganization of the Debtors and a restructuring of their various financial obligations. Set forth below is the treatment of each class of Claims and Equity Interests and the consideration to be paid to each member of each class under the Plan. The treatment and payment of Administrative Expense Claims are also discussed.

**A. CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS UNDER THE PLAN**

**1. Priority Non-Tax Claims**

Except to the extent that a holder of an Allowed Priority Non-Tax Claim agrees to a different treatment, each holder of an Allowed Priority Non-Tax Claim in Class 1 will be paid in full in Cash on the later of the Effective Date of the Plan or ten (10) days after the Bankruptcy Court enters an order allowing a Priority Non-Tax Claim. The holders of Priority Non-Tax Claims are unimpaired, deemed to accept the Plan, and not entitled to vote thereon.

**2. First Lien Claims**

Except to the extent that a holder of an Allowed First Lien Claim agrees to less favorable treatment, each holder of an Allowed First Lien Claim in Classes 2a and 2b will receive, in full satisfaction of such Claim, Cash in an amount equal to such holder's Allowed First Lien Claim (including, without limitation, interest on the obligations under the First Lien Credit Agreement accrued and unpaid through the Effective Date at the default rate set forth in the First Lien Credit Agreement). Upon such payment, the First Lien Claims shall be deemed satisfied in full and discharged, and the First Lien Credit Agreement and all Liens securing the obligations thereunder shall be terminated and of no further force or effect. The holders of the First Lien Claims are unimpaired, deemed to accept the Plan, and not entitled to vote thereon.

**3. Second Lien Claims**

Each holder of an Allowed Second Lien Claim, classified in Classes 3a and 3b, shall receive its pro rata share of an initial allocation of 95% of the New NextMedia Common Stock, in the form of shares of New NextMedia Class A Common Stock, subject to dilution through the issuance of shares of (i) New NextMedia Class B Common Stock to the Second Lien Lead Investors (in exchange for their Equity Investment) and (ii) New NextMedia Class A Common Stock pursuant to the Management Incentive Plan. Upon the Effective Date, all Second Lien Claims shall be deemed satisfied in full and discharged, and the Second Lien Credit Agreement and all Liens securing the obligations thereunder shall be terminated and of no further force or effect.

Each holder of an Allowed Second Lien Claim shall, on the ballot to be provided to such holder to vote to accept or reject the Plan, indicate its election to receive its *pro rata* share of New NextMedia Class A Common Stock in the form of either (i) class A voting common stock or (ii) class A limited-voting common stock. If any holder of an Allowed Second Lien Claim fails to make such an election on its ballot, such holder shall be deemed to have elected, and shall receive, class A limited-voting common stock. Notwithstanding any election made by any holder of an Allowed Second Lien Claim to the contrary, the Debtors may, in the exercise of their reasonable business judgment, after consultation with the Second Lien Agent, issue class A limited-voting common stock to any holder of an Allowed Second Lien Claim as may be necessary to comply with applicable FCC rules and regulations.

The holders of the Second Lien Claims are impaired and entitled to vote to accept or reject the Plan.

**4. Other Secured Claims**

Except to the extent that a holder of an Allowed Other Secured Claim agrees to less favorable treatment, each holder of an Allowed Other Secured Claim in Class 4 shall, at the Debtors' option, in consultation with the Second Lien Lead Investors: (i) be reinstated or otherwise rendered unimpaired in accordance with section 1124 of the Bankruptcy Code, notwithstanding any contractual provision or applicable non-bankruptcy law that entitles the holder of an Allowed Other Secured Claim to demand or receive payment of such Claim prior to its stated maturity from and after the occurrence of an event of default, (ii) be paid in the ordinary course of business in accordance with the course of practice between the Debtors and such holder with respect to such Allowed Other Secured Claim, or (iii) receive the Collateral securing such Allowed Other Secured Claim.

Holders of Other Secured Claims are unimpaired, deemed to accept the Plan, and not entitled to vote thereon.

**5. General Unsecured Claims**

Each holder of an Allowed General Unsecured Claim, classified in Class 5, shall, in full satisfaction, settlement, release, and discharge of, and in exchange for, such Allowed General Unsecured Claim, at the Debtors option, in consultation with the Second Lien Lead Investors: (i) to the extent such Allowed General Unsecured Claim is due and owing on the Effective Date, (a) be paid in full in Cash on the later of the Effective Date and the date such Claim becomes an Allowed General Unsecured Claim, or, in each case, as soon as practicable thereafter, or (b) otherwise be paid in accordance with the terms of any agreement between the Debtors and such holder; (ii) to the extent such Allowed General Unsecured Claim is not due and owing on the Effective Date, be paid in full in Cash when and as such Allowed General Unsecured Claim becomes due and owing in the ordinary course of business; or (iii) receive treatment that leaves unaltered the legal, equitable, and contractual rights to which such Allowed General Unsecured Claim entitles the holder of such Claim. Holders of General Unsecured Claims are unimpaired, deemed to accept the Plan, and not entitled to vote thereon.

**6. Equity Interests in NM OpCo, NM Outdoor, NM Northern Colorado and NM Licensing**

On the Effective Date, each holder of an Equity Interest in NM OpCo, NM Outdoor, NM Northern Colorado and NM Licensing shall retain its Equity Interest. Holders of Equity Interests in Class 6 are unimpaired, deemed to accept the Plan, and not entitled to vote thereon.

**7. Equity Interests in NM Group**

On the Effective Date, the Equity Interests in NM Group, classified in Class 7, shall be cancelled and extinguished, and the holder of the Equity Interests in NM Group shall receive 5% of the New NextMedia Common Stock, in the form of shares of New NextMedia Class A Common Stock, subject to dilution through the issuance of shares of (i) New NextMedia Class B Common Stock to the Second Lien Lead Investors (in exchange for the Equity Investment) and (ii) New NextMedia Class A Common Stock pursuant to the Management Incentive Plan. NM Investors (as the holder of the Equity Interests in NM Group) shall immediately distribute its

shares of New NextMedia Class A Common Stock to the holders of the Equity Interests in NM Investors in accordance with the terms of the NM Investors Agreement. The holder of the Equity Interests in NM Group is impaired and entitled to vote to accept or reject the Plan.

**8. Equity Interests in NM Investors**

On the Effective Date, all Equity Interests in NM Investors, classified in Class 8, shall be cancelled and extinguished. Each holder of an Equity Interest in NM Investors shall receive, via distribution from NM Investors, a number of shares of New NextMedia Class A Common Stock distributed to NM Investors pursuant to section 4.7 of the Plan, as calculated pursuant to the terms of the NM Investors Agreement. The holders of Equity Interests in NM Investors are impaired and entitled to vote to accept or reject the Plan.

**9. Equity Interests in NM Texas**

On the Effective Date, all Equity Interests in NM Texas, classified in Class 9, shall be cancelled and extinguished, and the holder of such Equity Interests shall neither receive nor retain any property on account of such Equity Interests under the Plan. The holder of the Equity Interests in NM Texas is impaired, is deemed to have voted to reject the Plan, and is not entitled to vote thereon.

**10. Equity Interests in Outdoor LLC**

On the Effective Date, all Equity Interests in Outdoor LLC, classified in Class 10, shall be cancelled and extinguished, and the holders of such Equity Interests shall neither receive nor retain any property on account of such Equity Interests under the Plan. The holders of the Equity Interests in Outdoor LLC are impaired, are deemed to have voted to reject the Plan, and are not entitled to vote thereon.

**11. Equity Interests in NM Franchising**

On the Effective Date, all Equity Interests in NM Franchising, classified in Class 11, shall be cancelled and extinguished, and the holder of such Equity Interests shall neither receive nor retain any property on account of such Equity Interests under the Plan. The holder of the Equity Interests in NM Franchising is impaired, is deemed to have voted to reject the Plan, and is not entitled to vote thereon.

**B. ADMINISTRATIVE EXPENSE CLAIMS AND PRIORITY TAX CLAIMS**

The Bankruptcy Code requires that all Administrative Expense Claims against the Debtors' estates be paid in full in cash on the Effective Date of the Plan, unless the holder of such a Claim agrees to a different treatment. Administrative Expense Claims and Priority Tax Claims are not classified under the Plan. Except to the extent the holder of an Administrative Expense Claim has agreed to a different treatment, each such holder shall receive Cash in full payment of the Allowed amount of such Claim on the later of (i) the Effective Date or (ii) ten (10) days after a Bankruptcy Court order allowing such Administrative Expense Claim has been entered on the Bankruptcy Court's docket. Except to the extent that a holder of a Priority Tax Claim has agreed to a different treatment, each holder of an Allowed Priority Tax Claim shall receive, at the option of the Debtors after consultation with the Second Lien Lead Investors, (i)



Cash in full payment of the Allowed amount of such Claim, or (ii) regular installment payments of Cash (a) having a total value, as of the Effective Date, equal to the Allowed amount of the Claim, (b) over a period ending not later than five (5) years after the Petition Date, and (c) in a manner not less favorable than the most favored nonpriority Allowed General Unsecured Claim provided for by the Plan (other than Cash payments made to a class of creditors under section 1122(b) of the Bankruptcy Code).

To the extent interest is required to be paid on any Priority Tax Claim, the rate of such interest shall be the rate determined under applicable nonbankruptcy law, as set forth in section 511 of the Bankruptcy Code. To the extent the holder of an Allowed Priority Tax Claim has a Lien on the Debtors' property, such Lien shall remain in place until such Allowed Priority Tax Claim has been paid in full. On and after the Effective Date, the Reorganized Debtors will pay all *ad valorem* property taxes as they become due, in the ordinary course of business.

Pursuant to section 2.1 of the Plan, holders of Administrative Expense Claims arising from the Petition Date through the Effective Date, other than Professional Persons holding Fee Claims, must file with the Bankruptcy Court a request for payment of such Claims within thirty (30) days after the Effective Date, unless an earlier date has been set by separate order of the Bankruptcy Court. Pursuant to section 2.2 of the Plan, Professional Persons holding Fee Claims that have not been the subject of a final fee application and accompanying Bankruptcy Court order shall similarly file a final application for payment of fees and reimbursement of expenses no later than the date that is thirty (30) days after the Effective Date.

Pursuant to section 2.4 of the Plan, Allowed DIP Claims shall be paid in full in Cash. Upon payment and satisfaction in full of all Allowed DIP Claims, all Liens and security interests granted to secure such obligations, whether in the Chapter 11 Cases or otherwise, shall be terminated and of no further force or effect.

## **C. IMPLEMENTATION OF THE PLAN**

### **1. Equity Investment by Second Lien Lead Investors**

Upon the Effective Date, the Second Lien Lead Investors shall, severally and not jointly, make the Equity Investment and, in exchange therefor, receive shares of New NextMedia Class B Common Stock, which shall represent 66.67% of the shares of New NextMedia Common Stock, subject to dilution only by the shares of New NextMedia Class A Common Stock to be issued pursuant to the Management Incentive Plan. Each Second Lien Lead Investor shall elect to receive its *pro rata* share of New NextMedia Class B Common Stock in the form of either (i) class B voting common stock or (ii) class B limited-voting common stock by so-indicating on the Subscription Agreement. Notwithstanding any election made by any Second Lien Lead Investor to the contrary, the Debtors may, in the exercise of their reasonable business judgment, issue class B limited-voting common stock to any Second Lien Lead Investor as may be necessary to comply with applicable FCC rules and regulations.

### **2. Exit Financing**

Upon the Effective Date, the Reorganized Debtors shall enter into the Exit Financing. The proceeds thereof (along with the proceeds of the Equity Investment, Cash on hand and any

additional financing that may be necessary in an amount to be determined (subject to the terms and conditions of the Exit Financing (including any limitations therein on the incurrence of additional debt and liens)) shall be used to pay all First Lien Claims and all other Claims that are to be paid in Cash as set forth in the Plan.

**3. Management Incentive Plan and Management Employment Agreements**

Upon the Effective Date, Reorganized NM Group shall adopt the Management Incentive Plan. The Management Incentive Plan shall provide for the award of non-qualified options to designated members of senior management of the Reorganized Debtors to acquire up to 14% of the fully diluted shares of New NextMedia Common Stock (after giving effect to the Equity Investment, the issuance of New NextMedia Common Stock to holders of Allowed Second Lien Claims and the holder of the Equity Interests NM Group). The Management Incentive Plan shall incorporate the principal terms and conditions set forth in the Plan Supplement.

The Debtors' senior management shall continue in their positions following the Effective Date, subject to such individuals waiving certain terms of their Existing Employment Agreements. On or prior to the Effective Date (effective as of the Effective Date), each member of the Debtors' senior management shall enter into a New Employment Agreement with Reorganized NM Group. Upon the Effective Date, such New Employment Agreements shall supersede and replace the Existing Employment Agreements, and the Existing Employment Agreements shall be deemed null, void, terminated and of no further force or effect.

**4. New Shareholders Agreement and Registration Rights Agreement**

Upon the Effective Date, or as soon thereafter as may be practicable, all holders of New NextMedia Common Stock (including, without limitation holders of options issued under the Management Incentive Plan) shall enter into the New Shareholders Agreement. Also upon the Effective Date, or as soon thereafter as may be practicable, all holders of New NextMedia Common Stock shall have the right to enter into the Registration Rights Agreement. The forms of New Shareholders Agreement and Registration Rights Agreement will be filed with the Bankruptcy Court as part of the Plan Supplement.

**5. Dissolution of NM Investors**

Upon the Effective Date, pursuant to section 4.7 of the Plan, NM Investors shall distribute to its Equity Interest holders the shares of New NextMedia Class A Common Stock distributed to NM Investors under the Plan. As soon as practicable thereafter, NM Investors shall be dissolved and shall cease to exist as a limited liability company.

**6. Dissolution of NM Texas, NM Franchising and Outdoor LLC**

On the Effective Date, or as soon as practicable thereafter, NM Texas, NM Franchising and Outdoor LLC shall be dissolved and shall cease to exist as legal entities.

7. **Reorganized Debtors' Boards of Directors, Officers and Governing Documents**

The identities of and compensation to be provided to the individuals serving on New Board will be set forth in the Plan Supplement. After the Effective Date, the New Board shall consist of five (5) members, one (1) of whom shall be the chief executive officer of Reorganized NM Group. Three (3) members of the New Board shall be designated by SVP and one (1) member of the New Board shall be designated by representatives of the holders of Allowed Second Lien Claims. For so long as SVP shall own not less than 39% of the outstanding New NextMedia Common Stock, SVP shall have the right to designate the majority of the New Board. The tenure of the New Board, and the tenure and manner of selection of subsequent directors for each of the Reorganized Debtors, shall be as provided in the New NextMedia Governing Documents and the New Shareholders Agreement.

The officers of the respective Reorganized Debtors immediately prior to the Effective Date shall serve as the initial officers of each of the respective Reorganized Debtors on and after (as may be determined by the New Board) the Effective Date and in accordance with any employment agreement entered into with the Reorganized Debtors and applicable non-bankruptcy law.

The certificate of incorporation and bylaws of each of the Reorganized Debtors, in the forms contained in the Plan Supplement, shall be their current charters and bylaws, as amended as necessary to implement the Plan including to, *inter alia*, prohibit the issuance of non-voting equity securities as required by section 1123(a)(6) of the Bankruptcy Code (other than any warrants), subject to further amendment as permitted by applicable law.

8. **General Corporate Action**

Upon the Effective Date, all actions contemplated by the Plan shall be deemed authorized and approved in all respects, including (i) adoption or assumption, as applicable, of the New Employment Agreements, (ii) selection of the directors and officers of the Reorganized Debtors, (iii) the distribution of New NextMedia Common Stock, (iv) the adoption of the Management Incentive Plan, and (v) all other actions contemplated by the Plan (whether to occur before, on or after the Effective Date). All matters provided for in the Plan involving the corporate structure of the Debtors or the Reorganized Debtors, and any corporate action required by the Debtors or the Reorganized Debtors in connection with the Plan shall be deemed to have occurred and shall be in effect, without any requirement of further action by any holders of Equity Interests or New NextMedia Common Stock, the managing members, directors or officers of the Debtors or the Reorganized Debtors. On or (as applicable) prior to the Effective Date, the appropriate officers of the Debtors or the Reorganized Debtors, as applicable, shall be authorized and directed to issue, execute and deliver the agreements, documents, securities, and instruments contemplated by the Plan (or necessary or desirable to effect the transactions contemplated by the Plan) in the name of and on behalf of the Reorganized Debtors. Such authorizations and approvals shall be effective notwithstanding any requirements under non-bankruptcy law.

## **9. Substantive Consolidation for Plan Purposes Only**

The Plan is premised upon the substantive consolidation of the Debtors (other than NM Investors, NM Texas, NM Franchising and Outdoor LLC, which are to be dissolved under the Plan) for purposes of the Plan only. Accordingly, on the Effective Date, and other than with respect to the Debtors to be dissolved under the Plan, all of the Debtors and their Estates shall, for purposes of the Plan only, be deemed merged and (i) all assets and liabilities of such Debtors shall be treated as though they were merged, (ii) all guarantees of such Debtors of payment, performance or collection of obligations of any other of such Debtors shall be eliminated and cancelled, (iii) all joint obligations of such Debtors and all multiple Claims against such entities on account of such joint obligations, shall be considered a single claim against such Debtors, and (iv) any Claim filed in the Chapter 11 Cases shall be deemed filed against the consolidated Debtors and a single obligation of the consolidated Debtors on and after the Effective Date. Such substantive consolidation shall not (other than for purposes of voting, treatment, and distribution under the Plan) affect (x) the legal and/or corporate structures of the Debtors (other than with respect to those Debtors to be dissolved under the Plan) or (y) any intercompany claims.

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 limited consolidation of the Debtors set forth above and in the Plan, solely for voting, treatment and distribution purposes. Unless an objection is made in writing by any creditor affected by the Plan on or before the Confirmation Objection Deadline, the Bankruptcy Court may enter the Confirmation Order. If an objection is timely filed, a hearing will be scheduled before the Bankruptcy Court which may, but need not, coincide with the Confirmation Hearing.

The Debtors do not believe that any party in interest will oppose the Plan's treatment of the Debtors on a substantively consolidated basis as set forth above and, as such, substantive consolidation will be implemented with consent, consistent with the Third Circuit's ruling in *In re Owens Corning*, 419 F.3d 195, 211 (3d Cir. 2005).

## **10. Continued Separate Existence**

Subject to the transactions contemplated by the Plan, and except as provided in the Plan, each Debtor shall continue to exist after the Effective Date as a separate legal entity, with all the powers afforded to it under applicable law in the jurisdiction in which such Debtor is organized and pursuant to the organizational documents in effect with respect to such Debtor prior to the Effective Date, except to the extent such organizational documents are amended by, or are to be amended pursuant to, the Plan or otherwise, without prejudice to any right to terminate such existence (whether by merger or otherwise) under applicable law after the Effective Date.

## **D. DESCRIPTION OF NEW NEXTMEDIA COMMON STOCK**

The Plan calls for the issuance of two (2) classes of New NextMedia Common Stock: New NextMedia Class A Common Stock (the "Class A Stock") and New NextMedia Class B Common Stock (the "Class B Stock").

As set forth herein and in the Plan, shares of Class A Stock representing 95% of the New NextMedia Common Stock will be issued to the holders of Second Lien Claims, subject to dilution through the issuance of shares of (i) Class B Stock to the Second Lien Lead Investors and (ii) Class A Stock pursuant to the Management Incentive Plan. Five percent (5%) of the New NextMedia Common Stock, in the form of Class A Stock, will be issued to NM Investors (to be distributed to the holders of the membership interests in NM Investors), subject to dilution through the issuance of shares of (i) Class B Stock to the Second Lien Lead Investors and (ii) Class A Stock pursuant to the Management Incentive Plan.

Shares of Class B Stock representing 66.67% of the shares of New NextMedia Common Stock shall be issued to the Second Lien Lead Investors, subject to dilution only by the issuance of Class A Stock pursuant to the Management Incentive Plan.

The Class A Stock will be comprised of (i) shares of class A voting common stock of Reorganized NM Group, par value \$0.01 per share and (ii) shares of class A limited-voting common stock of Reorganized NM Group, par value \$0.01 per share.

The Class B Stock will be comprised of (i) shares of class B voting common stock of Reorganized NM Group, par value \$0.01 per share and (ii) shares of class B limited voting common stock of Reorganized NM Group, par value \$0.01 per share. The Class B Stock will have a liquidation preference and dividends may be declared by the New Board at any time, all as set forth more fully in the New NextMedia Governing Documents to be filed with the Bankruptcy Court as part of the Plan Supplement.

The New NextMedia Common Stock will be subject to: (i) a Registration Rights Agreement, which will obligate the Reorganized Debtors to register for resale certain shares of New NextMedia Common Stock under the Securities Act in accordance with the terms set forth in such agreement (which shall be filed with the Bankruptcy Court as part of the Plan Supplement); and (ii) the New Shareholders' Agreement, which will govern the holders of New NextMedia Common Stock (which shall be filed with the Bankruptcy Court as part of the Plan Supplement) and will contain customary minority protections, transfer restrictions, rights of first refusal as well as registration, preemptive, drag-along and tag-along rights.

## **VII. ADDITIONAL PROVISIONS AND EFFECT OF THE PLAN**

### **A. LEGAL EFFECT OF THE PLAN**

#### **1. Discharge of the Debtors**

Except as otherwise expressly provided in the Plan, upon the Effective Date, and in consideration of the distributions to be made under the Plan, each holder (as well as any trustees and agents on behalf of each holder) of a Claim or Equity Interest and any affiliate of such holder shall be deemed to have forever waived, released and discharged the Debtors, to the fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all Claims, Equity Interests, rights and liabilities that arose prior to the Effective Date, regardless of whether or not (i) a proof of Claim or Equity Interest has been filed, (ii) such Claim or Equity Interest was Allowed, or (iii) the holder of such Claim or Equity Interest has voted to accept or reject the

Plan. Upon the Effective Date, all such Persons shall be forever precluded and enjoined, pursuant to section 524 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim against or terminated Equity Interest in the Reorganized Debtors.

## 2. Exculpations

The Debtors, the Disbursing Agent, the DIP Lenders, the Second Lien Lead Investors, the Agents, the Prepetition Lenders, and each of their respective present or former members, managers, officers, directors, employees, equity holders, partners, affiliates, funds, advisors, attorneys, or agents, or any of their successors or assigns, shall not have or incur any liability to any holder of a Claim or an Equity Interest, or any other party-in-interest, or any of their respective agents, employees, equity holders, partners, members, representatives, financial advisors, attorneys, or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of the administration of the Chapter 11 Cases, the negotiation and pursuit of approval of the Disclosure Statement, the solicitation of acceptances of the Plan, the pursuit of confirmation of the Plan, the funding of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, and shall be deemed to have acted in good faith in connection therewith and entitled to the protections of section 1125(e) of the Bankruptcy Code. Notwithstanding anything to the contrary contained in the Plan, section 11.3 of the Plan shall not exculpate any party from any liability based upon gross negligence or willful misconduct.

## 3. Releases

### a. **By the Debtors**

On the Effective Date, effective as of the Confirmation Date, the Debtors shall release and be permanently enjoined from any prosecution or attempted prosecution of any and all Claims and causes of action, whether known or unknown, foreseen or unforeseen, liquidated or unliquidated, contingent or non-contingent, including any Claims or causes of action under Chapter 5 of the Bankruptcy Code, which they have or may have against any of their respective members, managers, directors and officers, the DIP Lenders, the Second Lien Lead Investors, the Agents or the Prepetition Lenders, and each of their respective members, officers, directors, agents, financial advisors, attorneys, employees, equity holders, partners, affiliates, funds, and representatives and their respective property.

### b. **By Third Parties**

*Upon the Effective Date, except as otherwise provided in the Plan and except for the right to enforce the Plan, all Persons who have voted to accept the Plan or who are entitled, directly or indirectly, to receive a distribution under the Plan, shall be deemed to forever release, waive and discharge the Debtors, the Reorganized Debtors, any Committee appointed in the Chapter 11 Cases, the DIP Lenders, the Second Lien Lead Investors, the Agents, the Prepetition Lenders, the members of the Debtors' respective boards of directors and boards of managers, and each of their respective constituents, principals, officers, directors, employees, agents, representatives, attorneys, professionals, advisors, affiliates, funds, successors, predecessors, and assigns of and from any and all Liens, Claims, causes of action, liabilities, encumbrances, security interests, Equity Interests or charges of any nature or description*

*whatsoever relating to the Debtors, the Chapter 11 Cases or affecting property of the Debtors' Estates, whether known or unknown, discovered or undiscovered, scheduled or unscheduled, contingent, fixed, unliquidated or disputed, matured or unmatured, contingent or noncontingent, senior or subordinated, whether assertable directly or derivatively by, through, or related to the Debtors, against successors or assigns of the Debtors and the individuals and entities listed above, whether at law, in equity or otherwise, based upon any condition, event, act, omission, occurrence, transaction or other activity, inactivity, instrument or other agreement of any kind or nature occurring, arising or existing prior to the Effective Date in any way arising out of, relating to or connected with the operation of the Debtors' businesses or the Chapter 11 Cases, all regardless of whether (a) a proof of Claim or Equity Interest has been filed or is deemed to have been filed, (b) such Claim or Equity Interest is Allowed or (c) the holder of such Claim or Equity Interest has voted to accept or reject the Plan, except for willful misconduct or gross negligence; provided, however, that nothing in this section shall be deemed to be, or act as a bar or injunction with respect to, the FCC's enforcement of its regulatory authority under applicable FCC rules and regulations.*

#### **4. Injunction and Stay**

*Except as otherwise expressly provided in the Plan, all Persons or entities who have held, hold, or may hold Claims against or Equity Interests in any Debtor are permanently enjoined, from and after the Effective Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind on any such Claim or Equity Interest against any Reorganized Debtor or other entity released, discharged or exculpated under the Plan, (ii) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against any Reorganized Debtor with respect to any such Claim or Equity Interest, (iii) creating, perfecting or enforcing any encumbrance of any kind against any Reorganized Debtor, or against the property or interests in property of any Reorganized Debtor, as applicable with respect to any such Claim or Equity Interest, (iv) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from any Reorganized Debtor, or against the property or interests in property of any Reorganized Debtor with respect to any such Claim or Equity Interest, and (v) pursuing any Claim released pursuant to section 11.5 of the Plan.*

Unless otherwise provided, all injunctions or stays arising under or entered during the Debtors' Chapter 11 Cases under sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

#### **5. Preservation of Claims and Compromise of Controversies**

Except as otherwise provided in the Plan, including sections 11.4, 11.5 and 11.6 thereof, as of the Effective Date, pursuant to section 1123(b)(3)(B) of the Bankruptcy Code, any action, cause of action, liability, obligation, right, suit, debt, sum of money, damage, judgment, Claim, and demand whatsoever, whether known or unknown, in law, equity, or otherwise (collectively, "Causes of Action") accruing to the Debtors shall become assets of the Reorganized Debtors, and the Reorganized Debtors shall have the authority to commence and prosecute such Causes of Action for the benefit of the Debtors or the Estates. After the Effective Date, the Reorganized

Debtors shall have the authority to compromise and settle, otherwise resolve, discontinue, abandon, or dismiss all such Causes of Action without approval of the Bankruptcy Court.

In consideration for the distributions and other benefits provided under the Plan, the provisions of the Plan constitute a good faith compromise and settlement of all Claims and controversies resolved under the Plan, and the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of such compromise and settlement under Bankruptcy Rule 9019.

Except as otherwise provided in the Plan or in any contract, instrument, release, indenture or other agreement entered into in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code, the Reorganized Debtors shall retain and may, without the need for any further Bankruptcy Court approval, enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all Claims, rights or causes of action, suits, and proceedings, whether in law or in equity, whether known or unknown, that the Debtors or their Estates may hold against any Person or entity. The Reorganized Debtors or their successor(s) may pursue such retained Claims, rights or causes of action, suits, or proceedings as appropriate, in accordance with the best interests of the Reorganized Debtors or their successor(s) who hold such rights.

#### **6. Vesting of Assets**

Upon the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all property of the Debtors' Estates shall vest in the Reorganized Debtors as set forth in the Plan, free and clear of all Claims, Liens, encumbrances, charges and other interests, except as otherwise provided in the Plan.

### **B. CONDITIONS PRECEDENT TO EFFECTIVE DATE**

#### **1. Conditions to Confirmation**

Confirmation of the Plan shall not occur, and the Confirmation Order shall not be entered, until each of the following conditions precedent have been satisfied or waived:

- (i) the RSA shall be in full force and effect and not have been terminated;
- (ii) the Disclosure Statement Approval Order, in a form and substance reasonably satisfactory to the Debtors and the Second Lien Lead Investors, shall have been entered;
- (iii) the Plan Supplement shall have been filed with the Bankruptcy Court at least five (5) Business Days prior to the Voting Deadline; and
- (iv) the Confirmation Order shall be in a form and substance reasonably satisfactory to the Debtors and the Second Lien Lead Investors.

#### **2. Conditions to Effective Date**

The Effective Date of the Plan shall not occur until each of the following conditions precedent have been satisfied or waived:



(i) The clerk of the Bankruptcy Court shall have entered the Confirmation Order in the Chapter 11 Cases and there shall not be a stay or injunction (or similar prohibition) in effect with respect thereto. The Confirmation Order in the Chapter 11 Cases shall be in form and substance reasonably satisfactory to the Debtors and to the Second Lien Lead Investors;

(ii) All other actions and all agreements, instruments or other documents necessary to implement the terms and provisions of the Plan shall have been executed and delivered by the parties thereto, including, but not limited to, the Exit Financing documents, the Management Incentive Plan documents, the New Shareholders Agreement, the Registration Rights Agreement, and the documents relating to the Equity Investment and, in each case, all conditions to their effectiveness shall have been satisfied or waived as provided therein; and

(iii) The Debtors shall have obtained FCC Approval of the transactions contemplated by the Plan.<sup>12</sup>

### **3. Waiver of Conditions to Effective Date**

Any of the foregoing conditions (with the exception of entry of the Disclosure Statement Approval Order (condition (B)(1)(ii) immediately above), entry of the Confirmation Order (condition B(2)(i) immediately above) and FCC Approval (condition B(2)(iii) immediately above)) may be waived by the Debtors in accordance with the terms and conditions of the RSA, in each case without notice to or order of the Bankruptcy Court. The failure to satisfy or waive any condition may be asserted by the Debtors regardless of the circumstances giving rise to the failure of such condition to be satisfied (including any action or inaction by the Debtors). The failure of the Debtors to exercise any of the foregoing rights shall not be deemed a waiver of any other rights and each such right will be deemed an on-going right that may be asserted at any time.

### **4. Effect of Failure of Conditions; Reservation of Rights**

If the foregoing conditions have not been satisfied or waived in the manner provided in section 10.2 of the Plan, then (i) the Confirmation Order shall be of no further force or effect; (ii) no distributions under the Plan shall be made; (iii) the Debtors and all holders of Claims against and Equity Interests in the Debtors shall be restored to the *status quo ante* as of the day immediately preceding the Confirmation Date as though the Confirmation Date had never occurred; (iv) all of the Debtors' obligations with respect to the Claims and Equity Interests shall remain unaffected by the Plan; (v) nothing contained in the Plan shall be deemed to constitute a waiver or release of any Claims by or against the Debtors or any other Person or to prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the

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<sup>12</sup> The term "FCC Approval" is defined in the Plan as "the grant of an initial order by the FCC approving the transfer of all of the Debtors' radio stations consistent with the transactions contemplated in the Plan, which initial order shall have become a final order under applicable FCC rules and regulations (the "FCC Order"); *provided, however*, that with respect to the grandfathered stations in Chicago, IL and Greenville-New Bern-Jacksonville, NC, if the FCC has not approved the transfer of such grandfathered stations to the Reorganized Debtors, the FCC Order shall (i) include conditions requiring the future transfer of one or more of such stations to a third party and/or (ii) include a provision requiring the concurrent transfer of one or more of such stations to a trust."

Debtors; and (vi) the Plan shall be deemed withdrawn. Upon such occurrence, the Debtors shall file a written notification with the Bankruptcy Court and serve it upon counsel to the Second Lien Lead Investors, counsel to the Agents, counsel to any Committee and the Office of the United States Trustee.

The Plan shall have no force or effect unless and until the Effective Date occurs. Prior to the Effective Date, none of the filing of the Plan, any statement or provision contained in the Plan, or action taken by the Debtors with respect to the Plan shall be, or shall be deemed to be, an admission or waiver of any rights of any Debtors or any other party with respect to any Claims or Equity Interests or any other matter.

### **C. MODIFICATION OR REVOCATION OF THE PLAN; SEVERABILITY**

Subject to section 1127 of the Bankruptcy Code and, to the extent applicable, sections 1122, 1123, and 1125 of the Bankruptcy Code, and subject further to the terms and conditions of the RSA, alterations, amendments or modifications of the Plan may be proposed in writing by the Debtors at any time prior to or after the Confirmation Date. Holders of Claims that have accepted the Plan shall be deemed to have accepted the Plan, as altered, amended, or modified; *provided, however*, that any such alteration, amendment, or modification shall comply with the terms and conditions of the RSA; and *provided, further, however*, that any holders of Claims who were deemed to accept the Plan because such Claims were unimpaired shall continue to be deemed to accept the Plan only if, after giving effect to such amendment or modification, such Claims continue to be unimpaired.

### **D. DISSOLUTION OF STATUTORY COMMITTEES AND CESSATION OF FEE AND EXPENSE PAYMENTS**

Any Committee appointed in the Debtors' Chapter 11 Cases shall be dissolved on the Effective Date. The Reorganized Debtors shall not be responsible for paying any fees or expenses incurred by any Committee after the Effective Date. After the Effective Date, the Debtors shall not be responsible for paying any fees or expenses of the advisors to (i) the Second Lien Lead Investors, (ii) the Agents or (iii) the Prepetition Lenders, except as may otherwise be provided in any then-applicable and effective agreements.

### **E. RETENTION OF BANKRUPTCY COURT JURISDICTION**

Following the Confirmation Date, the Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of, or related to, the Debtors' Chapter 11 Cases and the Plan pursuant to, and for the purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

(a) To hear and determine pending applications for the assumption, assignment or rejection of executory contracts or unexpired leases and the allowance of Claims resulting therefrom;

(b) To determine any and all adversary proceedings, applications, and contested matters in the Chapter 11 Cases and grant or deny any application involving the Debtors that may be pending on the Effective

Date or that are retained and preserved by the Reorganized Debtors under sections 6.6 and 11.8 of the Plan;

(c) To ensure that distributions to holders of Allowed Claims are effected as provided in the Plan;

(d) To hear and determine any timely objections to Administrative Expense Claims or to proofs of claim and equity interests, including any objections to the classification of any Claim or Equity Interest, and to allow or disallow any Disputed Claim or Disputed Equity Interest, in whole or in part;

(e) To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, or vacated;

(f) To take any action and issue such orders as may be necessary to construe, enforce, implement execute and consummate the Plan or maintain the integrity of the Plan following consummation;

(g) To consider any amendments to or modifications of the Plan, or to cure any defect or omission, or to reconcile any inconsistency in any order of the Bankruptcy Court, including the Confirmation Order;

(h) To hear and determine all requests for payment of Fee Claims;

(i) To hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, the Confirmation Order, the documents that are ancillary to and aid in effectuating the Plan, any transactions or payments contemplated by the Restructuring Agreement including the Plan or any agreement, instrument, or other document governing or relating to any of the foregoing; *provided, however,* that any dispute arising under or in connection with any document included in the Plan Supplement shall be determined in accordance with the governing law set forth in such document;

(j) To hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code (including the expedited determination of taxes under section 505(b) of the Bankruptcy Code);

(k) To hear any other matter not inconsistent with the Bankruptcy Code;

(l) To hear and determine all disputes involving the existence, scope, and nature of the discharges granted under section 11.2 of the Plan;

(m) To hear and determine all disputes involving or in any manner implicating the exculpation provisions granted under section 11.3 of the Plan;

(n) To issue injunctions and effect any other actions that may be necessary or desirable to restrain interference by any entity with the consummation or implementation of the Plan; and

(o) To enter a final decree(s) closing the Chapter 11 Cases.

## **F. EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

### **1. Assumption of Contracts and Leases**

Except as otherwise provided in the Plan, or in any contract, instrument, release, indenture, or other agreement or document entered into in connection with the Plan, as of the Effective Date, each Debtor shall be deemed to have assumed each executory contract and unexpired lease to which it is a party, unless such contract or lease (i) was previously assumed, assumed and assigned or rejected by the Debtors, (ii) previously expired or terminated pursuant to its own terms, (iii) is the subject of a motion to assume, assume and assign, or reject filed by the Debtors on or before the Confirmation Date, or (iv) is set forth in schedule 9.1 of the Plan, as an executory contract or unexpired lease to be rejected; *provided, however*, that the Existing Employment Agreements shall neither be assumed nor rejected, and shall be treated as set forth in section 6.3(c) of the Plan. The Confirmation Order shall constitute an order of the Bankruptcy Court under sections 365 and 1123(b) of the Bankruptcy Code approving the contract and lease assumptions or rejections described above, as of the Effective Date.

Each executory contract and unexpired lease that is assumed and relates to the use, ability to acquire, or occupancy of real property shall include (a) all modifications, amendments, supplements, restatements, or other agreements made directly or indirectly by any agreement, instrument, or other document that in any manner affect such executory contract or unexpired lease and (b) all executory contracts or unexpired leases appurtenant to the premises, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, usufructs, reciprocal easement agreements, vaults, tunnel or bridge agreements or franchises, and any other interests in real estate or rights *in rem* related to such premises, unless any of the foregoing agreements has been rejected pursuant to an order of the Bankruptcy Court.

Unless otherwise specified, each executory contract and unexpired lease shall include any and all modifications, amendments, supplements, restatements or other agreements made directly or indirectly by any agreement, instrument or other document that in any manner affects such executory contract or unexpired lease, without regard to whether such agreement, instrument or other document is listed on such schedule.

### **2. Payments Related to Assumption of Contracts and Leases**

Any monetary amounts by which any executory contract and unexpired lease to be assumed under the Plan are in default shall be satisfied, under section 365(b)(1) of the Bankruptcy Code, by the Debtors upon assumption thereof. If there is a dispute regarding (i) the nature or amount of any Cure; (ii) the ability of the Debtors or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed; or (iii) any other matter pertaining to assumption, Cure

shall occur following the entry of a Final Order of the Bankruptcy Court resolving the dispute and approving the assumption or assumption and assignment, as the case may be.

**3. Rejection of Contracts and Leases and Rejection Claims**

Except as otherwise provided in the Plan or in any contract, instrument, release, indenture, or other agreement or document entered into in connection with the Plan, all of the executory contracts and unexpired leases to which the Debtors are a party were previously assumed, assumed and assigned or rejected or will be the subject of a motion to assume, assume and assign, or reject that will be filed prior to the Confirmation Date.

All Claims arising out of the rejection of executory contracts and unexpired leases (if any) must be served upon the applicable Debtor and its counsel within thirty (30) days after the earlier of (i) the date of entry of an order of the Bankruptcy Court approving such rejection or (ii) the Confirmation Date; *provided, however*, that any such Claim arising out of the rejection of an executory contract or unexpired lease that is filed after the Effective Date shall be served on the Reorganized Debtors. Any Claims not filed within such time shall be forever barred from assertion against the Debtors, their Estates and their property.

**G. DISTRIBUTIONS UNDER THE PLAN**

**1. Date and Manner of Distributions**

Unless otherwise provided in the Plan, any distributions and deliveries to be made under the Plan shall be made on the Effective Date or as soon as practicable thereafter. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

**2. Disbursing Agent**

All distributions under the Plan shall be made by the Disbursing Agent. The Disbursing Agent shall be empowered to (a) effect all actions and execute all agreements, instruments and other documents necessary to perform its duties under the Plan, (b) make all distributions contemplated by the Plan, (c) employ professionals to represent it with respect to its responsibilities and (d) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions of the Plan.

**3. Means of Payment**

Payments made pursuant to the Plan shall be in Cash unless stated otherwise.

**4. Record Date for Distributions**

At the close of business on the Distribution Record Date, the transfer ledgers or registers for the Debtors' existing Equity Interests and all indebtedness under the First Lien Credit Agreement and the Second Lien Credit Agreement shall be closed, and there shall be no further

changes in the record holders of such Equity Interests and indebtedness. The Reorganized Debtors and the Disbursing Agent shall have no obligation to recognize any transfer of any of the foregoing occurring after the Distribution Record Date, and shall be entitled instead to recognize for all purposes hereunder, including to effect distributions under the Plan, only those record holders stated on the transfer ledgers or registers maintained by the Debtors and the Agents as of the close of business on the Distribution Record Date.

**5. Recipients of Distributions**

All distributions to holders of Allowed Claims and Allowed Equity Interests under the Plan (except to holders of First Lien Claims and Second Lien Claims) shall be made to the holder of the Claim or Equity Interest as of the Distribution Record Date. Changes as to the holder of a Claim or Equity Interest after the Distribution Record Date shall only be valid and recognized for distribution if notice of such change is filed with the Bankruptcy Court, in accordance with Bankruptcy Rule 3001 (if applicable) and served upon the Debtors and their counsel.

Distributions on account of Allowed First Lien Claims and Allowed Second Lien Claims shall initially be made to the respective Agents, who shall then be responsible for making the appropriate distributions to the respective Prepetition Lenders in accordance with the Agents' respective books and records, pursuant to the terms of the First Lien Credit Agreement and Second Lien Credit Agreement, as applicable. In connection therewith, the Agents shall neither have nor assume any liability for making distributions to the Prepetition Lenders greater than that provided for in the First Lien Credit Agreement or the Second Lien Credit Agreement, as applicable. The Disbursing Agent shall not have or incur any liability for making any distributions to any individual Prepetition Lender.

**6. Delivery of Distributions**

Subject to Bankruptcy Rule 9010, all distributions under the Plan shall be made at the address of each holder of an Allowed Claim or Allowed Equity Interest as set forth in the books and records of the Debtors, unless the applicable Debtor has been notified in writing of a change of address, including, without limitation, by the filing of a proof of claim or interest by such holder that contains an address for such holder different from the address on file with the Debtors for such holder. If any distribution to the holder of an Allowed Claim or Allowed Equity Interest is returned as undeliverable, no distribution to such holder shall be made unless and until the Reorganized Debtors are notified of such holder's then-current address, at which time all missed distributions shall be made to such holder without interest; *provided, however*, that such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of one hundred eighty (180) days after the Effective Date. After such date, all unclaimed property or interest in property shall revert to the Reorganized Debtors, and the Claim or Equity Interest of any holder with respect to such property or interest in property shall be discharged and forever barred, notwithstanding any applicable federal or state escheat, abandoned, or unclaimed property laws to the contrary.

**7. Time Bar to Payments**

Checks issued by the Disbursing Agent in respect of Allowed Claims shall be null and void if not negotiated within six (6) months 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 with respect to whom such check was originally issued. Any Claim in respect of such voided check shall be made on or before the first anniversary of the Effective Date. After such date, all Claims in respect of void checks shall be discharged and forever barred.

**8. Fractional Shares**

No fractional shares of New NextMedia Common Stock shall be distributed and no Cash shall be distributed in lieu of such fractional shares. When any distribution pursuant to the Plan on account of an Allowed Claim or Allowed Equity Interest would otherwise result in the issuance of a number of shares of New NextMedia Common Stock that is not a whole number, the actual distribution of shares of New NextMedia Common Stock shall be rounded as follows: (a) fractions of one-half ( $\frac{1}{2}$ ) or greater shall be rounded to the next higher whole number and (b) fractions of less than one-half ( $\frac{1}{2}$ ) shall be rounded to the next lower whole number with no further payment therefor. The total number of authorized shares of New NextMedia Common Stock to be distributed hereunder shall be adjusted as necessary to account for the foregoing rounding.

**9. Cancellation of Agreements and Release of Liens**

As of the Effective Date, except to the extent otherwise provided in the Plan, the First Lien Credit Agreement and the Second Lien Credit Agreement shall be deemed cancelled, and the obligations of the Debtors thereunder shall be deemed satisfied in full and discharged; *provided, however*, that the First Lien Credit Agreement and the Second Lien Credit Agreement shall continue in effect solely to the extent necessary to allow the Agents and the Prepetition Lenders to receive distributions from the Debtors under the Plan.

Except as otherwise provided in the Plan, upon the occurrence of the Effective Date, any Lien securing a Secured Claim including, without limitation, the First Lien Claims and the Second Lien Claims, shall be deemed released, and the holder of such Secured Claim shall be authorized and directed to release any Collateral or other property of the Debtors (including any Cash collateral) held by such holder and to take such actions as may be requested by the Reorganized Debtors to evidence the release of such Lien, including the execution, delivery and filing or recording of such releases as may be requested by the Reorganized Debtors. As of the Effective Date, the Reorganized Debtors shall be authorized to file on behalf of holders of Secured Claims form UCC-3s or such other forms as may be necessary to implement the provisions of this section.

**10. No Postpetition Interest**

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

**11. Withholding and Reporting Requirements**

In connection with the Plan and all instruments issued in connection therewith and distributed thereunder, any party issuing any instrument or making any such distribution under

the Plan shall comply with all applicable withholding and reporting requirements imposed by any federal, state or local taxing authority, and all distributions under the Plan shall be subject to any such withholding or reporting requirements. Notwithstanding the above, each holder of an Allowed Claim or Allowed Equity Interest that is entitled to receive a distribution under the Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any applicable tax obligations, including income, withholding and other tax obligations, on account of such distribution. Any party issuing any instrument or making any distribution under the Plan to any holder of an Allowed Claim or Allowed Equity Interest has the right, but not the obligation, to not issue such instrument or make a distribution until such holder has made arrangements satisfactory to such issuing or disbursing party for payment of any such tax obligations.

## **12. Setoffs and Recoupment**

The Debtors may, but shall not be required to, setoff against or recoup from any Claim any claims of any nature whatsoever that any of the Debtors may have against the holder of such Claim, but neither the failure to do so nor the allowance of any Claim under the Plan shall constitute a waiver or release by any of the Debtors or the Reorganized Debtors of any such claim they may have against such claimant.

## **H. DISPUTED CLAIMS**

### **1. Objections to Claims**

Except insofar as a Claim is Allowed under the Plan or pursuant to Final Order of the Bankruptcy Court, the Debtors, the Reorganized Debtors or any other party in interest shall be entitled to object to Claims. Any objections to Claims shall be served and filed (i) on or before the ninetieth (90th) day following the later of (x) the Effective Date and (y) the date that a proof of Claim is filed or amended or a Claim is otherwise asserted or amended in writing by or on behalf of a holder of such Claim, or (ii) such later date as ordered by the Bankruptcy Court. Any Claim as to which an objection is timely filed shall be a Disputed Claim.

### **2. No Distributions Pending Allowance**

If the Debtors object to any Claim, no payment or distribution provided under the Plan shall be made on account of such Claim unless and until such Disputed Claim becomes an Allowed Claim.

### **3. Distributions After Allowance**

To the extent that a Disputed Claim or Disputed Equity Interest ultimately becomes an Allowed Claim or Allowed Equity Interest, respectively, distributions (if any) shall be made to the holder of such Allowed Claim or Allowed Equity Interest, respectively, in accordance with the provisions of the Plan. As soon as reasonably practicable after the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim or Disputed Equity Interest becomes a Final Order, the Disbursing Agent shall provide to the holder of such Claim the distribution (if any) to which such holder is entitled under the Plan as of the Effective Date, without any interest to be paid on account of such Claim unless required under applicable bankruptcy law.



**4. Disallowance of Late Filed Claims and Equity Interests**

Unless otherwise provided in a Final Order of the Bankruptcy Court, any Claim and Equity Interest for which a proof of claim or interest, as applicable, is filed after the applicable Bar Date shall be deemed disallowed. The holder of a Claim or Equity Interest that is disallowed pursuant to section 8.4 of the Plan shall not receive any distribution on account of such Claim or Equity Interest, as applicable, and neither the Debtors, the Reorganized Debtors nor the Distribution Agent shall need to take any affirmative action for such Claim or Equity Interest to be deemed disallowed.

**I. MISCELLANEOUS**

**1. Exemption from Transfer Taxes**

Pursuant to section 1146(a) of the Bankruptcy Code, the issuance, transfer, or exchange of notes or equity securities under or in connection with the Plan, the creation of any mortgage, deed of trust or other security interest, the making or assignment of any lease or sublease, 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, deeds, bills of sale, or assignments executed in connection with any of the transactions contemplated under the Plan shall not be subject to any stamp, real estate transfer, mortgage recording or other similar tax. All sale transactions consummated by the Debtors and approved by the Bankruptcy Court on and after the Petition Date through and including the Effective Date, including the transfers effectuated under the Plan, 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, real estate transfer, mortgage recording, or other similar tax.

**2. Payment of Statutory Fees**

All fees payable under section 1930, chapter 123, title 28, United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid on the Effective Date.

**3. Ordinary Course Transactions**

From and after the Confirmation Date, and subject to any FCC approval that may be required, the Debtors are authorized to and may enter into all transactions including, but not limited to, the retention of professionals, and pay any fees and expenses incurred thereby and in connection therewith, in the ordinary course of business, without the need for Bankruptcy Court approval.

**4. Binding Effect**

Except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code and subject to the occurrence of the Effective Date, on and after the Confirmation Date, the provisions of the Plan shall bind any holder of a Claim against, or Equity Interest in, the Debtors and such holder's

respective successors and assigns, whether or not the Claim or Equity Interest of such holder is impaired under the Plan and whether or not such holder has accepted the Plan.

**5. No Payment of Attorneys' Fees**

Except for the fees of Professional Persons and the professionals of the Agents, the Second Lien Lead Investors and the Prepetition Lenders (as required pursuant to the terms of the Restructuring Agreement and/or applicable Bankruptcy Court orders), no attorneys' fees shall be paid by the Debtors with respect to any Claim or Equity Interest unless otherwise specified herein, the Confirmation Order or other Final Order of the Bankruptcy Court.

**6. Severability**

If the Bankruptcy Court determines that any provision of the Plan is unenforceable either on its face or as applied to any Claim or Equity Interest, the Debtors may modify the Plan in accordance with section 13.5 of the Plan so that such provision shall not be applicable to the holder of any Claim or Equity Interest. Any such determination of unenforceability shall not (i) limit or affect the enforceability and operative effect of any other provisions of the Plan; or (ii) require the resolicitation of any acceptance or rejection of the Plan unless otherwise ordered by the Bankruptcy Court.

**7. Governing Law**

Except to the extent that the Bankruptcy Code or other federal law is applicable, including but not limited to the Communications Act, and the written rules, regulations and policies promulgated by the FCC, or to the extent an exhibit to the Plan or a document contained in the Plan Supplement provides otherwise (in which case the governing law specified therein shall be applicable to such exhibit or document), the rights, duties and obligations arising under the Plan 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 conflict of laws that would require application of the laws of another jurisdiction.

Notwithstanding anything in the Plan to the contrary, the Reorganized Debtors shall comply with the Communications Act, and the written rules, regulations and orders promulgated thereunder by the FCC. No transfer of control to the Reorganized Debtors of any federal license issued by the FCC shall take place prior to the issuance of FCC regulatory approval for such transfer of control pursuant to applicable FCC regulations. The FCC's rights and powers to take any action pursuant to its regulatory authority over the transfer of control to the Reorganized Debtors including, but not limited to, imposing any regulatory conditions on such transfer, are fully preserved and nothing herein shall proscribe or constrain the FCC's exercise of such power or authority to the extent provided by law.

## VIII. CERTAIN RISK FACTORS AND BEST INTERESTS TEST

### A. RISKS TO CONFIRMATION AND EFFECTIVENESS

Confirmation of the Plan and occurrence of the Effective Date of the Plan are subject to certain conditions precedent. The principal condition to confirmation is that the RSA is in full force and effect and has not been terminated. Section 2.1 of the RSA sets forth a list of deadlines and events that could result in a “termination event” under the RSA. The transactions contemplated by the Plan are premised upon certain approvals by the FCC. The Debtors believe that the failure to secure FCC Approval within the time frames set forth in the RSA present the primary risk associated with a potential termination of the RSA. According to the RSA, a termination event will occur upon, among other things, the following:

- the 180th day after entry of the Confirmation Order, unless the FCC has granted an initial order consenting to the transactions and transfers contemplated by the Plan (excluding the transfer of any radio station with respect to which waivers were requested to enable the preservation of their grandfathered status under the FCC’s media ownership rules, which consists of certain radio stations in Chicago, IL and Greenville-New Bern-Jacksonville, NC (the “Initial Approval”);
- if no objection has been filed to the Initial Approval, the 60th day after the date on which the FCC has granted the Initial Approval, unless the Initial Approval has become a final order and the Debtors have otherwise consummated the Plan;
- the 270th day after the date on which the FCC has granted the Initial Approval, unless the Initial Approval has become a final order and the Debtors have otherwise consummated the Plan.

The Debtors are licensees under certain licenses issued by the FCC. The Communications Act of 1934, as amended (the “Communications Act”), prohibits the assignment of broadcast licenses or the transfer of control of a broadcast licensee without the prior approval of the FCC. In determining whether to grant such approval, the FCC considers a number of factors pertaining to the licensee and the proposed licensee, including, but not limited to:

- compliance with the various rules limiting common ownership of media properties in a given market;
- the character of the licensee and those persons holding attributable interests in the licensee;
- compliance with the Communications Act’s limitations on alien ownership and control, and
- compliance with other FCC regulations and policies.

The Debtors operate their radio broadcast stations and certain associated facilities under authority granted by the FCC. Under section 310(d) of the Communications Act, the consent of the FCC is required for the assignment of FCC licenses or for the transfer of control of an entity that holds or controls FCC licenses. Except in the case of “involuntary” assignments and transfers of control, prior consent of the FCC is required before an assignment or a transfer of control of FCC licenses may be consummated.

“Involuntary” Transfers and Assignments. The FCC classifies a licensee’s transition to debtor in possession status under chapter 11 of the Bankruptcy Code as an “involuntary” assignment, even though the chapter 11 filing is within the control of the licensee or its parent company. For pro forma transfers of control and assignments of FCC broadcast licenses, including “involuntary” transfers and assignments, the FCC does not require the thirty (30) days’ prior public notice and local public notice that it requires for applications proposing a “substantial” change in control, such as the voluntary transfer or assignment that entails a change in ultimate control of the license, as discussed below. Petitions to deny may not be filed against pro forma applications, although parties may file informal objections. Although the FCC is not subject to any specific time limit for processing pro forma applications, the FCC generally grants pro forma transfer and assignment applications within approximately thirty days after the application is filed.

The FCC granted the Debtors’ pro forma assignment application on December 28, 2009. Thereafter, on January 6, 2010, Hooker and Rambaldo filed an informal objection to the assignment application. The Debtors filed an opposition to the informal objection on January 12, 2010. As of the date hereof, official action by the FCC on the informal objection is pending.

FCC Consent Required for Emergence from Bankruptcy. The FCC treats emergence from bankruptcy by a licensee or its parent company as a “voluntary” transfer of control of FCC licenses or assignment of FCC licenses when control will be transferred to a “permanent” holder, rather than to a trustee, a liquidating trust, or some other court-appointed interim holder. In contrast to an “involuntary” assignment, a “voluntary” assignment or transfer of control requires prior approval of the FCC. In the FCC’s view, the debtor in possession is an interim controlling party, either of the FCC licenses that it holds or of the stock of a company holding FCC licenses. The FCC thus expects that the ultimate outcome of the proceeding will not be implemented until the FCC has granted applications to approve the new control structure which demonstrate the legal qualifications of any new parties that will have reportable ownership interests or positions in the reorganized entity.

If the proposed resolution of a bankruptcy proceeding changes ultimate control of the FCC licensees (as, for example, in a situation in which new parties will hold 50% or more of the stock of the restructured company), the transfer will be a “substantial” change in control, with consent sought on an FCC “long form” application, Form 314 (assignment) or Form 315 (transfer of control). (The FCC treats a transaction as an “assignment” if the consummation of the transaction would change the identity of the holder of the FCC license; other changes in ownership or control typically are treated as “transfers of control.” The application procedures for transfers and assignments are essentially the same.) Even though a company may emerge from bankruptcy or receivership through a court order, the procedures for a voluntary transfer or assignment apply when consummation of the bankruptcy or receivership transaction would place

the licenses in a “permanent” holder. The transaction may not be consummated until the FCC has granted consent.

*FCC Processing of Applications for Consent to Emerge from Bankruptcy.* On January 27, 2010, the Debtors filed with the FCC applications seeking a transfer of the Debtors’ licenses out of bankruptcy to a “permanent” holder (the “Long Form Applications”). The FCC has accepted the Long Form Applications, but such Long Form Applications will not be ruled upon by the FCC until the applications have been amended to show that the Bankruptcy Court has confirmed the Plan and authorized the transaction contemplated therein. The FCC issued public notice that it accepted the Long Form Applications for filing on February 2, 2010, and interested parties have until the close of business on March 4, 2010 to file petitions to deny the applications (the period between February 2, 2010 and March 4, 2010 is referred to as the “public notice period”). The Debtors also must give local public notice of the filing of the Long Form Applications through broadcast announcements and notices in local newspapers serving their broadcast markets. To the extent petitions to deny are filed against the Long Form Applications, such petitions are likely to focus on the qualifications of the Reorganized Debtors and their reportable owners and officers to hold or control FCC broadcast licenses.

If petitions to deny are filed against the Long Form Applications, then the Debtors will have an opportunity to file an opposition, with the petitioner then having an opportunity to file a reply. The pleading cycle generally will be completed within sixty (60) days. The FCC will then consider the Long Form Applications and the filings made by the parties. Typically, the FCC’s review of applications focuses on whether the existing media interests (broadcast and daily newspaper holdings) of the parties to the applications, when combined with the broadcast interests to be acquired in the transaction, will comply with the FCC’s ownership rules. The FCC also considers compliance with limitations on foreign ownership, other legal qualifications, the parties’ prior records before the FCC, and certain categories of prior adverse determinations against parties to the application by courts and other administrative bodies that the FCC believes are relevant to assessing whether one or more parties should have reportable interests in a broadcast licensee.

If no oppositions are filed against the Long Form Applications, and the FCC finds the applications to be in compliance with the written rules, regulations and policies of the FCC (“FCC Rules”) and finds the parties to the Long Form Applications qualified, then the FCC may grant the applications shortly after the close of the public notice period. In some instances, the FCC may request that the applicants supply additional information through amending the applications. There is no time limit on how long the FCC may consider transfer applications before taking action, but the FCC has a stated goal of processing all transfer applications within 180 days, and most applications are granted within a shorter time frame.

There can be no assurance that the FCC will approve the Debtors’ Long Form Applications, at all or in the time period contemplated by the RSA.

## **B. RISKS OF NON-CONFIRMATION AND/OR TERMINATION OF RSA**

The RSA provides that it may be terminated if a “material adverse effect” has occurred. The term “material adverse effect” is defined in the Restructuring Documents as:

a material adverse effect on (i) the business, operations, properties, assets or condition of the Loan Party Debtors taken as a whole, (ii) the ability of any Loan Party Debtor to fully and timely perform its obligations under the New Term Facility; or (iii) the legality, validity, binding effect or enforceability against a Loan Party Debtor of the New Term facility; *provided, however*, that the occurrence of any of the following shall not be deemed to be a Material Adverse Effect: (x) in connection with the Restructuring, the Company is required to dispose of any of the Grandfathered Stations as a result of the loss of such stations' grandfathered status under the FCC's media ownership rules or (y) any loss sustained by the Company that is covered by insurance.

The above definition is fairly broad. As a result, a "material adverse effect" could occur due to external factors in the economic environment or in the media industry, which are the result of events wholly outside of the Company's control. There can be no guarantee that a "material adverse effect" will not occur.

There can also be no assurances that the RSA will not be terminated for a reason other than a material adverse effect and/or that the Plan will be confirmed and become effective. If the Plan is not confirmed or does not become effective, the Debtors, their creditors and equity interest holders would not receive the benefits of the transactions contemplated by the Plan and the RSA, and it is thus unclear what distributions holders of Claims and Equity Interests would receive. If an alternative plan could not be agreed to and confirmed, it is possible that the Debtors would have to liquidate their assets, in which case it is likely that holders of Claims and Equity Interests would receive substantially less than they would have received pursuant to the Plan.

## **C. BUSINESS RISKS**

The risk factors enumerated below assume the confirmation and consummation of the Plan and all transactions contemplated therein, and do not include matters that could prevent or delay confirmation.

### **1. Competition**

The OOH advertising industry is highly competitive. Within their respective markets, the Debtors' out-of-home media properties compete for audiences and advertising revenues with other radio stations and outdoor advertising companies, as well as with other forms of media, such as newspapers, magazines, network and cable television, satellite radio, direct mail and Internet-based media.

The success of each of the Debtors' radio stations depends largely upon audience ratings and their share of the overall advertising revenue within a market. The Debtors' radio stations compete for listeners and advertising revenue directly with other radio stations within their respective markets. Radio stations compete for listeners primarily on the basis of programming content that appeals to a particular demographic group. In addition, each radio station competes on the basis of management experience, the station's local audience share in its market,

transmitter power, local program acceptance and the number of other radio stations and other advertising media in the market area.

The radio broadcasting industry is subject to competition from new or developing media technologies. For example:

- cable television operators provide a service commonly referred to as “cable radio” which provides cable television subscribers with several high-quality channels of music, news and other information;
- direct satellite broadcast television and satellite radio broadcast companies supply subscribers with several high-quality music channels;
- the Internet offers many new and diverse forms of audio content;
- new consumer products, such as portable digital audio players; and
- the introduction of in-band on-channel digital radio and new low-power FM radio that provides radio services in the same bandwidth currently occupied by traditional FM and AM radio services.

In each of the Debtors’ outdoor advertising markets, the Debtors face competition from a wide variety of in-home media, including over the air and cable broadcasting, print media and direct mail marketers, as well as other out-of-home media. The Debtors compete primarily on the basis of the location of their displays and, to a lesser extent, on the cost-per-thousand impressions. The traditional outdoor advertising industry is highly fragmented and is characterized by several local operators.

On a national level, the Debtors compete with a small number of major outdoor advertising companies such as Clear Channel Communications, CBS Outdoor and Lamar Advertising Co., as well as with other small and mid-sized operators. In each of their markets, the Debtors compete primarily on the basis of advertising rates, the locations in which they have displays, and the quality of their customer service.

The radio industry was severely impacted by the financial crisis of 2008 and the related recession that started in or around December 2007. The Debtors’ radio stations began to feel the effect of the recession in January 2008, and revenue growth remains hampered as radio advertising revenues tend to be tied to the overall health of the U.S. economy. Although the Debtors have been able to sell advertising on their outdoor advertising structures at levels similar to those that existed before the recession began, the Debtors have had to drop their rates by double digit percentages to retain advertisers. The Debtors expect their net radio revenues to be down approximately 12.5% in 2009 (as compared to 2008), and industry revenues to be down 21% (as compared to 2008). There can be no guarantee that the debtors’ net radio revenues will return to pre-2008 levels.

The U.S. OOH advertising industry is heavily concentrated, with three firms earning 85% of traditional billboard revenues, accounting for 66% of all OOH revenues. The remaining 15% of the market is highly fragmented. The recent financial and economic downturn in the U.S. has

led to depressed prices and fewer advertising sales on outdoor structures because, as with radio advertising, outdoor advertising revenues tend to be tied to the overall health of the economy. Because the OOH industry typically uses long term-contracts (six to twelve months), however, it took longer for the depth of the current economic downturn to affect outdoor prices and sales. Revenues in the OOH industry were down 4% in 2008, and year-to-date through third quarter 2009 industry revenues are down nearly 18%. By comparison, the Debtors' OOH revenues are down 17% year-to-date. There can be no guarantee that the Debtors' OOH revenues will return to prior levels.

## 2. Government Regulation

### a. **FCC Regulation of Radio**

The Debtors' radio operations are subject to significant regulation by the FCC under the Communications Act and the FCC Rules. A radio station may not operate in the United States without the authorization of the FCC, and approval of the FCC is required for the issuance, renewal, transfer or assignment of station operating licenses. The Communications Act and FCC Rules also empower the FCC to regulate other aspects of the Debtors' business in addition to imposing licensing requirements.

The radio broadcasting industry is subject to extensive and changing regulation of, *inter alia*, program content, advertising content, multiple media ownership, technical operations and business and employment practices. The ownership, operation and sale of radio stations are subject to the jurisdiction of the FCC. Among other things, the FCC:

- assigns frequency bands for broadcasting;
- determines the particular frequencies, locations and operating power of stations;
- issues, renews, revokes and modifies station licenses;
- determines whether to approve changes in ownership or control of station licenses;
- restricts ownership of multiple radio stations, television stations and newspapers in the same local market;
- restricts alien ownership and control;
- regulates equipment used by stations; and
- adopts and implements regulations and policies that directly affect the ownership, operation (including aspects of station programming, *e.g.*, indecency, obscenity, fraudulent programming, contests, broadcast of lottery information, children's programming, political advertising) and employment practices of stations.



The FCC is authorized to impose penalties for violations of FCC Rules or the Communications Act. Penalties can include the imposition of monetary forfeitures, the issuance of short-term licenses, the imposition of a condition on the renewal of a license, nonrenewal of licenses or the revocation of operating authority. In addition, the actions and other media holdings of the Debtors' principals and the Debtors' investors in some instances could reflect adversely upon the Debtors' qualifications as a radio licensee.

Radio stations operate pursuant to renewable broadcasting licenses that are ordinarily granted by the FCC for maximum terms of eight (8) years. A station may continue to operate beyond the expiration date of its license if a timely filed license renewal application is pending. During the periods when renewal applications are pending, petitions to deny license renewals can be filed by interested parties, including members of the public. Third parties may challenge the Debtors' license renewal applications. The non-renewal or revocation of one or more of the Debtors' primary FCC licenses could have adversely effect in the Debtors' operations and ability to implement their business plan. The FCC is required to hold hearings on a station's renewal application if a substantial or material question of fact exists as to whether the station has served the public interest, convenience and necessity. If, as a result of an evidentiary hearing, the FCC determines that the licensee has failed to meet certain requirements and that no mitigating factors justify the imposition of a lesser sanction, then the FCC may deny a license renewal application. Only after a license renewal application is denied will the FCC accept and consider competing applications for the vacant frequency.

FCC Rules limit the number of broadcasting properties the Debtors may own in a particular area. Such FCC Rules, and any subsequent modifications that tighten those limits, could make it impossible or impracticable for the Debtors to complete potential acquisitions, or may require the Debtors to divest stations that have already been acquired, thereby diminishing the Debtors' business strategy and/or financial condition.

There can be no assurance that the FCC Rules will not be changed or that the FCC will not take other actions that might adversely affect the Debtors' financial condition or results of operations. In addition, although the Debtors intend to continue to remain in compliance with all applicable FCC Rules and in good standing as an FCC licensee, there can be no assurance that any licenses the Debtors may hold at any time will be renewed.

#### **b. Other Regulation of Radio Broadcasting**

Apart from the FCC, numerous federal, state and local authorities control limited aspects of broadcast operations. The Federal Aviation Administration regulates tower heights and frequency use in the vicinity of airports, indirectly through tower regulations. Local building and zoning departments regulate construction of physical station facilities. Programming content is subject to Federal Trade Commission prohibitions on false and deceptive advertising, and is further impacted by copyright and trademark considerations. There are also other federal, state and local laws that impact the Debtors' operations. There can be no guarantee that the Debtors will be able to comply with, or remain in compliance with, such laws or regulations as now in effect or to which they may hereafter become subject.

### **c. Advertising Regulation**

The outdoor advertising industry is subject to governmental regulation at the federal, state and local levels. As the owners, lessees, licensees or operators of various real properties and facilities, the Debtors are subject to various federal, state and local environmental laws and regulations.

Federal law, principally the Highway Beautification Act of 1965, established incentives for states to implement legislation to restrict billboards located within 660 feet of, or visible from, interstate and primary highways, except in commercial or industrial areas. Every state has adopted regulations at least as stringent as the provisions of the Highway Beautification Act, including prohibitions on the construction of new billboards adjacent to federally-aided highways and the removal at the owner's expense and without any compensation of any illegal signs on such highways. The Highway Beautification Act, and the various state statutes implementing it, require the payment of just compensation whenever government authorities require the removal from federally-aided highways of billboards that have been legally erected and maintained.

Numerous state and local jurisdictions have, in some cases, passed additional and more restrictive regulations on the construction, repair, upgrading, height, size and location of, and, in some instances, content of advertising copy being displayed on outdoor advertising structures adjacent to federally-aided highways and other thoroughfares. These regulations, often in the form of municipal building, sign or zoning ordinances, specify minimum standards for the height, size and location of billboards. In some cases, the construction of new billboards or relocation of existing billboards is prohibited. Some jurisdictions also have restricted the ability to enlarge or upgrade existing billboards, such as converting from wood to steel or from non-illuminated to illuminated structures. From time to time governmental authorities order the removal of billboards through the exercise of eminent domain.

Amortization of billboards has also been adopted in varying forms in certain jurisdictions. Amortization permits the billboard owner to operate its billboard as a non-conforming use for a specified period of time until it has recouped its investment, after which it must remove or otherwise conform its billboard to the applicable regulations at its own cost without any compensation.

There can be no guarantee that the Debtors will be able to comply with, or remain in compliance with, the various federal, state and local laws and regulations to which they are or may hereafter become subject.

### **3. Dependence on Key Management**

The future success of the Reorganized Debtors depends in substantial part upon the ability to retain the continued service of its experienced senior management team. Competition for such personnel is intense, and there can be no assurance that the Debtors will be able to retain their key managerial or other employees. Consequently, the loss of the services of one or more of the present members of the senior management team could have a negative impact on the Reorganized Debtors' business.

#### **4. Lack of Protections Afforded by Sarbanes-Oxley**

The New NextMedia Common Stock will not be registered under the Securities Exchange Act of 1934, as amended (the “1934 Act”), and the Reorganized Debtors will not be subject to the provisions of the Sarbanes-Oxley Act of 2002, as amended. Consequently, persons receiving New NextMedia Common Stock will not have the benefit of the disclosure requirements of the 1934 Act or the corporate governance requirements of the Sarbanes-Oxley Act.

#### **5. Restrictions on Transfer; Control**

The New NextMedia Common Stock to be distributed pursuant to the Plan will be subject to transfer restrictions and will not initially be listed on any nationally recognized market or exchange. Accordingly, such interests may be relatively illiquid and are only suitable for investors who can hold their investment for an undetermined period of time and can afford the entire loss of their investment. No assurance can be given that a holder of such interests will be able to sell such interests in the future or as to the price at which any sale may occur. Moreover, to the extent that any transfer of New NextMedia Common Stock would require prior FCC approval, such transfer can only occur with prior FCC consent, pursuant to the FCC Rules. No transfer may be made if such transfer would result in (i) foreign ownership attribution that, individually or when aggregated with the total foreign ownership attributed to the Debtors, would exceed the limitations set forth in section 310(b) of the Communications Act or (ii) prohibited multiple or cross-ownership under the Communications Act or FCC Rules.

In addition to the limited ability to liquidate the interests in Reorganized NM Group in a recognized trading market or otherwise, interest holders may not have a meaningful ability to influence the affairs of the Reorganized Debtors in light of the controlling stake being acquired by the Second Lien Lead Investors under the terms of the Plan. As noted above, the Second Lien Lead Investors will be (i) acquiring a 66.67% stake in Reorganized NM Group through the issuance of New NextMedia Class B Common Stock and (ii) receiving their pro rata share of the New NextMedia Class A Common Stock to be issued to the holders of Second Lien Claims (subject to dilution through the issuance of shares of (a) New NextMedia Class B Common Stock and (b) New NextMedia Class A Common Stock pursuant to the Management Incentive Plan). In the aggregate, the Second Lien Lead Investors hold in excess of 71% of the Second Lien Debt and will, therefore, receive a substantial percentage of the shares of New NextMedia Class A Common Stock allocated to the Second Lien Lenders. In addition, SVP will be entitled to designate the majority of the New Board as long as it owns not less than 39% of the outstanding New NextMedia Common Stock. The Second Lien Lead Investors will, therefore, have a substantial influence on the post-Effective Date governance of the Reorganized Debtors as the largest interest holders in Reorganized NM Group.

#### **6. Outdoor Landlords**

The Debtors lease a significant portion of the outdoor advertising space used in the operation of the business. There can be no guarantee that the Debtors’ landlords will renew these leases when the current lease terms expire. In the event that any leases are not renewed, the Debtors’ financial condition and results of operations could be adversely affected.

## IX. LIQUIDATION ANALYSIS AND FEASIBILITY

### 1. Best Interests Test; Liquidation Analysis

Section 1129(a)(7)(A) of the Bankruptcy Code provides that each holder of a claim or interest in an impaired class must vote to accept the Plan or otherwise receive or retain property of a value that is not less than the amount such holder would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

If the Plan is not confirmed, the Debtors' Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code, in which case a trustee would be elected or appointed to liquidate the Debtors' assets and distribute the proceeds to creditors. In that instance, the value received from the liquidation of the Debtors' assets would be distributed pursuant to the terms of the Bankruptcy Code and applicable Bankruptcy Court orders, which means that holders of First Lien Claims, DIP Claims, Administrative Expense Claims, Priority Tax Claims and Priority Non-Tax Claims would have to be paid in full before any distributions were made to holders of Second Lien Claims, General Unsecured Claims or Equity Interests.

The Debtors believe that liquidation under chapter 7 would result in significantly less value being distributed to creditors than the distributions provided for under the Plan. A chapter 7 trustee would likely hire lawyers, accountants and potentially other professionals, all of whose fees, as well as the trustee's fees, would be chapter 7 administrative expenses, payable before any other constituent was paid. Other effects of a conversion include (i) additional expenses and Claims, some of which would be entitled to priority, which would arise from the rejection of leases and other executory contracts in connection with a cessation of the Debtors' operations and (ii) a failure to realize the going concern value of the Debtors' assets.

Attached hereto as Exhibit "C" is the Liquidation Analysis that has been prepared using the assumptions set forth therein. The Liquidation Analysis illustrates that the holders of Claims and Equity Interests in impaired classes under the Plan would receive substantially less value than the distributions proposed under the Plan if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

### 2. Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires that a debtor demonstrate that confirmation of a plan is not likely to be followed by liquidation or the need for further financial reorganization (unless such is proposed in the Plan). For purposes of determining whether the Plan meets this requirement, the Debtors have analyzed their ability to meet their obligations under the Plan. Based on the Projections discussed in Article V above, the Debtors believe that they will be able to make all payments required by and pursuant to the Plan, and that confirmation of the Plan is not likely to be followed by liquidation or the need for further reorganization.

## X. SECURITIES LAW MATTERS

### A. INITIAL ISSUANCE OF NEW NEXTMEDIA COMMON STOCK

Reorganized NM Group will issue shares of the New NextMedia Common Stock to certain persons in accordance with the Plan. Section 1145(a)(1) of the Bankruptcy Code exempts from registration under the Securities Act and state and local securities and blue sky laws (the “Blue Sky Laws”), the offer and sale of a debtor’s securities under a chapter 11 plan if such securities are offered or sold to recipients holding a claim against, an interest in, or an administrative expense claim against, such debtor and the securities are issued in exchange for such a claim against or interest in the debtor or are issued principally in such an exchange and partly for cash or property. The Debtors believe that the initial issuance of the New NextMedia Common Stock by Reorganized NM Group pursuant to the Plan will be exempt from the registration requirements of the Securities Act and the Blue Sky Laws under the exemption provided by section 1145(a)(1) of the Bankruptcy Code. As a result, the offer and sale of the New NextMedia Common Stock by Reorganized NM Group will not be registered with the Securities and Exchange Commission (the “Commission”) under the Securities Act or registered or qualified with any state or local securities commission, agency or department under any Blue Sky Law.

If for any reason shares of New NextMedia Common Stock are issued other than in accordance with the Plan or otherwise are offered or sold in a transaction or transactions not qualifying for the exemption under section 1145(a)(1) of the Bankruptcy Code, Reorganized NM Group will issue the New NextMedia Common Stock in reliance on the exemption from the registration requirements contained in section 4(2) of the Securities Act for transactions not involving any public offering and in Regulation D promulgated under that section of the Securities Act. Regulation D provides a safe harbor exemption from the registration requirements of the Securities Act for offers and sales of securities that meet certain conditions specified in Regulation D and which are therefore deemed not to involve a public offering of the securities. By virtue of the provisions of section 18 of the Securities Act, offers and sales of New NextMedia Common Stock by Reorganized NM Group in compliance with certain rules in Regulation D would not require registration under the Blue Sky Laws.

### B. REALES OF NEW NEXTMEDIA COMMON STOCK

Any resale of shares of New NextMedia Common Stock by a Person receiving those shares pursuant to the Plan must be made either pursuant to an effective registration statement under the Securities Act or pursuant to an available exemption from the registration requirements of the Securities Act. In addition, holders of the shares must make any resale in compliance with all applicable Blue Sky Laws.

Section 1145(c) of the Bankruptcy Code provides that an offer and sale of securities exempt from registration under section 1145(a)(1) of the Bankruptcy Code is deemed to be a public offering. As a consequence, the shares of New NextMedia Common Stock issued in such an exempt offer may be freely traded by the holders of those shares in reliance on the exemption from the registration requirement provided by section 4(1) of the Securities Act unless the holder of the shares is (i) an “underwriter” as defined in section 1145(b) of the Bankruptcy Code (“1145 Underwriters”) or (ii) a dealer (as defined in the Securities Act). In addition, such shares will not

be considered “restricted securities” as that term is defined in Rule 144 promulgated under the Securities Act (“Rule 144”). Holders of shares of New NextMedia Stock who are dealers, but who are not otherwise 1145 Underwriters, may resell their shares pursuant to the exemption from the registration requirements contained in section 4(4) of the Act except if the transaction is to take place (i) prior to the expiration of forty (40) days after the first date upon which the New NextMedia Common Stock was first bona fide offered pursuant to the Plan in a manner that qualifies for the exemption of section 1145(a)(1) of the Bankruptcy Code or (ii) within certain periods after the filing of a registration statement under the Securities Act by Reorganized NM Group.

Section 1145(b) of the Bankruptcy Code defines “underwriter” for purposes of the Securities Act as an entity that, except with respect to ordinary trading transactions of an entity that is not an issuer, (a) purchases a claim against, interest in, or claim for an administrative expense in the case concerning the debtor, if such purchase is made with a view to distribution of any security received or to be received in exchange for such a claim or interest, (b) offers to sell securities offered or sold under a plan for the holders of such securities, (c) offers to buy securities offered or sold under a plan from the holders of such securities, if the offer to buy is (i) with a view to distribution of such securities and (ii) 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, or (d) is an issuer, as defined in section 2(a)(11) of the Securities Act with respect to such securities.

In determining whether a person is an issuer as described in clause (d) of the immediately preceding paragraph, the term “issuer” includes not only the person who issues or proposes to issue the securities but also any person directly or indirectly controlling or controlled by that issuer and any person under direct or indirect common control with that issuer. The reference to “issuer” in section 2(a)(11) of the Securities Act is intended to include “controlling persons” of the actual issuer of the securities. Rule 405 under the Securities Act defines “control” to mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise. Accordingly, an officer or director of Reorganized NM Group may be deemed to be a “controlling person” of Reorganized NM Group, particularly if that officer or director owns or has the right to direct the voting of a significant percentage of the outstanding voting stock of Reorganized NM Group. The proceedings of a Congressional committee considering the enactment of an amendment to section 1145 of the Bankruptcy Code suggest that any creditor of a debtor that owns 10% or more of a class of securities of a reorganized debtor may also be presumed to be a “controlling person” of the reorganized debtor, and, as a result, such creditor could be an 1145 Underwriter. Holders of New NextMedia Common Stock who are deemed to be “affiliates” (as defined in Rule 144 under the Securities Act) of Reorganized NM Group, will be deemed to be 1145 Underwriters.

Section 1145(c) of the Bankruptcy Code provides that an entity that is not an 1145 Underwriter is not otherwise an underwriter under section 2(a)(11) of the Securities Act with respect to any security offered or sold to such entity in the manner specified in section 1145(a)(1) of the Bankruptcy Code.

Any holder of New NextMedia Common Stock who is an 1145 Underwriter may not resell its shares unless the resale is made pursuant to an effective registration statement under the

Securities Act or an exemption from the registration requirement of the Securities Act. In the past, the staff of the Commission has taken the position that holders of securities acquired in a transaction exempt under section 1145(a) of the Bankruptcy Code who are both “affiliates” of the issuer (*i.e.*, persons who control, are controlled by or who are under common control with, the issuer) and 1145 Underwriters may sell such securities in accordance with the requirements of Rule 144, except the requirement to hold the securities for a certain period. For holders of securities acquired in such a transaction that are not affiliates but are 1145 Underwriters, the staff of the Commission has previously taken the position that such Persons could resell their securities subject to certain volume limitations in Rule 144 so long as there is (i) no concerted action by those holders in connection with the sale or by distributors on behalf of one of more such holders, (ii) no use of informational documents in connection with the resale other than the Bankruptcy Code disclosure statement and (iii) no payment of special compensation to brokers or dealers in connection with the sale designed as a special incentive to resell the securities. Rule 144 was significantly amended in early 2008, and the staff of the Commission may take a different position regarding the ability of persons who are 1145 Underwriters to resell shares acquired in a transaction exempt under section 1145(a) of the Bankruptcy Code.

Persons who are affiliates of Reorganized NM Group, but do not qualify as 1145 Underwriters may resell their shares of New NextMedia Common Stock in accordance with the provisions of Rule 144 relating to the sale of unrestricted securities by affiliates of the issuer. Any affiliate of Reorganized NM Group should note the provisions of section 1145(b) that include controlling persons of an issuer within the definition of an 1145 Underwriter.

Various exemptions from any applicable registration requirements of applicable Blue Sky Laws may be available to a holder of New NextMedia Common Stock for the resale of its shares. However, the registration requirements of the various Blue Sky Laws and the nature of the exemptions available from such registration requirements vary widely from state to state.

The federal securities law relating to resales of securities acquired in a transaction exempt from registration under section 1145(a) of the Bankruptcy Code are complex and the availability of any exemption from the registration requirements of the Securities Act for the resale of such securities is highly dependent on the circumstances of the holder of those securities and of its acquisition of those securities. Recipients of New NextMedia Common Stock issued under the Plan are advised to consult with their own legal advisors as to their status as an 1145 Underwriter or a “dealer” and the availability of any exemption from the registration requirements of the Securities Act and under each applicable Blue Sky Law for any proposed resales of New NextMedia Common Stock and as to any applicable requirements or conditions to such availability.

If, for any reason, the New NextMedia Common Stock were not to be issued in a transaction exempt from registration under the Securities Act by virtue of section 1145(a)(1) of the Bankruptcy Code, the shares of New NextMedia Common Stock would be “restricted securities” as defined in Rule 144 under the Securities Act. As a consequence, any resale of New NextMedia Common Stock acquired in such circumstances by any holder would have to be made pursuant to an effective registration statement under the Securities Act or pursuant to an available exemption from the registration requirement of the Securities Act. In such instances, the holders could make resales in accordance with the terms of Rule 144. So long as Reorganized NextMedia Group is not subject to the reporting requirements of section 13 or 15(d)

of the 1934 Act, holders of New NextMedia Common Stock who are not affiliates of Reorganized NM Group and have not been so during the 90 days immediately prior to the sale of their shares could sell their shares without restriction after holding them for an uninterrupted period of one year. Holders of shares who are affiliates of Reorganized NextMedia or who have been such within the 90 days immediately prior to their sale may sell their shares in accordance with the volume limitations and public availability of information, manner of sale and notice requirements of Rule 144 after holding their shares for an uninterrupted period of one year.

**C. REORGANIZED NM GROUP WILL NOT FILE REPORTS WITH THE COMMISSION**

Immediately after the issuance of the New NextMedia Common Stock, Reorganized NM Group will not be obligated to file periodic or current reports with the Commission under the 1934 Act. As a result, information of the type included in Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as in proxy solicitation materials, filed under the Exchange Act will not be publicly available as to Reorganized NM Group. Reorganized NM Group is expected to be obligated to file such reports only once Reorganized NM Group has filed a registration statement with the Commission, including pursuant to the Registration Rights Agreement, and such registration statement has been declared effective.

**D. LEGEND**

The certificates representing the shares of New NextMedia Common Stock issued to persons who are “underwriters” or “dealers” as described above or representing shares determined to be “restricted securities” as described above will bear a legend substantially in the form below:



**THE COMMON STOCK REPRESENTED BY THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS AND NEITHER THESE SECURITIES NOR ANY INTEREST THEREIN MAY BE OFFERED, SOLD, TRANSFERRED, PLEDGED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT OR SUCH LAWS OR AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT OR SUCH LAWS.**

All certificates representing the New NextMedia Stock issued pursuant to the Plan will bear the following legend:

**THE COMMON STOCK REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AND CONDITIONS SET FORTH IN THE STOCKHOLDERS' AGREEMENT, DATED AS OF [\_\_\_\_\_] , 2010, BY AND AMONG THE STOCKHOLDERS OF NEXTMEDIA GROUP, INC. A COPY OF SUCH AGREEMENT MAY BE OBTAINED FROM NEXTMEDIA GROUP AT ITS PRINCIPAL EXECUTIVE OFFICES.**

#### **XI. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN**

THE FOLLOWING DISCUSSION SUMMARIZES CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE IMPLEMENTATION OF THE PLAN TO THE DEBTORS AND THE REORGANIZED DEBTORS AND TO THE HOLDERS OF CERTAIN ALLOWED CLAIMS AND EQUITY INTERESTS. THIS SUMMARY IS PROVIDED FOR INFORMATIONAL PURPOSES ONLY AND IS BASED ON THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "TAX CODE"), THE TREASURY REGULATIONS PROMULGATED THEREUNDER (THE "REGULATIONS"), JUDICIAL AUTHORITY, AND CURRENT ADMINISTRATIVE RULINGS AND PRACTICE, ALL AS IN EFFECT AS OF THE DATE HEREOF AND ALL OF WHICH ARE SUBJECT TO CHANGE, POSSIBLY WITH RETROACTIVE EFFECT THAT COULD ADVERSELY AFFECT THE DEBTORS, REORGANIZED DEBTORS, HOLDERS OF ALLOWED CLAIMS AND HOLDERS OF ALLOWED EQUITY INTERESTS. THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX AND ARE SUBJECT TO SIGNIFICANT UNCERTAINTIES.

THIS SUMMARY DOES NOT ADDRESS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF AN ALLOWED CLAIM OR EQUITY INTEREST IN LIGHT OF ITS PARTICULAR FACTS AND CIRCUMSTANCES OR TO CERTAIN TYPES OF HOLDERS OF ALLOWED

CLAIMS OR EQUITY INTERESTS THAT ARE SUBJECT TO SPECIAL TREATMENT UNDER THE TAX CODE (INCLUDING, PERSONS WHO ARE RELATED TO THE DEBTORS WITHIN THE MEANING OF THE TAX CODE, FOREIGN PERSONS, HOLDERS LIABLE FOR THE ALTERNATIVE MINIMUM TAX, HOLDERS WHOSE FUNCTIONAL CURRENCY IS NOT THE U.S. DOLLAR, HOLDERS OF ALLOWED CLAIMS WHO ARE THEMSELVES IN BANKRUPTCY, REGULATED INVESTMENT COMPANIES, FINANCIAL INSTITUTIONS, BROKER-DEALERS, INSURANCE COMPANIES, PASS-THROUGH ENTITIES SUCH AS PARTNERSHIPS AND HOLDERS THROUGH SUCH PASS-THROUGH ENTITIES, AND TAX-EXEMPT ORGANIZATIONS) AND ALSO DOES NOT DISCUSS ANY ASPECTS OF STATE, LOCAL, OR FOREIGN TAXATION OR UNITED STATES TAX LAWS OTHER THAN FEDERAL INCOME TAXATION. THE FOLLOWING SUMMARY DOES NOT ADDRESS THE U.S. FEDERAL INCOME TAX CONSEQUENCES TO HOLDERS WHOSE CLAIMS ARE UNIMPAIRED UNDER THE PLAN. HOLDERS OF ALLOWED CLAIMS OR EQUITY INTERESTS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE EFFECT SUCH OWNERSHIP MAY HAVE ON THE U.S. FEDERAL INCOME TAX CONSEQUENCES DESCRIBED BELOW.

IF A PARTNERSHIP HOLDS AN ALLOWED CLAIM OR EQUITY INTEREST, THE TAX TREATMENT OF A PARTNER OF SUCH PARTNERSHIP WILL GENERALLY DEPEND UPON THE STATUS OF THE PARTNER AND THE ACTIVITIES OF THE PARTNERSHIP. IF YOU ARE A PARTNER OF A PARTNERSHIP HOLDING OUR ALLOWED CLAIMS OR EQUITY INTERESTS, YOU SHOULD CONSULT YOUR TAX ADVISORS.

THE FOLLOWING ASSUMES THAT THE PLAN WILL BE IMPLEMENTED AS DESCRIBED HEREIN AND DOES NOT ADDRESS THE TAX CONSEQUENCES IF THE PLAN IS NOT CARRIED OUT. THIS DISCUSSION FURTHER ASSUMES THAT THE VARIOUS DEBT AND OTHER ARRANGEMENTS TO WHICH THE DEBTORS ARE A PARTY WILL BE RESPECTED FOR U.S. FEDERAL INCOME TAX PURPOSES IN ACCORDANCE WITH THEIR FORM. IN ADDITION, A SUBSTANTIAL AMOUNT OF TIME MAY ELAPSE BETWEEN THE CONFIRMATION DATE AND THE RECEIPT OF A FINAL DISTRIBUTION UNDER THE PLAN. EVENTS SUBSEQUENT TO THE DATE OF THIS DISCLOSURE STATEMENT, SUCH AS ADDITIONAL TAX LEGISLATION, COURT DECISIONS, OR ADMINISTRATIVE CHANGES, COULD AFFECT THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREUNDER.

THIS SUMMARY OF THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN IS NOT BINDING ON THE INTERNAL REVENUE SERVICE (THE "SERVICE"), AND NO RULING WILL BE SOUGHT OR HAS BEEN SOUGHT FROM THE SERVICE WITH RESPECT TO ANY OF THE TAX ASPECTS OF THE PLAN AND NO OPINION OF COUNSEL HAS BEEN OBTAINED OR WILL BE OBTAINED BY THE DEBTORS WITH RESPECT THERETO. THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF CERTAIN ASPECTS OF THE PLAN ARE THEREFORE UNCERTAIN DUE TO THE LACK OF APPLICABLE LEGAL AUTHORITY AND MAY BE SUBJECT TO ADMINISTRATIVE OR JUDICIAL INTERPRETATIONS THAT DIFFER FROM THE DISCUSSION BELOW. THE U.S. FEDERAL INCOME TAX LAWS

APPLICABLE TO CORPORATIONS (INCLUDING SOME OF THE DEBTORS) IN BANKRUPTCY ARE EXTREMELY COMPLEX AND THE FOLLOWING SUMMARY IS NOT EXHAUSTIVE. FOR THESE REASONS, THE DISCUSSION IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND PROFESSIONAL TAX ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER OF AN ALLOWED CLAIM OR EQUITY INTEREST. ACCORDINGLY, EACH HOLDER OF A CLAIM OR EQUITY INTEREST IS STRONGLY URGED TO CONSULT WITH ITS OWN TAX ADVISOR REGARDING THE U.S. FEDERAL, STATE, LOCAL, AND FOREIGN TAX CONSEQUENCES OF THE PLAN.

**INTERNAL REVENUE SERVICE CIRCULAR 230 DISCLOSURE: TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE UNITED STATES INTERNAL REVENUE SERVICE, YOU ARE HEREBY NOTIFIED THAT ANY DISCUSSION OF TAX MATTERS SET FORTH IN THIS DISCLOSURE STATEMENT WAS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN AND WAS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY ANY PROSPECTIVE INVESTOR, FOR THE PURPOSE OF AVOIDING TAX-RELATED PENALTIES UNDER FEDERAL STATE, OR LOCAL TAX LAW. EACH PROSPECTIVE INVESTOR SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.**

**A. FEDERAL INCOME TAX CONSEQUENCES TO THE DEBTORS AND THE REORGANIZED DEBTORS**

The Debtors expect to have net operating loss (“NOL”) carryforwards and built-in losses (“BILs”) as of the Petition Date, and to the extent not used or eliminated, for subsequent years. As discussed below, the amount of the Debtors’ NOLs may be significantly reduced or eliminated upon implementation of the Plan. The amount of such NOLs and BILs, which remain after the implementation of the Plan, if any, and their utilization, are subject to review and adjustment by the IRS and to limitations imposed by section 382 of the Tax Code, as discussed below. The Reorganized Debtors’ subsequent utilization of any losses (including NOLs and BILs, if any remaining after implementation of the Plan) and possibly certain other tax attributes may be restricted as a result of and upon the implementation of the Plan.

**1. Cancellation of Debt Income**

The Debtors will realize cancellation of debt (“COD”) income as a result of the discharge of certain Allowed Claims under the Plan, including as a result of the exchange of certain Allowed Claims for New NextMedia Class A Common Stock. COD is the amount by which the indebtedness discharged exceeds any consideration given in exchange therefor. However, COD income is not taxable to a debtor if the debt discharge occurs in a bankruptcy case. Rather, under section 108 of the Tax Code, such COD income will reduce certain of the Debtors’ tax attributes, generally in the following order: (a) NOLs and NOL carryforwards; (b) general business credit carryforwards; (c) minimum tax credit carryforwards; (d) capital loss carryforwards; (e) the tax basis of the Debtors’ depreciable and nondepreciable assets (but not below the amount of their liabilities immediately after the discharge); (f) passive activity loss and credit carryforwards; and (g) foreign tax credit carryforwards. A debtor may elect to alter the preceding order of attribute

reduction and, instead, first reduce the tax basis of its depreciable assets (and, possibly, the depreciable assets of its subsidiaries) and then to reduce NOLs and certain other tax attributes. It is unlikely that the Debtors will make this election. The reduction in tax attributes occurs only after the tax for the year of the debt discharge has been determined. Any excess COD income over the amount of available tax attributes is not subject to U.S. federal income tax and has no other U.S. federal income tax impact. Because the Plan provides that the Holders of certain Allowed Claims will receive New NextMedia Class A Common Stock in exchange for the Allowed Claims, the amount of COD income and, accordingly, the amount of tax attributes required to be reduced, will depend on the fair market value of the New NextMedia Class A Common Stock. This value cannot be known with certainty until after the Effective Date.

The Regulations address the method and order for applying tax attribute reduction to an affiliated group of corporations. Under these Regulations, the tax attributes of each group member of an affiliated group of corporations that is excluding COD income is first subject to reduction. To the extent the debtor member's tax basis in stock of a lower-tier member of the affiliated group is reduced, a "look through rule" requires that a corresponding reduction be made to the tax attributes of the lower-tier member. If a debtor member's excluded COD income exceeds its tax attributes, the excess COD income is applied to the reduction of certain remaining consolidated tax attributes of the affiliated group.

As a result of the implementation of the Plan, the Debtors expect that there will be material reductions in NOLs and NOL carryforwards of the Reorganized Debtors. The extent of such COD income and resulting tax attribute reduction will depend significantly on the value of the New NextMedia Class A Common Stock issued in exchange for the Allowed Claims in Classes 3 a and 3b under the Plan.

## **2. Limitation on NOL Carryforwards and Other Tax Attributes**

The Debtors anticipate that they will experience an "ownership change" within the meaning of section 382 of the Tax Code on the Effective Date as a result of the issuance of New NextMedia Common Stock and cancellation of the existing common stock in NM Group pursuant to the Plan. As a result, the Debtors' ability to use any pre-Effective Date NOLs and other tax attributes to offset their income in any post-Effective Date taxable year (and in the portion of the taxable year of the ownership change following the Effective Date) to which a carryforward is made generally will be limited to an amount equal to the equity value of the Debtors multiplied by the long-term tax rate (4.14% as of December 2009) (the "Section 382 Limitation"). Any unused amount of Section 382 Limitation from prior years may be carried forward. Section 382 of the Tax Code may also limit the Debtors' ability to use BILs to offset future taxable income to the extent that the Debtors have a "net unrealized built-in loss". BILs are losses and deductions that have accrued economically but are unrecognized as of the date of the ownership change. Moreover, the Debtors' Section 382 Limitation will be reduced to zero if they do not continue their business enterprise for at least two years following the Effective Date.

The Debtors do not expect that section 382(1)(5) of the Tax Code, which contains a special rule for ownership changes that occur while a debtor is under the jurisdiction of the court in a chapter 11 case, will apply in this case. However, a second special bankruptcy rule should generally apply (the "382(1)(6) Exception"). Under the 382(1)(6) Exception, a corporation in bankruptcy that undergoes an "ownership change" generally is permitted to determine the fair

market value of its stock after taking into account the increase in value resulting from any surrender or cancellation of creditors' claims in the bankruptcy for purposes of determining the Section 382 Limitation. The Debtors expect that the Reorganized Debtors' use of the NOLs and other tax attributes will take into account the 382(l)(6) Exception.

It is possible that the Debtors could experience an "ownership change" before the implementation of the Plan. If such an "ownership change" were to occur, the Debtors would not be able to take into account the 382(l)(6) Exception, and the Section 382 Limitation that could be used by the Debtors would be determined under the general rule discussed above, without the increase provided under the 382(l)(6) Exception.

### **3. Alternative Minimum Tax**

Under certain circumstances a corporation may incur alternative minimum tax ("AMT") liability even when NOLs are sufficient to eliminate federal income taxes under the regular corporate income tax rules. In general, 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. Certain tax deductions and other beneficial allowances are either modified or eliminated in determining the corporation's AMTI. In particular, even though a corporation otherwise might be able to offset all of its taxable income for regular tax purposes by available NOLs, only 90% of a corporation's AMTI may be offset by available NOLs (as computed for AMT purposes). Thus, a corporation that is currently profitable for AMT purposes generally will be required to pay federal income tax at an effective rate of at least two percent (2%) of its pre-NOL AMTI (*i.e.*, 10% of the 20% AMT tax rate), regardless of the amount of its NOLs. It is possible that the Debtors will be liable for the AMT.

## **B. U.S. FEDERAL INCOME TAX CONSEQUENCES TO HOLDERS OF ALLOWED CLAIMS IN CLASSES 3A AND 3B**

Pursuant to the Plan, in full satisfaction and discharge of their Allowed Claims, holders of Allowed Claims in Classes 3 a and 3b will receive their pro rata share of 95% of the New NextMedia Common Stock, in the form of New NextMedia Class A Common Stock (subject to dilution through the issuance of shares of (i) New NextMedia Class B Common Stock to the Second Lien Lead Investors and (ii) New NextMedia Class A Common Stock pursuant to the Management Incentive Plan). Subject to the discussion in the next following paragraph, a holder should recognize gain or loss equal to the difference between (1) the fair market value as of the Effective Date of the New NextMedia Class A Common Stock that is not allocable to accrued interest and (2) the holder's tax basis in the Claims surrendered by the holder other than any tax basis attributable to accrued interest. Such gain or loss should be capital in nature if the Claims were held as capital assets by the holder (subject to the "market discount" rules described below) and should be long-term capital gain or loss if the Claims were held for more than one year by the holder. If the holder is a non-corporate taxpayer, any such long-term capital gain will be taxed at preferential rates. The deductibility of capital losses is subject to various limitations. To the extent that a portion of the New NextMedia Class A Common Stock received in the exchange is allocable to accrued interest, the holder may recognize ordinary income. See the discussion of accrued interest below. A holder's tax basis in the New NextMedia Class A Common Stock should equal the fair market value of the New NextMedia Class A Common Stock as of the

Effective Date. A holder's holding period for the New NextMedia Class A Common Stock should begin on the day following the Effective Date.

It is possible that the exchange of Allowed Claims for New NextMedia Class A Common Stock would be a transaction that qualifies under section 351 of the Tax Code (a "Section 351 Transaction") if: (a) the exchange were characterized as the contribution of Allowed Claims to NM Group in exchange for New NextMedia Class A Common Stock, followed by a contribution of the Allowed Claims by NM Group to NM OpCo, and (b) immediately after the exchange, the holders of the Allowed Claims would be part of a group of transferors, which includes the holders of the New NextMedia Class B Common Stock, that would own stock representing control of NM Group. If the exchange of Allowed Claims for New NextMedia Class A Common Stock does qualify as a Section 351 Transaction, a holder of such an Allowed Claim should not recognize gain or loss on the exchange of its Allowed Claim for New NextMedia Class A Common Stock, except as discussed below with respect to accrued interest and market discount, which would be recognized. In this case, a holder's adjusted tax basis in the New NextMedia Class A Common Stock received in the exchange would be equal to the holder's adjusted tax basis in the Allowed Claims. Further, the holding period of the New NextMedia Class A Common Stock received in the exchange would include the period during which the holder held the Allowed Claims.

#### **C. U.S. FEDERAL INCOME TAX CONSEQUENCES TO HOLDERS OF ALLOWED EQUITY INTERESTS IN CLASS 7**

Pursuant to the Plan, each holder of an Equity Interest in NM Group will receive its pro rata share of 5% of the New NextMedia Common Stock, in the form of New NextMedia Class A Common Stock (subject to dilution through the issuance of shares of (i) New NextMedia Class B Common Stock to the Second Lien Lead Investors and (ii) New NextMedia Class A Common Stock pursuant to the Management Incentive Plan) in exchange for its Equity Interests. A holder should not recognize any gain or loss upon the exchange of Equity Interests in NM Group for New NextMedia Class A Common Stock. A holder's adjusted tax basis in the New NextMedia Class A Common Stock received in the exchange will be equal to the holder's adjusted tax basis in the Equity Interests in NM Group. The holding period of the New NextMedia Class A Common Stock received in the exchange will include the period during which the holder held the Equity Interests in NM Group.

#### **D. U.S. FEDERAL INCOME TAX CONSEQUENCES TO HOLDERS OF ALLOWED EQUITY INTERESTS IN CLASS 8**

Pursuant to the Plan, each holder of an Allowed Equity Interest in NM Investors will receive its share of the New NextMedia Class A Common Stock distributed to NM Investors under the Plan (as calculated pursuant to the terms of the NM Investors Agreement) in exchange for its NM Investors Equity Interests in liquidation of the holder's NM Investors interest. A holder should not recognize any gain or loss upon the distribution of New NextMedia Class A Common Stock by NM Investors. A holder's adjusted basis in the New NextMedia Class A Common Stock will be such holder's adjusted basis in its NM Investors Equity Interest, reduced by any cash distributed to the holder at the time of the distribution of New NextMedia Class A Common Stock. The holding period of the New NextMedia Class A Common Stock received in

the exchange will include the period during which the holder held the NM Investors Equity Interests.

#### **E. ACCRUED INTEREST**

To the extent that any amount received by a holder of a Claim is attributable to accrued but unpaid interest, not previously included in income for U.S. federal income tax purposes, such amount should be taxable to the holder as interest income. Conversely, a holder of a Claim may be able to recognize a deductible loss to the extent that any accrued interest on the Claims was previously included in the holder's gross income but was not paid in full by the Debtors. The Regulations generally treat a payment under a debt instrument first as a payment of accrued and unpaid interest and then as a payment of principal.

#### **F. MARKET DISCOUNT**

If the holder of a Claim purchased the Claim for an amount that is less than its stated redemption price at maturity, the amount of the difference may be treated as "market discount" for U.S. federal income tax purposes, unless the difference is less than a specified de minimis amount. Under the market discount rules, the holder of the Claim is required to treat any principal payment on, or any gain on the sale, exchange, retirement or other disposition of, the Claim as ordinary income to the extent of the market discount that the holder of the Claim has not previously included in income and which is treated as having accrued on the Claim at the time of its payment or disposition. Any market discount is considered to accrue ratably during the period from the date of acquisition to the maturity date of the Claim, unless the holder of the Claim elects to accrue on a constant interest method.

Pursuant to the market discount rules stated above, some or all of the gain realized by a holder of a Claim who exchanges the Claim for New NextMedia Class A Common Stock on the Effective Date may be treated as ordinary income (instead of capital gain), to the extent of the accrued market discount on the Claim. To the extent that the Claims that had been acquired with market discount are deemed to be exchanged for New NextMedia Class A Common Stock, accrued market discount would be recognized by the holder, regardless of whether the exchange qualified as a Section 351 Transaction.

#### **G. OWNERSHIP AND DISPOSITION OF NEW NEXTMEDIA COMMON STOCK**

Holders of New NextMedia Common Stock will be required to include future distributions in income as ordinary dividend income to the extent paid out of the Debtors' current or accumulated earnings and profits as determined for U.S. federal income tax purposes. Distributions in excess of earnings and profits will reduce the holders' tax basis in the New NextMedia Common Stock and, to the extent in excess of tax basis, will be treated as gain from a sale or exchange of the New NextMedia Common Stock. Dividends received by non-corporate holders may be eligible for reduced rates of taxation on any dividends received in taxable years beginning prior to January 1, 2011. Subject to applicable requirements and limitations, a corporate holder may be entitled to a "dividends received" deduction to the extent distributions with respect to New NextMedia Common Stock are paid out of current or accumulated earnings and profits.

Holders of New NextMedia Common Stock will recognize gain or loss on a sale, exchange or other taxable disposition of New NextMedia Common Stock in an amount equal to the difference between the amount realized in the sale, exchange or other taxable disposition and the holders' tax basis in the New NextMedia Common Stock. Such gain or loss will be a capital gain or loss and will be long- or short-term capital gain or loss depending on whether the holding period of the New NextMedia Common Stock, determined as described above, is more than a year at the time of disposition. Such gain also will be treated as ordinary income to the extent of (i) any bad debt deduction taken by the holder pursuant to subsection (a) or (b) of section 166 of the Tax Code with respect to the Claim or any ordinary loss deduction incurred upon satisfaction of the Claim, less any income (other than interest income) recognized by the holder upon satisfaction of the Claim and (ii) amounts the holder would have included in income if the Claim had been satisfied in full, that were not included in income because the holder used the cash method of accounting.

#### **H. WITHHOLDING AND INFORMATION REPORTING**

Generally, information reporting requirements will apply to all payments or distributions under the Plan, unless the recipient is exempt, such as a corporation. Additionally, a holder may be subject to backup withholding at applicable rates, unless the holder (i) is a corporation or other person exempt from backup withholding and, when required, demonstrates this or (ii) is a United States Person (as defined by section 7701(a)(30) of the Tax Code) that provides a correct taxpayer identification number ("TIN") on Internal Revenue Service Form W-9 (or a suitable substitute form) and provides the other information and makes the representations required by such form and complies with the other requirements of the backup withholding rules. A holder may become subject to backup withholding if, among other things, the holder (i) fails to properly report interest and dividends for U.S. federal income tax purposes or (ii) in certain circumstances, fails to certify, under penalty of perjury, that it has furnished a correct TIN. A holder that does not provide a correct TIN also may be subject to penalties imposed by the Service.

Backup withholding is not an additional tax. The U.S. federal income tax liability of a person subject to backup withholding is reduced by the amount of tax withheld as backup withholding. If backup withholding results in an overpayment of U.S. federal income tax, the holder may obtain a refund of the overpayment by properly and timely filing a claim for refund with the Service.

**THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. HOLDERS OF ALLOWED CLAIMS AND ALLOWED EQUITY INTERESTS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE U.S. FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES OF THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS AND OF ANY CHANGE IN APPLICABLE TAX LAWS.**



## **XII. CONCLUSION AND RECOMMENDATION**

For all of the reasons set forth in this Disclosure Statement, the Debtors believe that confirmation and consummation of the Plan is preferable to all other alternatives. Consequently, the Debtors urge all holders of Claims and Equity Interests to vote to **ACCEPT** the Plan, and to duly complete and return their Ballots in accordance with the instructions on the Ballots. The Voting Deadline is 5:00 p.m. prevailing Eastern Time on March 19, 2010. To be counted, your Ballot must be fully completed, executed and actually received by the Tabulation Agent by the Voting Deadline.

Dated: February 17, 2010  
Wilmington, Delaware

**NEXTMEDIA GROUP, INC.**

By: /s/ Eric Neumann  
its: Vice President

**NEXTMEDIA INVESTORS LLC**

By: /s/ Eric Neumann  
its: Chief Financial Officer

**NEXTMEDIA OPERATING, INC.**

By: /s/ Eric Neumann  
its: Vice President

**NM LICENSING LLC**

By: /s/ Eric Neumann  
its: Vice President

**NEXTMEDIA OUTDOOR, INC.**

By: /s/ Eric Neumann  
its: Vice President

**NM TEXAS, INC.**

By: /s/ Eric Neumann  
its: Vice President

**NEXTMEDIA NORTHERN COLORADO, INC.**

By: /s/ Eric Neumann  
its: Vice President

**NEXTMEDIA FRANCHISING, INC.**

By: /s/ Eric Neumann

its: Vice President

**NEXTMEDIA OUTDOOR, LLC**

By: /s/ Steven Dinetz

its: Manager

**ANDREWS KURTH LLP**

Jason S. Brookner  
Texas State Bar No. 24033684  
Monica S. Blacker  
Texas State Bar No. 00796534  
1717 Main Street, Suite 3700  
Dallas, Texas 75201  
Telephone: (214) 659-4400  
Facsimile: (214) 659-4401

--and--

**RICHARDS, LAYTON & FINGER, P.A.**

Paul N. Heath (Bar No. 3704)  
Michael J. Merchant (Bar No. 3854)  
Chun I. Jang (Bar No. 4790)  
One Rodney Square  
920 N. King Street  
Wilmington, DE 19801  
Telephone: (302) 651-7700  
Facsimile: (302) 651-7701

**ATTORNEYS FOR THE DEBTORS  
AND DEBTORS IN POSSESSION**

**EXHIBIT A**

**JOINT CHAPTER 11 PLAN OF REORGANIZATION**

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

In re:	§	Chapter 11
	§	
NEXTMEDIA GROUP, INC., <i>et al.</i> ,	§	Case No. 09-14463 (PJW)
	§	
Debtors.	§	Jointly Administered

**DEBTORS' AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION**

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NextMedia Investors LLC, NextMedia Group, Inc., NextMedia Operating, Inc., NM Licensing LLC, NextMedia Outdoor, Inc., NM Texas, Inc., NextMedia Northern Colorado, Inc., NextMedia Franchising, Inc. and NextMedia Outdoor, LLC, hereby propose the following Amended Joint Chapter 11 Plan of Reorganization pursuant to section 1121(a) of the Bankruptcy Code.

## ARTICLE I

### DEFINITIONS AND INTERPRETATION

#### 1.1 *Definitions.*

For the purpose of this Plan, the following terms shall have the respective meanings set forth below:

***Administrative Expense Claim*** means any right to payment constituting a cost or expense of administration of the Chapter 11 Cases Allowed under and in accordance with, as applicable, sections 503(b), 507(a) and 507(b) of the Bankruptcy Code including, without limitation, (a) any actual and necessary costs and expenses of preserving the Debtors' estates, (b) any Fee Claims, (c) any fees or charges assessed against the Debtors' Estates under 28 U.S.C. § 1930, (d) all costs and expenses, including any recording fees, transfer taxes and the like, arising out of or related to the transfer of any of the Debtors' assets under the Plan; and (e) other Administrative Expense Claims as may be ordered and Allowed by the Bankruptcy Court.

***Agents*** means the First Lien Agent and the Second Lien Agent.

***Allowed*** means, with reference to any Claim or Equity Interest, (a) any Claim or Equity Interest (i) as to which no objection thereto has been interposed on or before the Effective Date or such other applicable period of limitation fixed by the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court; *provided, however*, that such period may not exceed sixty (60) days after the Effective Date, or (ii) as to which any objection has been determined by a Final Order to the extent such objection is determined in favor of the respective holder, (b) any Claim or Equity Interest as to which the liability of the Debtors and the amount thereof are determined by Final Order of a court of competent jurisdiction other than the Bankruptcy Court or (c) any Claim or Equity Interest expressly allowed hereunder.

***Angelo, Gordon*** means certain funds and affiliates of funds managed by Angelo, Gordon & Co, L.P. or its affiliates.

***Bankruptcy Code*** means title 11 of the United States Code, as amended from time to time.

***Bankruptcy Court*** means the United States Bankruptcy Court for the District of Delaware or any other court of the United States having jurisdiction over the Chapter 11 Cases.

***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 amended and in effect from time to time.

**Bar Date** means the last date to file proofs of claim or interest against the Debtors, which is March 29, 2010 for all creditors except Governmental Units, and June 21, 2010 for Governmental Units.

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

**Cash** means legal tender of the United States of America.

**Chapter 11 Cases** means the above-captioned jointly administered chapter 11 bankruptcy cases of the Debtors.

**Claim** means a claim against a Debtor within the meaning of section 101(5) of the Bankruptcy Code.

**Class** means any group of substantially similar Claims or Equity Interests classified by this Plan pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code.

**Collateral** means any property or interest in property of the Estates of the Debtors subject to a Lien, charge, or other encumbrance to secure the payment or performance of a Claim, which Lien, charge or other encumbrance is not subject to avoidance or otherwise invalid under the Bankruptcy Code or applicable state or federal law.

**Commitment Letter** means the commitment letter dated as of December 10, 2009 among NM Group, NM OpCo, SVP and Angelo, Gordon, a copy of which was attached to the Restructuring Agreement and shall be filed as part of the Plan Supplement, pursuant to which SVP and Angelo, Gordon, severally and not jointly, committed to provide the New Term Loan on the terms and conditions set forth therein, as the same may be amended, supplemented or otherwise modified from time to time.

**Committee** means any official committee of unsecured creditors appointed in the Chapter 11 Cases by the Office of the United States Trustee, as such official committee may be reconstituted from time to time.

**Confirmation Date** means the date on which the clerk of the Bankruptcy Court enters the Confirmation Order on the docket.

**Confirmation Hearing** means the hearing conducted by the Bankruptcy Court pursuant to sections 1128(a) and 1129 of the Bankruptcy Code to consider confirmation of the Plan, as such hearing may be adjourned or continued from time to time.

**Confirmation Order** means the order of the Bankruptcy Court confirming this Plan pursuant to section 1129 of the Bankruptcy Code.

**Cure** means the payment of Cash by the Debtors, or the distribution of other property (as the parties may agree or the Bankruptcy Court may order), as necessary to (i) cure a monetary default by the Debtors in accordance with the terms of an executory contract or

unexpired lease of the Debtors and (ii) permit the Debtors to assume such executory contract or unexpired lease under section 365(a) of the Bankruptcy Code.

***Debtor*** means any one of the Debtors, as the context may require.

***Debtors*** means NM Group, NM Investors, NM OpCo, NM Licensing, NM Outdoor, NM Texas, NM Northern Colorado, NM Franchising, and Outdoor LLC, collectively, in their capacities as debtors and debtors in possession under sections 1107 and 1108 of the Bankruptcy Code.

***DIP Claims*** means any Claim arising under or in connection with the DIP Facility.

***DIP Facility*** means the secured post-petition financing facility approved pursuant to the DIP Orders, and any amendments, supplements or other modifications thereto.

***DIP Lenders*** means the lenders under the DIP Facility.

***DIP Orders*** means the interim order entered by the Bankruptcy Court on December 22, 2009 [Docket No. 32], and the final order entered by the Bankruptcy Court on January 22, 2010 [Docket No. 118], authorizing and approving the DIP Facility and the agreements related thereto, and any further orders entered by the Bankruptcy Court approving subsequent extensions and modifications of the DIP Facility.

***Disbursing Agent*** means the Debtors or any party designated by the Debtors, in their sole discretion, and approved by the Bankruptcy Court if other than the Debtors, to serve as a disbursing agent under section 7.3 hereof.

***Disclosure Statement*** means that certain disclosure statement relating to the Plan, including all exhibits and schedules thereto, as the same may be amended, supplemented or otherwise modified from time to time, as approved by the Bankruptcy Court pursuant to sections 1125 and 1126 of the Bankruptcy Code.

***Disputed Claim*** means, with respect to a Claim, any such Claim (a) to the extent neither Allowed nor disallowed under the Plan or a Final Order nor deemed Allowed under section 502, 503 or 1111 of the Bankruptcy Code, or (b) for which a proof of claim for payment has been timely filed with the Bankruptcy Court or a written request for payment has been made, to the extent the Debtors or any party in interest have interposed a timely objection or request for estimation prior to the Confirmation Date in accordance with the Plan, or the Bankruptcy Rules, which objection or request for estimation has not been withdrawn or determined by a Final Order.

***Disputed Equity Interest*** means, with respect to an Equity Interest, any such Equity Interest (a) to the extent neither Allowed nor disallowed under the Plan or a Final Order nor deemed Allowed under section 502, 503 or 1111 of the Bankruptcy Code, or (b) for which a proof of interest for payment has been timely filed with the Bankruptcy Court or a written request for payment has been made, to the extent the Debtors or any party in interest has interposed a timely objection or request for estimation prior to the Confirmation Date in

accordance with the Plan, or the Bankruptcy Rules, which objection or request for estimation have not been withdrawn or determined by a Final Order.

***Distribution Date*** means the date, occurring on or as soon as practicable after the Effective Date, on which the Disbursing Agent first makes distributions to holders of Allowed Claims and Allowed Equity Interests as provided in the Plan.

***Distribution Record Date*** means the record date for purposes of making distributions under the Plan on account of Allowed Claims and Allowed Equity Interests, which shall be a date to be mutually agreed to among the Debtors and the Second Lien Lead Investors, but in any event no more than twenty (20) days prior to the Effective Date.

***Effective Date*** means the first Business Day on which all the conditions precedent to the effectiveness of the Plan specified in section 10.2 hereof shall have been satisfied or waived as provided in section 10.3 hereof; *provided, however*, that if a stay, injunction or similar prohibition of the Confirmation Order is in effect, the Effective Date shall be the first Business Day after such stay, injunction or similar prohibition is no longer in effect.

***Equity Interest*** means any “equity security” of the Debtors, as that term is defined in section 101(16) of the Bankruptcy Code.

***Equity Investment*** means the \$55 million cash investment to be made under the Plan by the Second Lien Lead Investors on the terms and conditions set forth in (i) that certain Equity Investment Term Sheet and (ii) the Subscription Agreement, both of which will be filed as part of the Plan Supplement.

***Estates*** means the estates of the Debtors as created under section 541 of the Bankruptcy Code.

***Exit Financing*** means the exit financing to be entered into by the Reorganized Debtors, on the Effective Date, in an aggregate amount of no less than \$127.5 and up to \$135 million on market terms and conditions reasonably satisfactory to the Second Lien Lead Investors and that are equal to or more favorable to the Debtors than the terms and conditions of the New Term Loan; *provided, however*, that if such financing cannot be obtained by the Debtors by the Effective Date, then the New Term Loan shall be the Exit Financing.

***Existing Employee Agreements*** means the employment agreements between the Debtors and certain members of the Debtors’ senior management existing as of the Petition Date.

***FCC*** means the Federal Communication Commission.

***FCC Approval*** means the grant of an initial order by the FCC approving the transfer of all of the Debtors’ radio stations consistent with the transactions contemplated in the Plan, which initial order shall have become a final order under applicable FCC rules and regulations (the “***FCC Order***”); *provided, however*, that with respect to the grandfathered stations in Chicago, IL and Greenville-New Bern-Jacksonville, NC, if the FCC has not approved the transfer of such grandfathered stations to the Reorganized Debtors, the FCC Order shall (i) include conditions requiring the future transfer of one or more of such stations to a third party

and/or (ii) include a provision requiring the concurrent transfer of one or more of such stations to a trust.

**Fee Claim** means any Claim by a Professional Person under sections 330, 331 or 503 of the Bankruptcy Code for allowance of compensation and/or reimbursement of expenses in the Chapter 11 Cases.

**Final Order** means an order or judgment of a court of competent jurisdiction that has been entered on the docket maintained by the clerk of such court and has not been reversed, vacated or stayed and as to which (a) the time to appeal, petition for *certiorari*, or move for a stay, new trial, reargument, or rehearing has expired and as to which no appeal, petition for *certiorari* or other proceedings for a stay, new trial, reargument or rehearing shall then be pending or (b) if an appeal, writ of *certiorari*, stay, new trial, reargument or rehearing thereof has been sought, (i) such order or judgment shall have been affirmed by the highest court to which such order was appealed, *certiorari* shall have been denied or a stay, new trial, reargument or rehearing shall have been denied or resulted in no modification of such order and (ii) the time to take any further appeal, petition for *certiorari*, or move for a stay, new trial, reargument or rehearing shall have expired; *provided, however*, that no order or judgment shall fail to be a "Final Order" solely because of the possibility that a motion pursuant to section 502(j) or 1144 of the Bankruptcy Code or under Rule 60 of the Federal Rules of Civil Procedure, or Bankruptcy Rule 9024 has been or may be filed with respect to such order or judgment.

**First Lien Agent** means Wilmington Trust FSB, as successor to General Electric Capital Corporation, in its capacity as administrative agent and collateral agent to the First Lien Lenders and the other holders of First Lien Claims.

**First Lien Claims** means the Claims arising out of the First Lien Credit Agreement, in the aggregate Allowed amount of \$162,400,426.13, plus an additional \$2,949,674.68 in secured interest rate swap obligations.

**First Lien Credit Agreement** means that certain Credit and Guaranty Agreement dated as of November 15, 2005, among NM OpCo, NM Group, the First Lien Agent, and the First Lien Lenders, and any related security documents and agreements and any hedge agreements executed in connection therewith, each as amended, supplemented or otherwise modified from time to time.

**First Lien Lenders** means the lenders from time to time party to the First Lien Credit Agreement.

**General Unsecured Claim** means any Claim against Debtor that is not an Administrative Expense Claim, a Priority Tax Claim, a Priority Non-Tax Claim or a Secured Claim.

**Governmental Unit** has the meaning ascribed to such term in section 101(27) of the Bankruptcy Code.

**Lien** has the meaning set forth in section 101(37) of the Bankruptcy Code.

**Local Bankruptcy Rules** means the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware.

**Management Incentive Plan** means the management retention and incentive plan to be adopted by the Reorganized Debtors upon the Effective Date which shall provide for the award of non-qualified options to designated members of senior management of the Reorganized Debtors to acquire up to 14% of the fully diluted shares of New NextMedia Common Stock, on the terms set forth in the Plan Supplement.

**New Board** means the Board of Directors of Reorganized NM Group as of the Effective Date, as identified in the Plan Supplement.

**New Employment Agreements** means the employment agreements to be entered into among certain members of the Debtors' senior management and Reorganized NM Group, on or prior to the Effective Date, incorporating the terms and provisions set forth in the Plan Supplement.

**New NextMedia Class A Common Stock** means the new (i) class A voting common stock of Reorganized NM Group, par value \$0.01 per share and (ii) class A limited-voting common stock of Reorganized NM Group, par value \$0.01 per share, to be issued by Reorganized NM Group on the Effective Date under and pursuant to the Plan.

**New NextMedia Class B Common Stock** means the new (i) class B voting common stock of Reorganized NM Group, par value \$0.01 per share and (ii) class B limited voting common stock of Reorganized NM Group, par value \$0.01 per share, to be issued by Reorganized NM Group on the Effective Date under and pursuant to the Plan.

**New NextMedia Common Stock** means the New NextMedia Class A Common Stock and the New NextMedia Class B Common Stock, together.

**New NextMedia Governing Documents** means (i) the certificate of incorporation and bylaws of each of the Recognized Debtors (which shall be their current charters and bylaws, as amended as necessary to implement the Plan including to, *inter alia*, prohibit the issuance of non-voting equity securities as required by section 1123(a)(6) of the Bankruptcy Code (other than any warrants), subject to further amendment as permitted by applicable law), and (ii) any other governing corporate document with respect to the Reorganized Debtors as may be contemplated by the Plan or otherwise, the forms of which will be filed as part of the Plan Supplement.

**New Shareholders Agreement** means the shareholders agreement governing the holders of New NextMedia Common Stock, in form and substance reasonably satisfactory to the Second Lien Lead Investors, which shall be filed as part of the Plan Supplement.

**New Term Loan** means the \$127.5 million term loan facility among Reorganized NM OpCo as borrower, Reorganized NM Group and each of Reorganized NM OpCo's direct and indirect present and future subsidiaries, as guarantors, committed to on a several and not joint basis by SVP and Angelo, Gordon, and having the terms described in the term sheet

attached as an exhibit to the Commitment Letter, which shall be filed as part of the Plan Supplement.

*NM Franchising* means NextMedia Franchising, Inc.

*NM Group* means NextMedia Group, Inc.

*NM Investors* means NextMedia Investors LLC.

*NM Investors Agreement* means the Third Amended and Restated Limited Liability Company Agreement, dated as of August 1, 2005, by and among NM Investors and the members signatory, thereto as the same has been amended from time to time.

*NM Licensing* means NM Licensing LLC.

*NM Northern Colorado* means NextMedia Northern Colorado, Inc.

*NM OpCo* means NextMedia Operating, Inc.

*NM Outdoor* means NextMedia Outdoor, Inc.

*NM Texas* means NM Texas, Inc.

*Other Secured Claim* means a Secured Claim that is not a First Lien Claim or a Second Lien Claim.

*Outdoor LLC* means NextMedia Outdoor, LLC.

*Person* means an individual, partnership, corporation, limited liability company, cooperative, trust, unincorporated organization, association, joint venture, government or agency or political subdivision thereof or any other form of legal entity.

*Petition Date* means December 21, 2009, the date on which each Debtor filed its voluntary petition for relief under chapter 11 of the Bankruptcy Code.

*Plan* means this Amended Joint Chapter 11 Plan of Reorganization proposed by the Debtors, as the same may be amended, supplemented or otherwise modified, including the exhibits and schedules hereto.

*Plan Supplement* means the compilation of documents and forms of documents, schedules and exhibits to be filed in one or more parts or volumes, no later than five (5) Business Days prior to the Voting Deadline, as amended, supplemented or otherwise modified from time to time in accordance with the terms hereof and in accordance with the Bankruptcy Code and the Bankruptcy Rules, comprising, without limitation, the following documents: the New Shareholders Agreement; the New NextMedia Governing Documents; the Registration Rights Agreement, the Commitment Letter, the Subscription Agreement, the Management Incentive Plan and the New Employment Agreements.



**Prepetition Lenders** means, collectively, the First Lien Lenders and the Second Lien Lenders.

**Priority Non-Tax Claim** means any Claim that is entitled to priority in payment pursuant to sections 507(a)(4), (5), (6), (7) or (9) of the Bankruptcy Code and that is not an Administrative Expense Claim or a Priority Tax Claim.

**Priority Tax Claim** means any Claim of a governmental unit of the kind entitled to priority in payment as specified in sections 502(i) and 507(a)(8) of the Bankruptcy Code.

**Professional Person** means any Person retained or to be compensated by the Debtors pursuant to sections 327, 328, 330, 331, 503(b) or 1103 of the Bankruptcy Code.

**Registration Rights Agreement** means a registration rights agreement substantially in the form to be filed as part of the Plan Supplement, and in form and substance reasonably satisfactory to the Second Lien Lead Investors, obligating the Reorganized Debtors to register for resale certain shares of New NextMedia Common Stock under the Securities Act in accordance with the terms set forth in such agreement.

**Reorganized Debtors** means the Debtors, as reorganized under and pursuant to the Plan from and after the Effective Date, except NM Investors, NM Texas, NM Franchising and Outdoor LLC, which shall each be dissolved; or, if the term Reorganized is used with respect to an individual Debtor, such individual Debtor as reorganized under and pursuant to the Plan, from and after the Effective Date, except NM Investors, NM Texas, NM Franchising and Outdoor LLC, which shall each be dissolved.

**Restructuring Agreement** means the Restructuring Support Agreement dated as of December 21, 2009, among the Debtors, the Second Lien Lead Investors and the other Second Lien Lenders signatories thereto, including all schedules, exhibits and annexes thereto, each as amended, modified or supplemented from time to time.

**Second Lien Agent** means NexBank, SSB, in its capacity as administrative agent and collateral agent to the Second Lien Lenders.

**Second Lien Claims** means the Claims arising out of the Second Lien Credit Agreement, in the aggregate Allowed amount of \$89,403,737.74 in principal and accrued but unpaid interest (plus certain additional fees and expenses).

**Second Lien Credit Agreement** means that certain Second Lien Credit and Guaranty Agreement dated as of November 15, 2005, among NM OpCo, NM Group, the Second Lien Agent and the Second Lien Lenders, and any related security documents or agreements, each as amended, supplemented or otherwise modified from time to time.

**Second Lien Lead Investors** means SVP and Angelo, Gordon or any assignee thereof, as may be identified by SVP or Angelo, Gordon.

**Second Lien Lenders** means the lenders under the Second Lien Credit Agreement.

**Secured Claim** means a Claim that is secured by a Lien that is valid, perfected and enforceable, and not avoidable, upon property in which a Debtor has an interest, to the extent of the value, as of the Effective Date, of such interest or Lien as determined by a Final Order of the Bankruptcy Court pursuant to section 506 of the Bankruptcy Code, or as otherwise agreed to in writing by the Debtor in question and the holder of such Claim.

**Securities Act** means the Securities Act of 1933, 15 U.S.C. §§ 77a-77aa, as now in effect or hereafter amended, or any similar federal, state or local law.

**Subscription Agreement** means a subscription agreement, substantially in the form to be filed as part of the Plan Supplement, in a form and substance reasonably satisfactory to the Second Lien Lead Investors, setting forth the terms and conditions on which the Second Lien Lead Investors will make the Equity Investment.

**SVP** means certain funds and affiliates of funds managed by Strategic Value Partners LLC, or its affiliates.

**Voting Deadline** means the date set by the Bankruptcy Court by which ballots for accepting or rejecting the Plan must be received, which is March 19, 2010.

## **1.2 Rules of Interpretation and Construction.**

(a) **Interpretation.** Unless otherwise specified herein, all section, article and exhibit references in the Plan are to the respective section in, article of, and exhibit to, the Plan, as the same may be amended, waived or modified from time to time. All headings in this Plan are for convenience of reference only and shall not limit or otherwise affect the provisions of the Plan.

(b) **Construction and Application of Bankruptcy Code Definitions.** Unless otherwise defined herein, words and terms defined in section 101 of the Bankruptcy Code shall have the same meanings when used in the Plan. Words or terms used but not defined herein shall have the meanings ascribed to such terms or words, if any, in the Bankruptcy Code. The rules of construction contained in section 102 of the Bankruptcy Code shall apply to the construction of the Plan.

(c) **Other Terms.** The words “herein,” “hereof,” “hereto,” “hereunder,” and other words of similar import refer to the Plan as a whole and not to any particular article, section, subsection or clause contained in the Plan.

(d) **Time.** In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.

## ARTICLE II

### TREATMENT OF UNCLASSIFIED CLAIMS

#### 2.1 *Administrative Expense Claims.*

All Administrative Expense Claims against the Debtors shall be treated as follows:

(a) Time for Filing. All holders of Administrative Expense Claims arising from the Petition Date through the Effective Date, other than Professional Persons holding Fee Claims, shall file with the Bankruptcy Court a request for payment of such Claims within thirty (30) days after the Effective Date. Any such request must be served on the Debtors, their counsel, counsel to any Committee and counsel to the Second Lien Lead Investors, and must, at a minimum, set forth (i) the name of the holder of the Claim; (ii) the amount of the Claim; and (iii) the basis for the Claim. A failure to file any such request in a timely fashion will result in the Administrative Expense Claim in question being discharged and its holder forever barred from asserting such Administrative Expense Claim against the Debtors.

(b) Allowance. An Administrative Expense Claim for which a request for payment has been properly filed shall become an Allowed Administrative Expense Claim unless an objection is filed by the date that is thirty (30) days after such Administrative Expense Claim is filed. If an objection is timely filed, the Administrative Expense Claim in question shall become an Allowed Administrative Expense Claim only to the extent so Allowed by Final Order of the Bankruptcy Court.

(c) Payment. Except to the extent that a holder of an Allowed Administrative Expense Claim agrees to a different treatment of such Claim, each holder of an Allowed Administrative Expense Claim shall receive, on account of and in full satisfaction of such Claim, Cash in an amount equal to the Allowed amount of such Claim on the later of (A) the Effective Date or (B) ten (10) days after entry of an order by the Bankruptcy Court allowing such Administrative Expense Claim.

#### 2.2 *Fee Claims.*

Every Professional Person holding a Fee Claim that has not previously been the subject of a final fee application and accompanying Bankruptcy Court order shall file a final application for payment of fees and reimbursement of expenses no later than the date that is thirty (30) days after the Effective Date. Any such final fee application shall conform to and comply with all applicable rules and regulations contained in the Bankruptcy Code, the Bankruptcy Rules, and the Local Bankruptcy Rules. The last date to object to any final fee application shall be the twenty-fourth (24th) day after such fee application has been filed with the Bankruptcy Court. All final fee applications shall be set for hearing on the same day, as the Bankruptcy Court's calendar permits, after consultation with counsel for the Debtors. Allowed Fee Claims shall be paid in full in Cash by the Debtors on the later of (A) the Effective Date or (B) ten (10) days after entry of an order by the Bankruptcy Court allowing such Fee Claim.

### 2.3 *Priority Tax Claims.*

Except to the extent that a holder of an Allowed Priority Tax Claim has agreed or agrees to a different treatment of such Claim, each holder of an Allowed Priority Tax Claim shall receive on the Effective Date, at the option of the Debtors, in consultation with the Second Lien Lead Investors: (i) Cash in an amount equal to the Allowed amount of such Claim, or (ii) regular installment payments of Cash (a) having a total value, as of the Effective Date, equal to the Allowed amount of the Claim, (b) over a period ending not later than five (5) years after the Petition Date and (c) in a manner not less favorable than the most favored nonpriority Allowed General Unsecured Claims provided for by the Plan (other than Cash payments made to a class of creditors under section 1122(b) of the Bankruptcy Code). To the extent interest is required to be paid on any Priority Tax Claim, the rate of such interest shall be the rate determined under applicable nonbankruptcy law, as set forth in section 511 of the Bankruptcy Code. To the extent the holder of an Allowed Priority Tax Claim has a Lien on the Debtors' property, such Lien shall remain in place until such Allowed Priority Tax Claim has been paid in full. On and after the Effective Date, the Reorganized Debtors will pay all *ad valorem* property taxes as they become due, in the ordinary course of business.

### 2.4 *DIP Claims.*

On the Effective Date, all Allowed DIP Claims shall be paid in full in Cash. Upon payment and satisfaction in full of all Allowed DIP Claims, all Liens and security interests granted to secure such obligations, whether in the Chapter 11 Cases or otherwise, shall be terminated and of no further force or effect.

## ARTICLE III

### CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS

The Plan is premised upon the substantive consolidation of certain of the Debtors for purposes of the Plan only. Accordingly, for purposes of the Plan, the assets and liabilities of the Debtors (except NM Investors, NM Texas, NM Franchising and Outdoor LLC) are deemed the assets and liabilities of a single, consolidated entity.

All Claims against, and Equity Interests in, the Debtors are classified for all purposes, including voting, confirmation, and distribution, pursuant to the Plan as follows:

Class	Designation	Impairment	Entitled to Vote
Class 1	Priority Non-Tax Claims	No	No (deemed to accept)
Class 2a	First Lien Claims Against All Debtors Except Outdoor LLC	No	No (deemed to accept)
Class 2b	First Lien Claims Against Outdoor LLC	No	No (deemed to accept)
Class 3a	Second Lien Claims Against All Debtors Except Outdoor LLC	Yes	Yes
Class 3b	Second Lien Claims Against Outdoor LLC	Yes	Yes
Class 4	Other Secured Claims	No	No (deemed to accept)
Class 5	General Unsecured Claims	No	No (deemed to accept)
Class 6	Equity Interests in NM OpCo, NM Outdoor, NM Northern Colorado and NM Licensing	No	No (deemed to accept)
Class 7	Equity Interests in NM Group	Yes	Yes
Class 8	Equity Interests in NM Investors	Yes	Yes
Class 9	Equity Interests in NM Texas	Yes	No (deemed to reject)
Class 10	Equity Interests in Outdoor LLC	Yes	No (deemed to reject)
Class 11	Equity Interests in NM Franchising	Yes	No (deemed to reject)

Administrative Expense Claims and Priority Tax Claims are not classified for purposes of voting or receiving distributions under the Plan, pursuant to section 1123(a)(1) of the Bankruptcy Code. Instead, all such Claims shall be treated separately as unclassified claims on the terms previously set forth in Article II of the Plan.

## ARTICLE IV

### TREATMENT OF CLAIMS AND EQUITY INTERESTS

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

Except to the extent that a holder of an Allowed Priority Non-Tax Claim agrees to a less favorable treatment, each such holder shall receive, in full satisfaction of such Claim, payment in full in Cash on the later of (A) the Effective Date or (B) ten (10) days after entry of an order by the Bankruptcy Court allowing such Priority Non-Tax Claim.

#### 4.2 *Classes 2a and 2b – First Lien Claims.*

On the Effective Date, except to the extent that a holder of an Allowed First Lien Claim agrees to less favorable treatment, each holder of an Allowed First Lien Claim in Classes 2a and 2b shall receive, in full satisfaction of such Claim, Cash in an amount equal to such holder's Allowed First Lien Claim (including, without limitation, interest on the obligations under the First Lien Credit Agreement accrued and unpaid through the Effective Date at the default rate set forth in the First Lien Credit Agreement). Upon such payment, the First Lien Claims shall be deemed satisfied in full and discharged, and the First Lien Credit Agreement and all Liens securing the obligations thereunder shall be terminated and of no further force or effect.

#### 4.3 *Classes 3a and 3b – Second Lien Claims.*

(a) On the Effective Date, each holder of an Allowed Second Lien Claim in Classes 3a and 3b shall receive its *pro rata* share of an initial allocation of 95% of the New NextMedia Common Stock, in the form of shares of New NextMedia Class A Common Stock, subject to dilution through the issuance of shares of (i) New NextMedia Class B Common Stock to the Second Lien Lead Investors (in exchange for their Equity Investment) and (ii) New NextMedia Class A Common Stock pursuant to the Management Incentive Plan. Upon the Effective Date, all Second Lien Claims shall be deemed satisfied in full and discharged, and the Second Lien Credit Agreement and all Liens securing the obligations thereunder shall be terminated and of no further force or effect.

(b) Each holder of an Allowed Second Lien Claim shall, on the ballot to be provided to such holder to vote to accept or reject the Plan, indicate its election to receive its *pro rata* share of New NextMedia Class A Common Stock in the form of either (i) class A voting common stock or (ii) class A limited-voting common stock. If any holder of an Allowed Second Lien Claim fails to make such an election on its ballot, such holder shall be deemed to have elected, and shall receive, class A limited-voting common stock. Notwithstanding any election made by any holder of an Allowed Second Lien Claim to the contrary, the Debtors may, in the exercise of their reasonable business judgment, after consultation with the Second Lien Agent, issue class A limited-voting common stock to any holder of an Allowed Second Lien Claim as may be necessary to comply with applicable FCC rules and regulations.

#### **4.4 Class 4 – Other Secured Claims.**

On the Effective Date, except to the extent that a holder of an Allowed Other Secured Claim agrees to less favorable treatment, each holder of an Allowed Other Secured Claim shall, at the Debtors' option, in consultation with the Second Lien Lead Investors: (i) be reinstated or otherwise rendered unimpaired in accordance with section 1124 of the Bankruptcy Code, notwithstanding any contractual provision or applicable non-bankruptcy law that entitles the holder of an Allowed Other Secured Claim to demand or receive payment of such Claim prior to its stated maturity from and after the occurrence of an event of default, (ii) be paid in the ordinary course of business in accordance with the course of practice between the Debtors and such holder with respect to such Allowed Other Secured Claim, or (iii) receive the Collateral securing such Allowed Other Secured Claim.

#### **4.5 Class 5 – General Unsecured Claims.**

Each holder of an Allowed General Unsecured Claim shall, in full satisfaction, settlement, release, and discharge of, and in exchange for, such Allowed General Unsecured Claim, at the Debtors option, in consultation with the Second Lien Lead Investors: (i) to the extent such Allowed General Unsecured Claim is due and owing on the Effective Date, (a) be paid in full in Cash on the later of the Effective Date and the date such Claim becomes an Allowed General Unsecured Claim, or, in each case, as soon as practicable thereafter, or (b) otherwise be paid in accordance with the terms of any agreement between the Debtors and such holder; (ii) to the extent such Allowed General Unsecured Claim is not due and owing on the Effective Date, be paid in full in Cash when and as such Allowed General Unsecured Claim becomes due and owing in the ordinary course of business; or (iii) receive treatment that leaves unaltered the legal, equitable, and contractual rights to which such Allowed General Unsecured Claim entitles the holder of such Claim.

#### **4.6 Class 6 – Equity Interests in NM OpCo, NM Outdoor, NM Northern Colorado and NM Licensing**

On the Effective Date, each holder of an Equity Interest in NM OpCo, NM Outdoor, NM Northern Colorado and NM Licensing shall retain its Equity Interest.

#### **4.7 Class 7 – Equity Interests in NM Group.**

On the Effective Date, the Equity Interests in NM Group shall be cancelled and extinguished, and the holder of the Equity Interests in NM Group shall receive 5% of the New NextMedia Common Stock, in the form of shares of New NextMedia Class A Common Stock, subject to dilution through the issuance of shares of (i) New NextMedia Class B Common Stock to the Second Lien Lead Investors (in exchange for the Equity Investment) and (ii) New NextMedia Class A Common Stock pursuant to the Management Incentive Plan. NM Investors (as the holder of the Equity Interests in NM Group) shall immediately distribute its shares of New NextMedia Class A Common Stock to the holders of the Equity Interests in NM Investors in accordance with the terms of the NM Investors Agreement.

**4.8 Class 8 – Equity Interests in NM Investors.**

On the Effective Date, all Equity Interests in NM Investors shall be cancelled and extinguished. Each holder of an Equity Interest in NM Investors shall receive, via distribution from NM Investors, a number of shares of New NextMedia Class A Common Stock distributed to NM Investors pursuant to section 4.7 hereof, as calculated pursuant to the terms of the NM Investors Agreement.

**4.9 Class 9 – Equity Interests in NM Texas.**

On the Effective Date, all Equity Interests in NM Texas shall be cancelled and extinguished, and the holder of such Equity Interests shall neither receive nor retain any property on account of such Equity Interests under the Plan.

**4.10 Class 10 – Equity Interests in Outdoor LLC.**

On the Effective Date, all Equity Interests in Outdoor LLC shall be cancelled and extinguished, and the holders of such Equity Interests shall neither receive nor retain any property on account of such Equity Interests under the Plan.

**4.11 Class 11 – Equity Interests in NM Franchising.**

On the Effective Date, all Equity Interests in NM Franchising shall be cancelled and extinguished, and the holder of such Equity Interests shall neither receive nor retain any property on account of such Equity Interests under the Plan.

**ARTICLE V**

**IMPAIRMENT; ACCEPTANCE OR REJECTION OF THE PLAN;  
EFFECT OF REJECTION BY ONE OR MORE CLASSES**

**5.1 Classes Entitled to Vote.**

The holders of Claims in Classes 1, 2a, 2b, 4 and 5, and holders of Equity Interests in Class 6 are unimpaired, conclusively deemed to have accepted the Plan and are not entitled to vote to accept or reject the Plan. Holders of Claims in Classes 3a and 3b, and holders of Equity Interests in Classes 7 and 8 are impaired and entitled to vote to accept or reject the Plan. Holders of Equity interests in Classes 9, 10 and 11 are impaired, will neither receive nor retain any property under the Plan on account of such Equity Interests, are not entitled to vote, and are deemed to have rejected the Plan.

**5.2 Class Acceptance Requirement.**

A Class of impaired Claims shall have accepted the Plan if the holders of at least two-thirds (2/3) in amount and more than one-half (1/2) in number of Claims in such Class who have voted on the Plan have voted to accept the Plan. A Class of impaired Equity Interests shall have accepted the Plan if at least two-thirds (2/3) in amount of Equity Interests in such Class who have voted on the Plan have voted to accept the Plan.



### 5.3 *Cramdown*

If any Class (except for Classes 3a or 3b) fails to accept the Plan in accordance with section 1126(c) or (d) of the Bankruptcy Code, the Debtors hereby request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code.

## ARTICLE VI

### MEANS OF IMPLEMENTATION AND POST-EFFECTIVE DATE GOVERNANCE

#### 6.1 *Substantive Consolidation.*

The Plan is premised upon the substantive consolidation of the Debtors (other than NM Investors, NM Texas, NM Franchising and Outdoor LLC, which are to be dissolved under the Plan) for purposes of the Plan only. Accordingly, on the Effective Date, and other than with respect to the Debtors to be dissolved under the Plan, all of the Debtors and their Estates shall, for purposes of the Plan only, be deemed merged and (i) all assets and liabilities of such Debtors shall be treated as though they were merged, (ii) all guarantees of such Debtors of payment, performance or collection of obligations of any other of such Debtors shall be eliminated and cancelled, (iii) all joint obligations of such Debtors and all multiple Claims against such entities on account of such joint obligations, shall be considered a single claim against such Debtors, and (iv) any Claim filed in the Chapter 11 Cases shall be deemed filed against the consolidated Debtors and a single obligation of the consolidated Debtors on and after the Effective Date. Such substantive consolidation shall not (other than for purposes of voting, treatment, and distribution under the Plan) affect (x) the legal and/or corporate structures of the Debtors (other than with respect to those Debtors to be dissolved under the Plan) or (y) any intercompany claims.

#### 6.2 *Continued Separate Existence.*

Subject to the transactions contemplated by the Plan, and except as provided in the Plan, each Debtor shall continue to exist after the Effective Date as a separate legal entity, with all the powers afforded to it under applicable law in the jurisdiction in which such Debtor is organized and pursuant to the organizational documents in effect with respect to such Debtor prior to the Effective Date, except to the extent such organizational documents are amended by, or are to be amended pursuant to, the Plan or otherwise, without prejudice to any right to terminate such existence (whether by merger or otherwise) under applicable law after the Effective Date.

#### 6.3 *Restructuring and Other Corporate Actions and Transactions.*

(a) Exit Financing. Upon the Effective Date, the Reorganized Debtors shall enter into the Exit Financing. The proceeds thereof (along with the proceeds of the Equity Investment, Cash on hand and any additional financing that may be necessary in an amount to be determined (subject to the terms and conditions of the Exit Financing (including any limitations therein on the incurrence of additional debt and liens)) shall be used to pay all First Lien Claims and all other Claims that are to be paid in Cash as set forth in the Plan.

(b) Equity Investment. Upon the Effective Date, the Second Lien Lead Investors shall, severally and not jointly, make the Equity Investment and, in exchange therefor, receive shares of New NextMedia Class B Common Stock, which shall represent 66.67% of the shares of New NextMedia Common Stock, subject to dilution only by the shares of New NextMedia Class A Common Stock to be issued pursuant to the Management Incentive Plan. Each Second Lien Lead Investor shall elect to receive its *pro rata* share of New NextMedia Class B Common Stock in the form of either (i) class B voting common stock or (ii) class B limited-voting common stock by so-indicating on the Subscription Agreement. Notwithstanding any election made by any Second Lien Lead Investor to the contrary, the Debtors may, in the exercise of their reasonable business judgment, issue class B limited-voting common stock to any Second Lien Lead Investor as may be necessary to comply with applicable FCC rules and regulations.

(c) Management Incentive Plan. Upon the Effective Date, Reorganized NM Group shall adopt the Management Incentive Plan. The Management Incentive Plan shall provide for the award of non-qualified options to designated members of senior management of the Reorganized Debtors to acquire up to 14% of the fully diluted shares of New NextMedia Common Stock (after giving effect to the Equity Investment, the issuance of New NextMedia Common Stock to holders of Allowed Second Lien Claims and the holder of the Equity Interests NM Group). The Management Incentive Plan shall incorporate the principal terms and conditions set forth in the Plan Supplement.

(d) Management Employment Agreements. The Debtors' senior management shall continue in their positions following the Effective Date, subject to such individuals waiving certain terms of their Existing Employment Agreements. On or prior to the Effective Date (effective as of the Effective Date), each member of the Debtors' senior management shall enter into a New Employment Agreement with Reorganized NM Group. Upon the Effective Date, such New Employment Agreements shall supersede and replace the Existing Employment Agreements, and the Existing Employment Agreements shall be deemed null, void, terminated and of no further force or effect.

(e) New Shareholders Agreement. Upon the Effective Date, or as soon thereafter as may be practicable, all holders of New NextMedia Common Stock (including, without limitation holders of options issued under the Management Incentive Plan) shall enter into the New Shareholders Agreement.

(f) Registration Rights Agreement. Upon the Effective Date, or as soon thereafter as may be practicable, all holders of New NextMedia Common Stock shall have the right to enter into the Registration Rights Agreement.

(g) Dissolution of NM Investors and Distribution of Stock to Equity Holders. Upon the Effective Date, pursuant to section 4.7 hereof, NM Investors shall distribute to its Equity Interest holders the shares of New NextMedia Class A Common Stock distributed to NM Investors hereunder. As soon as practicable thereafter, NM Investors shall be dissolved and shall cease to exist as a limited liability company.

(h) Dissolution of NM Texas, NM Franchising and Outdoor LLC. On the Effective Date, or as soon as practicable thereafter, NM Texas, NM Franchising and Outdoor LLC shall be dissolved and shall cease to exist as legal entities.

(i) Tax Elections. None of the Reorganized Debtors shall change its entity classification for U.S. federal income tax purposes on or prior to the Effective Date.

(j) Other Transactions. On or as of the Effective Date, or as soon as practicable thereafter, and without the need for any further action other than approval by the New Board, the Reorganized Debtors may (i) cause any or all of the Reorganized Debtors or to be merged into one or more of the Reorganized Debtors, dissolved or otherwise consolidated, (ii) cause the transfer of assets between or among the Reorganized Debtors, or (iii) engage in any other transaction in furtherance of the Plan.

(k) General Corporate Actions. Upon the Effective Date, all actions contemplated by the Plan shall be deemed authorized and approved in all respects, including (i) adoption or assumption, as applicable, of the New Employment Agreements, (ii) selection of the directors and officers of the Reorganized Debtors, (iii) the distribution of New NextMedia Common Stock, (iv) the adoption of the Management Incentive Plan, and (v) all other actions contemplated by the Plan (whether to occur before, on or after the Effective Date). All matters provided for in the Plan involving the corporate structure of the Debtors or the Reorganized Debtors, and any corporate action required by the Debtors or the Reorganized Debtors in connection with the Plan shall be deemed to have occurred and shall be in effect, without any requirement of further action by any holders of Equity Interests or New NextMedia Common Stock, the managing members, directors or officers of the Debtors or the Reorganized Debtors. On or (as applicable) prior to the Effective Date, the appropriate officers of the Debtors or the Reorganized Debtors, as applicable, shall be authorized and directed to issue, execute and deliver the agreements, documents, securities, and instruments contemplated by the Plan (or necessary or desirable to effect the transactions contemplated by the Plan) in the name of and on behalf of the Reorganized Debtors. Such authorizations and approvals shall be effective notwithstanding any requirements under non-bankruptcy law.

(l) New NextMedia Governing Documents. Upon the Effective Date, the New NextMedia Governing Documents shall become effective in accordance with their terms and shall be filed with the appropriate Governmental Unit.

(m) Boards of Directors of the Reorganized Debtors. The identities of and compensation to be provided to the individuals serving on New Board will be set forth in the Plan Supplement. After the Effective Date, the New Board shall consist of five (5) members, one (1) of whom shall be the chief executive officer of Reorganized NM Group. Three (3) members of the New Board shall be designated by SVP and one (1) member of the New Board shall be designated by representatives of the holders of Allowed Second Lien Claims. For so long as SVP shall own not less than 39% of the outstanding New NextMedia Common Stock, SVP shall have the right to designate the majority of the New Board. The tenure of each member of the New Board, and the tenure and manner of selection of subsequent directors for each of the Reorganized Debtors shall be as provided in the New NextMedia Governing Documents and the New Shareholders Agreement

(n) Officers the Reorganized Debtors. The officers of the respective Reorganized Debtors immediately prior to the Effective Date shall serve as the initial officers of each of the respective Reorganized Debtors on and after (as may be determined by the New Board) the Effective Date and in accordance with any employment agreement entered into with the Reorganized Debtors and applicable non-bankruptcy law.

#### **6.4 Issuance of New Securities.**

As of the Effective Date, the issuance by Reorganized NM Group of the New NextMedia Common Stock to the Persons and in the amounts set forth herein is hereby authorized without the need for any further corporate action. Pursuant to section 1145 of the Bankruptcy Code, the issuance and allocation of shares of New NextMedia Common Stock hereunder (and any options to purchase the same) shall be exempt from registration under the Securities Act and any state or local law requiring registration for offer or sale of a security.

#### **6.5 Release of Liens.**

Except as otherwise provided herein, upon the occurrence of the Effective Date, any Lien securing a Secured Claim, including without limitation, the First Lien Claims and the Second Lien Claims, shall be deemed released, and the holder of such Secured Claim shall be authorized and directed to release any Collateral or other property of the Debtors (including any Cash collateral) held by such holder and to take such actions as may be requested by the Reorganized Debtors to evidence the release of such Lien, including the execution, delivery and filing or recording of such releases as may be requested by the Reorganized Debtors. As of the Effective Date, the Reorganized Debtors shall be authorized to file on behalf of holders of Secured Claims form UCC-3s or such other forms as may be necessary to implement the provisions of this section.

#### **6.6 Preservation of Rights of Action; Settlement of Litigation Claims.**

Except as otherwise provided herein or in any contract, instrument, release, indenture or other agreement entered into in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code, the Reorganized Debtors shall retain and may, without the need for any further Bankruptcy Court approval, enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all Claims, rights or causes of action, suits, and proceedings, whether in law or in equity, whether known or unknown, that the Debtors or their Estates may hold against any Person or entity. The Reorganized Debtors or their successor(s) may pursue such retained Claims, rights or causes of action, suits, or proceedings as appropriate, in accordance with the best interests of the Reorganized Debtors or their successor(s) who hold such rights.

#### **6.7 Effectuating Documents; Further Transactions.**

The New Board, the chairman of the board of directors, president, chief financial officer, any vice-president, or any other appropriate officer of each Debtor shall be authorized to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents, and take such actions, as may be necessary or appropriate, to effectuate and further evidence the terms and conditions of the Plan. The secretary or assistant

secretary of the appropriate Debtor shall be authorized to certify or attest to any of the foregoing actions.

#### **6.8 Cancellation of Agreements.**

As of the Effective Date, except to the extent otherwise provided herein, the First Lien Credit Agreement and the Second Lien Credit Agreement shall be deemed cancelled, and the obligations of the Debtors thereunder shall be deemed satisfied in full and discharged; *provided, however*, that the First Lien Credit Agreement and the Second Lien Credit Agreement shall continue in effect solely to the extent necessary to allow the Agents and the Prepetition Lenders to receive distributions from the Debtors under the Plan.

#### **6.9 Dissolution of Statutory Committees and Cessation of Fee and Expense Payments.**

Any Committee appointed in the Debtors' Chapter 11 Cases shall be dissolved on the Effective Date. The Reorganized Debtors shall not be responsible for paying any fees or expenses incurred by any Committee after the Effective Date. After the Effective Date, the Debtors shall not be responsible for paying any fees or expenses of the advisors to (i) the Second Lien Lead Investors, (ii) the Agents or (iii) the Prepetition Lenders, except as may otherwise be provided in any then-applicable and effective agreements.

### **ARTICLE VII**

#### **DISTRIBUTIONS**

#### **7.1 Date of Distributions.**

Unless otherwise provided herein, any distributions and deliveries to be made under the Plan shall be made on the Effective Date or as soon as practicable thereafter. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act shall be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

#### **7.2 Sources of Cash for Plan Distributions.**

Except as otherwise provided herein or in the Confirmation Order, all Cash required for the payments to be made hereunder shall be obtained from the Debtors' and the Reorganized Debtors' operations and Cash on hand, the proceeds of the Exit Financing and the Equity Investment; *provided, however*, that nothing herein shall be deemed to limit or prohibit the Reorganized Debtors from entering into one or more post-Effective Date credit facilities, subject to the terms and conditions of the Exit Financing (including any limitations therein on the incurrence of additional debt and liens), to fund additional payments or liquidity requirements of the Reorganized Debtors.

### **7.3 *Disbursing Agent.***

All distributions under the Plan shall be made by the Disbursing Agent. The Disbursing Agent shall not be required to give any bond, surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court.

### **7.4 *Rights and Powers of Disbursing Agent.***

The Disbursing Agent shall be empowered to (a) effect all actions and execute all agreements, instruments and other documents necessary to perform its duties under the Plan, (b) make all distributions contemplated hereby, (c) employ professionals to represent it with respect to its responsibilities and (d) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions hereof.

### **7.5 *Record Date for Distributions.***

At the close of business on the Distribution Record Date, the transfer ledgers or registers for the Debtors' existing Equity Interests and all indebtedness under the First Lien Credit Agreement and the Second Lien Credit Agreement shall be closed, and there shall be no further changes in the record holders of such Equity Interests and indebtedness. The Reorganized Debtors and the Disbursing Agent shall have no obligation to recognize any transfer of any of the foregoing occurring after the Distribution Record Date, and shall be entitled instead to recognize for all purposes hereunder, including to effect distributions hereunder, only those record holders stated on the transfer ledgers or registers maintained by the Debtors and the Agents as of the close of business on the Distribution Record Date.

### **7.6 *Recipients of Distributions.***

All distributions to holders of Allowed Claims and Allowed Equity Interests under the Plan (except to holders of First Lien Claims and the Second Lien Claims) shall be made to the holder of the Claim or Equity Interest as of the Distribution Record Date. Changes as to the holder of a Claim or Equity Interest after the Distribution Record Date shall only be valid and recognized for distribution if notice of such change is filed with the Bankruptcy Court, in accordance with Bankruptcy Rule 3001 (if applicable) and served upon the Debtors and their counsel.

Distributions on account of Allowed First Lien Claims and Allowed Second Lien Claims shall initially be made to the respective Agents, who shall then be responsible for making the appropriate distributions to the respective Prepetition Lenders in accordance with the Agents' respective books and records, pursuant to the terms of the First Lien Credit Agreement and Second Lien Credit Agreement, as applicable. In connection therewith, the Agents shall neither have nor assume any liability for making distributions to the Prepetition Lenders greater than that provided for in the First Lien Credit Agreement or the Second Lien Credit Agreement, as applicable. The Disbursing Agent shall not have or incur any liability for making any distributions to any individual Prepetition Lender.

### **7.7 Delivery of Distributions.**

Subject to Bankruptcy Rule 9010, all distributions under the Plan shall be made at the address of each holder of an Allowed Claim or Allowed Equity Interest as set forth in the books and records of the Debtors, unless the applicable Debtor has been notified in writing of a change of address, including, without limitation, by the filing of a proof of claim or interest by such holder that contains an address for such holder different from the address on file with the Debtors for such holder. If any distribution to the holder of an Allowed Claim or Allowed Equity Interest is returned as undeliverable, no distribution to such holder shall be made unless and until the Reorganized Debtors are notified of such holder's then-current address, at which time all missed distributions shall be made to such holder without interest; *provided, however*, that such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of one hundred eighty (180) days after the Effective Date. After such date, all unclaimed property or interest in property shall revert to the Reorganized Debtors, and the Claim or Equity Interest of any holder with respect to such property or interest in property shall be discharged and forever barred, notwithstanding any applicable federal or state escheat, abandoned, or unclaimed property laws to the contrary.

### **7.8 Means of Payment.**

All distributions made pursuant to the Plan shall be in Cash unless stated otherwise.

### **7.9 Fractional Shares.**

No fractional shares of New NextMedia Common Stock shall be distributed and no Cash shall be distributed in lieu of such fractional shares. When any distribution pursuant to the Plan on account of an Allowed Claim or Allowed Equity Interest would otherwise result in the issuance of a number of shares of New NextMedia Common Stock that is not a whole number, the actual distribution of shares of New NextMedia Common Stock shall be rounded as follows: (a) fractions of one-half ( $\frac{1}{2}$ ) or greater shall be rounded to the next higher whole number and (b) fractions of less than one-half ( $\frac{1}{2}$ ) shall be rounded to the next lower whole number with no further payment therefor. The total number of authorized shares of New NextMedia Common Stock to be distributed hereunder shall be adjusted as necessary to account for the foregoing rounding.

### **7.10 Setoffs and Recoupment.**

The Debtors may, but shall not be required to, setoff against or recoup from any Claim any claims of any nature whatsoever that any of the Debtors may have against the holder of such Claim, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by any of the Debtors or the Reorganized Debtors of any such claim they may have against such claimant.

**7.11 *Distributions After Effective Date.***

Distributions made after the Effective Date to holders of Disputed Claims that are not Allowed Claims as of the Effective Date but which later become Allowed Claims shall be deemed to have been made on the Effective Date.

**7.12 *Withholding and Reporting Requirements.***

In connection with the Plan and all instruments issued in connection therewith and distributed thereunder, any party issuing any instrument or making any such distribution under the Plan shall comply with all applicable withholding and reporting requirements imposed by any federal, state or local taxing authority, and all distributions under the Plan shall be subject to any such withholding or reporting requirements. Notwithstanding the above, each holder of an Allowed Claim or Allowed Equity Interest that is entitled to receive a distribution under the Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any applicable tax obligations, including income, withholding and other tax obligations, on account of such distribution. Any party issuing any instrument or making any distribution under the Plan to any holder of any Allowed Claim or Allowed Equity Interest has the right, but not the obligation, to not issue such instrument or make a distribution until such holder has made arrangements satisfactory to such issuing or disbursing party for payment of any such tax obligations.

**7.13 *No Postpetition Interest.***

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

**7.14 *Time Bar to Payments.***

Checks issued by the Disbursing Agent in respect of Allowed Claims shall be null and void if not negotiated within six (6) months 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 with respect to whom such check was originally issued. Any Claim in respect of such voided check shall be made on or before the first anniversary of the Effective Date. After such date, all Claims in respect of void checks shall be discharged and forever barred.

**ARTICLE VIII**

**PROCEDURES FOR RESOLVING AND TREATING DISPUTED CLAIMS**

**8.1 *Objections to Claims.***

Except insofar as a Claim is Allowed under the Plan or pursuant to Final Order of the Bankruptcy Court, the Debtors, the Reorganized Debtors or any other party in interest shall be entitled to object to Claims. Any objections to Claims shall be served and filed (i) on or before the ninetieth (90th) day following the later of (x) the Effective Date and (y) the date that a proof of Claim is filed or amended or a Claim is otherwise asserted or amended in writing by or



on behalf of a holder of such Claim, or (ii) such later date as ordered by the Bankruptcy Court. Any Claim as to which an objection is timely filed shall be a Disputed Claim.

### **8.2 *No Distributions Pending Allowance.***

If the Debtors object to any Claim, no payment or distribution provided under the Plan shall be made on account of such Claim unless and until such Disputed Claim becomes an Allowed Claim.

### **8.3 *Distributions After Allowance.***

To the extent that a Disputed Claim or Disputed Equity Interest ultimately becomes an Allowed Claim or Allowed Equity Interest, respectively, distributions (if any) shall be made to the holder of such Allowed Claim or Allowed Equity Interest, respectively, in accordance with the provisions of the Plan. As soon as reasonably practicable after the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim or Disputed Equity Interest becomes a Final Order, the Disbursing Agent shall provide to the holder of such Claim the distribution (if any) to which such holder is entitled under the Plan as of the Effective Date, without any interest to be paid on account of such Claim unless required under applicable bankruptcy law.

### **8.4 *Disallowance of Late Filed Claims and Equity Interests.***

Unless otherwise provided in a Final Order of the Bankruptcy Court, any Claim or Equity Interest for which a proof of claim or interest, as applicable, is filed after the applicable Bar Date shall be deemed disallowed. The holder of a Claim or Equity Interest that is disallowed pursuant to this section 8.4 shall not receive any distribution on account of such Claim or Equity Interest, as applicable, and neither the Debtors, the Reorganized Debtors nor the Distribution Agent shall need to take any affirmative action for such Claim or Equity Interest to be deemed disallowed.

## **ARTICLE IX**

### **TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

#### **9.1 *Assumption of Contracts and Leases.***

Except as otherwise provided herein, or in any contract, instrument, release, indenture, or other agreement or document entered into in connection with the Plan, as of the Effective Date, each Debtor shall be deemed to have assumed each executory contract and unexpired lease to which it is a party, unless such contract or lease (i) was previously assumed, assumed and assigned or rejected by the Debtors, (ii) previously expired or terminated pursuant to its own terms, (iii) is the subject of a motion to assume, assume and assign, or reject filed by the Debtors on or before the Confirmation Date, or (iv) is set forth in schedule 9.1 hereto, as an executory contract or unexpired lease to be rejected; *provided, however*, that the Existing Employment Agreements shall neither be assumed nor rejected, and shall be treated as set forth in section 6.3(c) hereof. The Confirmation Order shall constitute an order of the Bankruptcy

Court under sections 365 and 1123(b) of the Bankruptcy Code approving the contract and lease assumptions or rejections described above, as of the Effective Date.

Each executory contract and unexpired lease that is assumed and relates to the use, ability to acquire, or occupancy of real property shall include (a) all modifications, amendments, supplements, restatements, or other agreements made directly or indirectly by any agreement, instrument, or other document that in any manner affect such executory contract or unexpired lease and (b) all executory contracts or unexpired leases appurtenant to the premises, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, usufructs, reciprocal easement agreements, vaults, tunnel or bridge agreements or franchises, and any other interests in real estate or rights *in rem* related to such premises, unless any of the foregoing agreements has been rejected pursuant to an order of the Bankruptcy Court.

## **9.2 *Inclusiveness.***

Unless otherwise specified, each executory contract and unexpired lease shall include any and all modifications, amendments, supplements, restatements or other agreements made directly or indirectly by any agreement, instrument or other document that in any manner affects such executory contract or unexpired lease, without regard to whether such agreement, instrument or other document is listed on such schedule.

## **9.3 *Payments Related to Assumption of Contracts and Leases.***

Any monetary amounts by which any executory contract and unexpired lease to be assumed hereunder are in default shall be satisfied, under section 365(b)(1) of the Bankruptcy Code, by the Debtors upon assumption thereof. If there is a dispute regarding (i) the nature or amount of any Cure; (ii) the ability of the Debtors or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed; or (iii) any other matter pertaining to assumption, Cure shall occur following the entry of a Final Order of the Bankruptcy Court resolving the dispute and approving the assumption or assumption and assignment, as the case may be.

## **9.4 *Rejected Contracts and Leases.***

Except as otherwise provided herein or in any contract, instrument, release, indenture, or other agreement or document entered into in connection with the Plan, none of the executory contracts and unexpired leases to which the Debtors are a party shall be rejected hereunder; *provided, however*, that the Debtors reserve the right, at any time prior to the Confirmation Date, to seek to reject any executory contract or unexpired lease to which any Debtor is party.

## **9.5 *Claims Based on Rejection of Executory Contracts or Unexpired Leases.***

All Claims arising out of the rejection of executory contracts and unexpired leases (if any) must be served upon the applicable Debtor and its counsel within thirty (30) days after the earlier of (i) the date of entry of an order of the Bankruptcy Court approving such rejection or (ii) the Confirmation Date; *provided, however*, that any such Claim arising out of the rejection of

an executory contract or unexpired lease that is filed after the Effective Date shall be served on the Reorganized Debtors. Any Claims not filed within such time shall be forever barred from assertion against the Debtors, their Estates and their property.

#### **9.6 Compensation and Benefit Plans.**

Except and to the extent previously assumed by an order of the Bankruptcy Court, on or before the Confirmation Date, all employee compensation and employee benefit plans of the Debtors, including employee benefit plans and programs subject to sections 1114 and 1129(a)(13) of the Bankruptcy Code (if any), but excluding the Existing Employment Agreements, entered into before or after the Petition Date and not since terminated, shall be deemed to be, and shall be treated as if they were, executory contracts that are to be assumed under the Plan. The Debtors' obligations under such plans and programs shall survive confirmation of the Plan, except for (i) executory contracts or benefit plans specifically rejected pursuant to the Plan (to the extent such rejection does not violate sections 1114 and 1129(a)(13) of the Bankruptcy Code) and (ii) such executory contracts or employee benefit plans as have previously been rejected, are the subject of a motion to reject as of the Confirmation Date, or have been specifically waived by the beneficiaries of any employee benefit plan or contract.

#### **9.7 Insurance Policies.**

Notwithstanding anything contained in the Plan to the contrary, unless specifically rejected by order of the Bankruptcy Court, all of the Debtors' insurance policies and any agreements, documents or instruments relating thereto, shall be continued. Nothing contained in this section shall constitute or be deemed a waiver of any cause of action that the Debtors may hold against any entity, including, without limitation, the insurer, under any of the Debtors' insurance policies.

### **ARTICLE X**

#### **CONDITIONS PRECEDENT TO CONFIRMATION AND EFFECTIVENESS OF THE PLAN**

##### **10.1 Conditions to Confirmation of Plan.**

Confirmation of the Plan shall not occur, and the Confirmation Order shall not be entered, until each of the following conditions precedent have been satisfied or waived:

(a) The Restructuring Agreement shall be in full force and effect and shall not have been terminated;

(b) An order, in a form and substance reasonably satisfactory to the Debtors and the Second Lien Lead Investors, finding that the Disclosure Statement contains adequate information pursuant to section 1125 of the Bankruptcy Code shall have been entered;

(c) The Plan Supplement shall have been filed with the Bankruptcy Court at least five (5) Business Days prior to the Voting Deadline; and

(d) The Confirmation Order shall be in a form and substance reasonably satisfactory to the Debtors and the Second Lien Lead Investors.

### **10.2 Conditions to Effective Date of Plan.**

The Effective Date of the Plan shall not occur until each of the following conditions precedent have been satisfied or waived:

(a) Confirmation Order. The clerk of the Bankruptcy Court shall have entered the Confirmation Order in the Chapter 11 Cases and there shall not be a stay or injunction (or similar prohibition) in effect with respect thereto. The Confirmation Order in the Chapter 11 Cases shall be in form and substance reasonably satisfactory to the Debtors and to the Second Lien Lead Investors;

(b) Execution and Delivery of Other Documents. All other actions and all agreements, instruments or other documents necessary to implement the terms and provisions of the Plan shall have been executed and delivered by the parties thereto, including, but not limited to, the Exit Financing documents, the Management Incentive Plan documents, the New Shareholders Agreement, the Registration Rights Agreement, and the documents relating to the Equity Investment and, in each case, all conditions to their effectiveness shall have been satisfied or waived as provided therein; and

(c) FCC Approval. The Debtors shall have obtained FCC Approval of the transactions contemplated by the Plan.

### **10.3 Waiver of Conditions Precedent.**

Any of the foregoing conditions (with the exception of the conditions set forth in sections 10.1(b), 10.2(a) and 10.2(c)) may be waived by the Debtors in accordance with the terms and conditions set forth in the Restructuring Agreement, in each case without notice to or order of the Bankruptcy Court. The failure to satisfy or waive any condition may be asserted by the Debtors regardless of the circumstances giving rise to the failure of such condition to be satisfied (including any action or inaction by the Debtors). The failure of the Debtors to exercise any of the foregoing rights shall not be deemed a waiver of any other rights and each such right will be deemed an on-going right that may be asserted at any time.

### **10.4 Effect of Failure of Conditions.**

If the foregoing conditions have not been satisfied or waived in the manner provided in section 10.2 hereof, then (i) the Confirmation Order shall be of no further force or effect; (ii) no distributions under the Plan shall be made; (iii) the Debtors and all holders of Claims against and Equity Interests in the Debtors shall be restored to the *status quo ante* as of the day immediately preceding the Confirmation Date as though the Confirmation Date had never occurred; (iv) all of the Debtors' obligations with respect to the Claims and Equity Interests shall remain unaffected by the Plan; (v) nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against the Debtors or any other Person or to prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the Debtors; and (vi) the Plan shall be deemed withdrawn. Upon such occurrence, the

Debtors shall file a written notification with the Bankruptcy Court and serve it upon counsel to the Second Lien Lead Investors, counsel to the Agents, counsel to any Committee and the Office of the United States Trustee.

#### **10.5 *Reservation of Rights.***

The Plan shall have no force or effect unless and until the Effective Date occurs. Prior to the Effective Date, none of the filing of the Plan, any statement or provision contained in the Plan, or action taken by the Debtors with respect to the Plan shall be, or shall be deemed to be, an admission or waiver of any rights of any Debtors or any other party with respect to any Claims or Equity Interests or any other matter.

#### **10.6 *Substantial Consummation.***

Substantial consummation of the Plan under section 1101(2) of the Bankruptcy Code shall be deemed to occur on the Effective Date.

### **ARTICLE XI**

#### **EFFECT OF CONSUMMATION**

##### **11.1 *Revesting of Assets.***

Upon the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all property of the Debtors' Estates shall vest in the Reorganized Debtors as set forth herein, free and clear of all Claims, Liens, encumbrances, charges and other interests, except as otherwise provided herein.

##### **11.2 *Discharge of the Debtors.***

Except as otherwise expressly provided herein, upon the Effective Date, and in consideration of the distributions to be made hereunder, each holder (as well as any trustees or agents on behalf of each holder) of a Claim or Equity Interest and any affiliate of such holder shall be deemed to have forever waived, released and discharged the Debtors, to the fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all Claims, Equity Interests, rights and liabilities that arose prior to the Effective Date, regardless of whether or not (i) a proof of Claim or Equity Interest has been filed, (ii) such Claim or Equity Interest was Allowed, or (iii) the holder of such Claim or Equity Interest has voted to accept or reject the Plan. Upon the Effective Date, all such Persons shall be forever precluded and enjoined, pursuant to section 524 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim against or terminated Equity Interest in the Reorganized Debtors.

##### **11.3 *Exculpation.***

The Debtors, the Disbursing Agent, the DIP Lenders, the Second Lien Lead Investors, the Agents, the Prepetition Lenders, and each of their respective present or former members, managers, officers, directors, employees, equity holders, partners, affiliates, funds, advisors, attorneys, or agents, or any of their successors or assigns, shall not have or incur any

liability to any holder of a Claim or an Equity Interest, or any other party-in-interest, or any of their respective agents, employees, equity holders, partners, members, representatives, financial advisors, attorneys, or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of the administration of the Chapter 11 Cases, the negotiation and pursuit of approval of the Disclosure Statement, the solicitation of acceptances of the Plan, the pursuit of confirmation of the Plan, the funding of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, and shall be deemed to have acted in good faith in connection therewith and entitled to the protections of section 1125(e) of the Bankruptcy Code. Notwithstanding anything to the contrary contained herein, this section 11.3 shall not exculpate any party from any liability based upon gross negligence or willful misconduct.

#### **11.4 Releases by the Debtors.**

On the Effective Date, effective as of the Confirmation Date, the Debtors shall release and be permanently enjoined from any prosecution or attempted prosecution of any and all Claims and causes of action, whether known or unknown, foreseen or unforeseen, liquidated or unliquidated, contingent or non-contingent, including any Claims or causes of action under Chapter 5 of the Bankruptcy Code, which they have or may have against any of their respective members, managers, officers or directors, the DIP Lenders, the Second Lien Lead Investors, the Agents or the Prepetition Lenders, and each of their respective members, officers, directors, agents, financial advisors, attorneys, employees, equity holders, partners, affiliates, funds, and representatives and their respective property.

#### **11.5 Third Party Release.**

*Upon the Effective Date, except as otherwise provided herein and except for the right to enforce the Plan, all Persons who have voted to accept the Plan or who are entitled, directly or indirectly, to receive a distribution hereunder, shall be deemed to forever release, waive and discharge the Debtors, the Reorganized Debtors, any Committee appointed in the Chapter 11 Cases, the DIP Lenders, the Second Lien Lead Investors, the Agents, the Prepetition Lenders, the members of the Debtors' respective boards of directors and boards of managers, and each of their respective constituents, principals, officers, directors, employees, agents, representatives, attorneys, professionals, advisors, affiliates, funds, successors, predecessors, and assigns of and from any and all Liens, Claims, causes of action, liabilities, encumbrances, security interests, Equity Interests or charges of any nature or description whatsoever relating to the Debtors, the Chapter 11 Cases or affecting property of the Debtors' Estates, whether known or unknown, discovered or undiscovered, scheduled or unscheduled, contingent, fixed, unliquidated or disputed, matured or unmatured, contingent or noncontingent, senior or subordinated, whether assertable directly or derivatively by, through, or related to the Debtors, against successors or assigns of the Debtors and the individuals and entities listed above, whether at law, in equity or otherwise, based upon any condition, event, act, omission, occurrence, transaction or other activity, inactivity, instrument or other agreement of any kind or nature occurring, arising or existing prior to the Effective Date in any way arising out of, relating to or connected with the operation of the Debtors' businesses or the Chapter 11 Cases, all regardless of whether (a) a proof of Claim or Equity Interest has been filed or is deemed to have been filed, (b) such Claim or Equity Interest is Allowed or (c)*

*the holder of such Claim or Equity Interest has voted to accept or reject the Plan, except for willful misconduct or gross negligence; provided, however, that nothing in this section shall be deemed to be, or act as a bar or injunction with respect to, the FCC's enforcement of its regulatory authority under applicable FCC rules and regulations.*

#### **11.6 Injunction and Stay.**

(a) *Except as otherwise expressly provided herein, all Persons or entities who have held, hold, or may hold Claims against or Equity Interests in any Debtor are permanently enjoined, from and after the Effective Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind on any such Claim or Equity Interest against any Reorganized Debtor or other entity released, discharged or exculpated hereunder, (ii) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against any Reorganized Debtor with respect to any such Claim or Equity Interest, (iii) creating, perfecting or enforcing any encumbrance of any kind against any Reorganized Debtor, or against the property or interests in property of any Reorganized Debtor, as applicable with respect to any such Claim or Equity Interest, (iv) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from any Reorganized Debtor, or against the property or interests in property of any Reorganized Debtor with respect to any such Claim or Equity Interest, and (v) pursuing any Claim released pursuant to section 11.5 hereof.*

(b) Unless otherwise provided, all injunctions or stays arising under or entered during the Debtors' Chapter 11 Cases under sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

#### **11.7 Indemnification Obligations.**

Notwithstanding anything to the contrary herein, subject to the occurrence of the Effective Date, the obligations of the Debtors as provided in the Debtors' respective certificates of formation, certificates of incorporation, bylaws, limited liability company agreements or other organizational documents, applicable law or other applicable agreement as of the Petition Date to indemnify, defend, reimburse, exculpate, advance fees and expenses to, or limit the liability of members, managers, directors, or officers who were members, managers, directors or officers of the Debtors at any time prior to the Effective Date, respectively, against any claims or causes of action whether direct or derivative, liquidated or unliquidated, fixed or contingent, disputed or undisputed, matured or unmatured, known or unknown, foreseen or unforeseen, asserted or unasserted, shall survive confirmation of the Plan, remain unaffected thereby after the Effective Date and not be discharged, irrespective of whether such indemnification, defense, advancement, reimbursement, exculpation, or limitation is owed in connection with an event occurring before or after the Petition Date. Any Claim based on the Debtors' obligations herein shall not be a Disputed Claim or subject to any objection in either case by reason of section 502(e)(1)(B) of the Bankruptcy Code.

### **11.8 *Preservation of Claims.***

Except as otherwise provided herein, including sections 11.4, 11.5 and 11.6 hereof, as of the Effective Date, pursuant to section 1123(b)(3)(B) of the Bankruptcy Code, any action, cause of action, liability, obligation, right, suit, debt, sum of money, damage, judgment, Claim, and demand whatsoever, whether known or unknown, in law, equity, or otherwise (collectively, "Causes of Action") accruing to the Debtors shall become assets of the Reorganized Debtors, and the Reorganized Debtors shall have the authority to commence and prosecute such Causes of Action for the benefit of the Debtors or the Estates. After the Effective Date, the Reorganized Debtors shall have the authority to compromise and settle, otherwise resolve, discontinue, abandon, or dismiss all such Causes of Action without approval of the Bankruptcy Court.

### **11.9 *Compromise of Controversies.***

In consideration for the distributions and other benefits provided under the Plan, the provisions of the Plan constitute a good faith compromise and settlement of all Claims and controversies resolved under the Plan, and the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of such compromise and settlement under Bankruptcy Rule 9019.

## **ARTICLE XII**

### **RETENTION OF JURISDICTION**

The Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of, or related to, the Debtors' Chapter 11 Cases and the Plan pursuant to, and for the purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

(a) To hear and determine pending applications for the assumption, assignment or rejection of executory contracts or unexpired leases and the allowance of Claims resulting therefrom;

(b) To determine any and all adversary proceedings, applications, and contested matters in the Chapter 11 Cases and grant or deny any application involving the Debtors that may be pending on the Effective Date or that are retained and preserved by the Reorganized Debtors under sections 6.6 and 11.8 hereof;

(c) To ensure that distributions to holders of Allowed Claims are effected as provided in the Plan;

(d) To hear and determine any timely objections to Administrative Expense Claims or to proofs of claim and equity interests, including any objections to the classification of any Claim or Equity Interest, and to allow or disallow any Disputed Claim or Disputed Equity Interest, in whole or in part;



(e) To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, or vacated;

(f) To take any action and issue such orders as may be necessary to construe, enforce, implement execute and consummate the Plan or maintain the integrity of the Plan following consummation;

(g) To consider any amendments to or modifications of the Plan, or to cure any defect or omission, or to reconcile any inconsistency in any order of the Bankruptcy Court, including the Confirmation Order;

(h) To hear and determine all requests for payment of Fee Claims;

(i) To hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, the Confirmation Order, the documents that are ancillary to and aid in effectuating the Plan, any transactions or payments contemplated by the Restructuring Agreement including the Plan or any agreement, instrument, or other document governing or relating to any of the foregoing; *provided, however*, that any dispute arising under or in connection with any document included in the Plan Supplement shall be determined in accordance with the governing law set forth in such document;

(j) To hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code (including the expedited determination of taxes under section 505(b) of the Bankruptcy Code);

(k) To hear any other matter not inconsistent with the Bankruptcy Code;

(l) To hear and determine all disputes involving the existence, scope, and nature of the discharges granted under section 11.2 hereof;

(m) To hear and determine all disputes involving or in any manner implicating the exculpation provisions granted under section 11.3 hereof;

(n) To issue injunctions and effect any other actions that may be necessary or desirable to restrain interference by any entity with the consummation or implementation of the Plan; and

(o) To enter a final decree(s) closing the Chapter 11 Cases.

## ARTICLE XIII

### MISCELLANEOUS

#### 13.1 *Payment of Statutory Fees.*

All fees payable under section 1930, chapter 123, title 28, United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid on the Effective Date.

#### 13.2 *Filing of Additional Documents.*

The Debtors or the Reorganized Debtors, as applicable, may file such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan, including the filing of the Plan Supplement.

#### 13.3 *Schedules and Exhibits Incorporated.*

All exhibits and schedules to the Plan and the Plan Supplement are incorporated into and are a part of the Plan as if fully set forth herein.

#### 13.4 *Intercompany Claims.*

Notwithstanding anything to the contrary herein, on or after the Effective Date, any debts held by a Debtor against another Debtor will be adjusted (including by contribution, distribution in exchange for new debt or equity, or otherwise), paid, continued, or discharged to the extent reasonably determined appropriate by the Debtors taking into account the economic condition of the applicable Reorganized Debtor.

#### 13.5 *Amendment or Modification of the Plan.*

Subject to section 1127 of the Bankruptcy Code and, to the extent applicable, sections 1122, 1123, and 1125 of the Bankruptcy Code, and subject further to the terms and conditions of the Restructuring Agreement, alterations, amendments or modifications of the Plan may be proposed in writing by the Debtors at any time prior to or after the Confirmation Date. Holders of Claims that have accepted the Plan shall be deemed to have accepted the Plan, as altered, amended, or modified; *provided, however*, that any such alteration, amendment, or modification shall comply with the terms and conditions of the Restructuring Agreement; and *provided, further, however*, that any holders of Claims who were deemed to accept the Plan because such Claims were unimpaired shall continue to be deemed to accept the Plan only if, after giving effect to such amendment or modification, such Claims continue to be unimpaired.

#### 13.6 *Inconsistency.*

In the event of any inconsistency among the Plan, the Plan Supplement, the Disclosure Statement, any exhibit or schedule to the Disclosure Statement, the provisions of the Plan shall govern. In the event of any inconsistency between the Plan and the Confirmation Order, the Confirmation Order shall govern. Notwithstanding anything in the Plan to the

contrary, the rights of all parties under the Restructuring Agreement are expressly preserved and nothing herein shall modify, or shall be deemed to have modified, the Restructuring Agreement in any respect.

### **13.7 *Exemption from Certain Transfer Taxes.***

Pursuant to section 1146(a) of the Bankruptcy Code, the issuance, transfer, or exchange of notes or equity securities under or in connection with the Plan, the creation of any mortgage, deed of trust or other security interest, the making or assignment of any lease or sublease, 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, deeds, bills of sale, or assignments executed in connection with any of the transactions contemplated under the Plan shall not be subject to any stamp, real estate transfer, mortgage recording or other similar tax. All sale transactions consummated by the Debtors and approved by the Bankruptcy Court on and after the Petition Date through and including the Effective Date, including the transfers effectuated under the Plan, 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, real estate transfer, mortgage recording, or other similar tax.

### **13.8 *Expedited Tax Determination.***

The Reorganized Debtors may request an expedited determination of taxes under section 505(b) of the Bankruptcy Code for all returns filed for, or on behalf of, the Debtors for any and all taxable periods ending after the Petition Date through, and including, the Effective Date.

### **13.9 *Ordinary Course.***

From and after the Confirmation Date, and subject to any FCC approval that may be required, the Debtors are authorized to and may enter into all transactions including, but not limited to, the retention of professionals, and pay and fees and expenses incurred thereby and in connection therewith, in the ordinary course of business, without the need for Bankruptcy Court approval.

### **13.10 *Binding Effect.***

Except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code and subject to the occurrence of the Effective Date, on and after the Confirmation Date, the provisions of the Plan shall bind any holder of a Claim against, or Equity Interest in, the Debtors and such holder's respective successors and assigns, whether or not the Claim or Equity Interest of such holder is impaired under the Plan and whether or not such holder has accepted the Plan.

### **13.11 Severability.**

If the Bankruptcy Court determines that any provision of this Plan is unenforceable either on its face or as applied to any Claim or Equity Interest, the Debtors may modify this Plan in accordance with section 13.5 hereof so that such provision shall not be applicable to the holder of any Claim or Equity Interest. Any such determination of unenforceability shall not (i) limit or affect the enforceability and operative effect of any other provisions of this Plan; or (ii) require the resolicitation of any acceptance or rejection of this Plan unless otherwise ordered by the Bankruptcy Court.

### **13.12 No Admissions.**

If the Effective Date does not occur, the Plan shall be null and void in all respects, and nothing contained in the Plan shall (a) constitute a waiver or release of any claims by or against, or any interests in, any Debtor, (b) prejudice in any manner the rights of any Debtor or any other party in interest, or (c) constitute an admission of any sort by any Debtor or other party in interest.

### **13.13 No Payment of Attorneys' Fees.**

Except for the fees of Professional Persons and the professionals of the Agents, the Second Lien Lead Investors and the Prepetition Lenders (as required pursuant to the terms of the Restructuring Agreement and/or applicable Bankruptcy Court orders), no attorneys' fees shall be paid by the Debtors with respect to any Claim or Equity Interest unless otherwise specified herein, the Confirmation Order or other Final Order of the Bankruptcy Court.

### **13.14 Notices.**

All notices, requests, and demands to or upon the Debtors to be effective shall be in writing (including by facsimile transmission) 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:

NEXTMEDIA GROUP, INC.  
6312 South Fiddlers Green Circle, Suite 205E  
Greenwood Village, Colorado 80111  
Attention: Eric W. Neumann  
Telephone: (303) 694-4511  
Facsimile: (801) 346-9775

with a copy to:

ANDREWS KURTH LLP  
1717 Main Street, Suite 3700  
Dallas, Texas 75201  
Attention: Jason S. Brookner and John E. Quattrocchi  
Telephone: (214) 659-4400  
Facsimile: (214) 659-4401

-- and--

RICHARDS, LAYTON & FINGER, P.A.  
One Rodney Square  
P.O. Box 551  
Wilmington, Delaware 19899  
Attention: Paul N. Heath  
Telephone: (302) 651-7590  
Facsimile: (302) 498-7590

### **13.15 *Governing Law.***

(a) Except to the extent that the Bankruptcy Code or other federal law is applicable, including but not limited to the Communications Act of 1934, as amended, and the written rules, regulations and policies promulgated by the FCC, or to the extent an exhibit to the Plan provides otherwise (in which case the governing law specified therein shall be applicable to such exhibit), the rights, duties and obligations arising under the Plan 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 conflict of laws that would require application of the laws of another jurisdiction.

(b) Notwithstanding anything herein to the contrary, the Reorganized Debtors shall comply with the Communications Act of 1934, as amended, and the written rules, regulations and orders promulgated thereunder by the FCC. No transfer of control to the Reorganized Debtors of any federal license issued by the FCC shall take place prior to the issuance of FCC regulatory approval for such transfer of control pursuant to applicable FCC regulations. The FCC's rights and powers to take any action pursuant to its regulatory authority over the transfer of control to the Reorganized Debtors including, but not limited to, imposing any regulatory conditions on such transfer, are fully preserved and nothing herein shall proscribe or constrain the FCC's exercise of such power or authority to the extent provided by law.

Dated: February 17, 2010  
Wilmington, Delaware

**NEXTMEDIA INVESTORS LLC**

By: /s/Eric Neumann  
its: Chief Financial Officer

**NEXTMEDIA GROUP, INC.**

By: /s/Eric Neumann  
its: Vice President

**NEXTMEDIA OPERATING, INC.**

By: /s/Eric Neumann  
its: Vice President

**NM LICENSING LLC**

By: /s/Eric Neumann  
its: Vice President

**NEXTMEDIA OUTDOOR, INC.**

By: /s/Eric Neumann  
its: Vice President

**NM TEXAS, INC.**

By: /s/Eric Neumann  
its: Vice President

**NEXTMEDIA NORTHERN COLORADO, INC.**

By: /s/Eric Neumann  
its: Vice President

**NEXTMEDIA FRANCHISING, INC.**

By: /s/ Eric Neumann

its: Vice President

**NEXTMEDIA OUTDOOR, LLC**

By: /s/ Steven Dinetz

its: Manager

**ANDREWS KURTH LLP**

Jason S. Brookner

Texas State Bar No. 24033684

Monica S. Blacker

Texas State Bar No. 00796534

1717 Main Street, Suite 3700

Dallas, Texas 75201

Telephone: (214) 659-4400

Facsimile: (214) 659-4401

--and--

**RICHARDS, LAYTON & FINGER, P.A.**

Paul N. Heath (Bar No. 3704)

Michael J. Merchant (Bar No. 3854)

Chun I. Jang (Bar No. 4790) One Rodney Square

P.O. Box 551

Wilmington, Delaware 19899

Telephone: (302) 651-7590

Facsimile: (302) 498-7590

**ATTORNEYS FOR THE  
DEBTORS AND DEBTORS IN POSSESSION**

**SCHEDULE 9.1**

None.



**EXHIBIT B**

**DISCLOSURE STATEMENT APPROVAL ORDER**

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE

**ORIGINAL**

In re: § Chapter 11  
NEXTMEDIA GROUP, INC., *et al.*,<sup>1</sup> §  
Debtors. § Case No. 09-14463 (PJW)  
§  
§ Jointly Administered  
§ Re: Docket No. 147

**ORDER APPROVING AMENDED DISCLOSURE STATEMENT  
FOR DEBTORS' AMENDED JOINT CHAPTER 11 PLAN**

Upon the Amended Disclosure Statement (Docket No. 159) (the "Disclosure Statement") for Debtors' Amended Joint Chapter 11 Plan (Docket No. 160), filed by NextMedia Group, Inc., *et al.*, the above-captioned debtors and debtors in possession (collectively, the "Debtors"); and upon the hearing on the Disclosure Statement held on February 17, 2010; and the Court having considered the Disclosure Statement and the representations of counsel made on the record at the hearing; and the Court having jurisdiction over this matter pursuant to 28 U.S.C. § 1334 and this being a core proceeding under 28 U.S.C. § 157(b)(2); and the Court being satisfied that good and sufficient notice of the hearing on the Disclosure Statement has been given and that no other or further notice is required; and after due deliberation and good cause appearing therefor, it is


**ORDERED** that the Disclosure Statement be, and it hereby is, approved as providing "adequate information", as such term is defined in 11 U.S.C. § 1125; and it is further

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four (4) digits of their taxpayer identification numbers, are: NextMedia Group, Inc. ("NM Group") (0791), NextMedia Investors LLC ("NM Investors") (9403), NextMedia Operating, Inc. ("NM OpCo") (5397), NM Licensing LLC (5396), NextMedia Outdoor, Inc. (5398), NM Texas, Inc. (4229), NextMedia Northern Colorado, Inc. (8422), NextMedia Franchising, Inc. (9913) and NextMedia Outdoor, LLC (9700). The Debtors' corporate headquarters are located at 6312 S. Fiddler's Green Circle, #205E, Greenwood Village, Colorado 80111.

**ORDERED** that the Debtors may make technical, conforming and other non-material changes to the Disclosure Statement prior to submission to creditors and interest holders.

Dated: Wilmington, Delaware  
February 17 2010

  
\_\_\_\_\_  
THE HONORABLE PETER J. WALSH  
UNITED STATES BANKRUPTCY JUDGE

**EXHIBIT C**

**LIQUIDATION ANALYSIS**

**NextMedia Group, Inc., et al.**  
**Chapter 7 Liquidation Analysis**

**General Assumptions**

The Liquidation Analysis was prepared by the Company with the assistance of its professionals. The information concerning the Company's existing assets was taken from its consolidated financial statements and Projections. The Liquidation Analysis is based on the Company's projected balance sheet as of January 31, 2010 and is predicated on the assumption that a liquidation under chapter 7 of the Bankruptcy Code would commence on or close to that date, and that such liquidation would be substantially completed within a six-month period. Because the sale of the Debtors' radio stations are subject to regulation by the FCC, the liquidation process could last longer and costs could run higher than estimated. The Liquidation Analysis does not take any FCC regulatory impediments into account.

The Liquidation Analysis assumes that the Debtors' Chapter 11 Cases are converted to cases under chapter 7 of the Bankruptcy Code and that a chapter 7 trustee the ("Chapter 7 Trustee") is appointed to convert the Debtors' assets into cash.

Underlying the Liquidation Analysis are a number of estimates and assumptions that, although developed and considered reasonable by the Debtors, are inherently subject to significant business, economic and competitive uncertainties and contingencies beyond the control of the Debtors. Such assumptions are also based upon certain liquidation decisions which could be subject to change. The Liquidation Analysis has not been examined or reviewed by independent accountants in accordance with standards promulgated by the American Institute of Certified Public Accountants. THERE CAN BE NO ASSURANCE THAT THE VALUES REFLECTED IN THE LIQUIDATION ANALYSIS WOULD BE REALIZED IF THE DEBTORS WERE, IN FACT, TO UNDERGO SUCH A LIQUIDATION, AND ACTUAL RESULTS COULD VARY MATERIALLY FROM THOSE SHOWN HERE.

The Liquidation Analysis necessarily contains an estimate of the amount of Claims that will ultimately become Allowed Claims. Such Claims have not been evaluated by the Debtors or Allowed by the Bankruptcy Court and, accordingly, the final amount of Allowed Claims against the Debtors may differ from the Claim amounts used to complete this Liquidation Analysis. The Claims estimated in the Liquidation Analysis are consistent with the estimated Claims reflected in the Disclosure Statement with certain modifications as described herein.

The liquidation itself would likely trigger certain priority payments that otherwise would not be due in the ordinary course of business. These priority payments would be made in full before any distribution of proceeds to pay General Unsecured Claims or to make distributions in respect of any Equity Interests. The liquidation would likely prompt certain other events to occur including the rejection of remaining executory contracts, unexpired leases and other agreements and defaults under agreements with customers and suppliers. Such events would create a considerable amount of additional General Unsecured Claims. No attempt has been made to

estimate the additional General Unsecured Claims that would result from liquidation under chapter 7.

The Liquidation Analysis assumes that the amount of contingent litigation Claims against the Debtors is *de minimis*. However, due to general uncertainties with respect to the outcome of contingent litigation matters, the actual value of such Claims remains uncertain. Accordingly, the estimated recovery percentages could be impacted by the outcome of such contingent litigation matters.

The Liquidation Analysis assumes that there are no recoveries from the pursuit of any potential preferences, fraudulent conveyances, or other causes of action and does not include the estimated costs of pursuing such actions.

## Footnotes to Liquidation Analysis

### Note 1

The Company projects a consolidated cash balance of \$10.3 million at January 31, 2010. Under a liquidation scenario, it is assumed that the Chapter 7 Trustee would have access to 100% of the Company's cash.

### Note 2

Net Accounts Receivable is projected to be \$10.4 million as of January 31, 2010. The table below shows the composition of Accounts Receivable:

Trade Accounts Receivable, net	\$9.1 million
Barter Receivable	1.3 million

Trade Accounts Receivable represents outstanding receivables with customers that the Company would expect to collect after providing radio or outdoor advertising space. This analysis assumes that 70% to 85% of Trade Accounts Receivables outstanding less than 60 days would be collected by the Chapter 7 Trustee; receivables outstanding greater than 60 days are assumed to be collected by the Chapter 7 Trustee at a 30% to 60% rate. Trade Accounts Receivable outstanding for more than 120 days are assumed to be uncollectable. Barter Receivables are assumed to have a 0% recovery.

### Note 3

The estimated net book value of Property, Plant & Equipment ("PP&E") is projected to be \$56.0 million as of January 31, 2010. The following table shows the composition of the Company's Property, Plant & Equipment account, net of depreciation:

PP&E Corporate, net	\$0.1 million
PP&E Radio Markets, net	16.6 million
PP&E Outdoor Markets, net	39.3 million

The Liquidation Analysis assumes the PP&E necessary to operate the stations will be included with the station/outdoor assets (*see* Note 7); therefore virtually all of the PP&E will be transferred via asset sales and will not create a separate asset pool for distribution. The only PP&E not associated with station/outdoor operations is corporate PP&E. The net value of corporate PP&E as of January 31, 2010 is \$0.1 million, comprised primarily of leasehold improvements, office equipment and other corporate PP&E. Corporate PP&E recovery in liquidation (net of estimated broker fees, if applicable) is estimated to be 10% to 20%.

### Note 4

Definite Lived Intangibles are projected to be \$5.1 million at January 31, 2010, and are made up mainly of proprietary customer lists, outdoor easements, non-compete agreements and other intangible assets. It is assumed that the proprietary customer lists and outdoor easements will be transferred during the station/outdoor asset sales (*see* Note 7). This analysis assumes that 0% to 5% for the remaining definite lived intangible assets.

**Note 5**

Indefinite Lived Intangibles are projected to be \$105.4 million at January 31, 2010, and are made up mainly of FCC licenses, outdoor advertising permits and easements. It is assumed that 100% of these indefinite lived intangible assets will be transferred during the station/outdoor asset sales.

**Note 6**

Other Assets are projected to be \$14.0 million at January 31, 2010. Other Assets related to radio and outdoor assets will be assumed in the station/outdoor asset sales (*see* Note 7).

Other Assets – Corporate are projected to be \$13.6 million and consist of capitalized corporate loan/restructuring costs (\$13.55 million) as well as longer-term security deposits held by utilities, prepayments to landlords and pre-acquisition costs (\$0.046 million). This analysis assumes that (i) 0% of the capitalized loan and restructuring costs would be recoverable, and (ii) 10% of security deposits would be collected by the Chapter 7 Trustee.

**Note 7**

The net value of station, outdoor and other related assets owned by the Debtors as of January 31, 2010 is estimated to be \$135.8 million to \$178.7 million. This estimate is based upon applying a 5.7x to 7.5x sale multiple to an expected trailing 12-month Broadcast Cash Flow (“BCF”) of \$28.0 million as of January 31, 2010. The 7.5x sale BCF multiple was determined based on the transaction contemplated by the Plan and Disclosure Statement, which values the Company at \$210 million as a going concern.

The low end of the sale BCF multiple range of 5.7x was based on a third-party offer received prior to the commencement of the Chapter 11 Cases from the First Lien Lenders, which valued the Debtors at \$160 million as a going concern.

Typically, upon conversion of a chapter 11 case to one under chapter 7, a business is shut down and ceases all operations. For purposes of this Liquidation Analysis, however, the Debtors have assumed that their radio stations would not necessarily “go dark” following conversion of their cases to chapter 7 but instead, would continue operations at the station/outdoor level and maintain minimal staff at the corporate level pending a sale by the Chapter 7 Trustee, as this would be more likely to maximize value. Given the forced sale nature of assets sold in a chapter 7 case, the sale proceeds are estimated to be 85% of the market value as determined by the high and low end of the BCF multiple range discussed above.

If the Debtors’ business operations were to be shut down in their entirety as normally occurs upon conversion to chapter 7, the Company believes the liquidation recoveries on station and related assets would be substantially lower than those reflected in the Liquidation Analysis.

**Note 8**

Estimated wind-down costs associated with the liquidation of the Debtors include some operating expenses and other costs associated with liquidation activities including, but not limited to: (i) collection of accounts receivable and accounting, (ii) communication and coordination with station-level personnel and networks to continue station operations during asset sales, (iii) negotiation of the sale of other tangible and intangible assets, and (iv) the



resolution of all employee-related issues. Because, as set forth in Note 7, the Debtors assume minimal corporate operations pending a sale by the Chapter 7 Trustee, the Debtors also assume that the Chapter 7 Trustee will hire certain of the Debtors' employees to continue such operations and assist in the sale/wind-down process.

Admin / Professional claims associated with the wind-down include the following:

- Payroll –estimated to approximate 4-6 months of payroll expense at \$0.4 million per month or approximately 50% of current field staff. The Worker Adjustment and Retraining Notification (WARN) Act (29 U.S.C. section 2101) may require 60 days notice for certain employees. The actual payroll expense could be lower to the extent the liquidation is completed quickly, but could increase to pay necessary stay bonuses or WARN Act liabilities, if applicable.
- Corporate Overhead Expenses – assumes 30% of Corporate staff will be kept to assist in the liquidation of assets and collection of receivables. Estimated cost of \$0.2 million per month; four months in a best case scenario and six months in a worst case scenario.
- Professional fees for legal and other professionals representing the Trustee in the liquidation of the Debtors are estimated at \$0.5 million per month for four months in a best case scenario and six months in a worst case scenario.

**Note 9**

The costs of liquidation estimates the Chapter 7 Trustee fees at 3.0% of total proceeds from the sale/wind down of the assets/business units.

**Note 10**

Estimated broker fees and related legal and other professional fees associated with the sale of the station/outdoor assets are assumed to be 1% to 2% of total sale proceeds.

**Note 11**

The estimated amount of chapter 11 administrative claims owed by the Debtors as of January 31, 2010 is \$4.8 million. This reflects accounts payable, accrued expenses and unpaid professional fees assumed post-petition during the chapter 11 case.

**Note 12**

Total First Lien Claims, including accrued interest and an unpaid swap payment, are approximately \$167.3 million.

**Note 13**

Debtor in possession (“DIP”) financing outstanding as of January 31, 2010 is estimated to be \$10.0 million as a result of the initial \$5 million draw on December 22, 2009 and a subsequent \$5 million draw on January 11, 2010.

**Note 14**

Total Second Lien Claims, including accrued interest, are approximately \$89.3 million.

*Note 15*

Pre-petition unsecured claims as of January 31, 2010 are projected to be \$4.6 million, comprised primarily of trade accounts receivable.

**NextMedia Group, Inc.**  
**Chapter 7 Liquidation Analysis**  
 Estimated as of 1/31/2010

	1/31/2010 Consolidated	Note	1/31/2010 Estimated Recovery (%)		1/31/2010 Estimated Recovery (\$)	
			Low Case	High Case	Low Case	High Case
			<b>Assets</b>			
<b>Current assets:</b>						
Cash and Cash Equivalents	\$ 10,325,362	1	100.00%	100.00%	\$ 10,325,362	\$ 10,325,362
Accounts Receivable, net	10,437,600	2	69.00%	82.00%	7,201,944	8,558,832
Prepaid Expenses/Other Current Assets	1,764,667		0.00%	10.00%	-	176,467
<b>Total Current Assets</b>	<b>22,527,629</b>				<b>17,527,306</b>	<b>19,060,661</b>
<b>Long Term Assets</b>						
Property and Equipment, net - Corporate	93,438	3	10.00%	20.00%	9,344	18,687
Property and Equipment, net - Radio/Outdoor	55,894,464	3	0.00%	0.00%	-	-
Definite Lived Intangibles, net - Other	922,105	4	0.00%	5.00%	-	46,105
Definite Lived Intangibles, net - Radio/Outdoor	4,133,576	4	0.00%	0.00%	-	-
Indefinite Lived Intangibles, net	105,445,659	5	0.00%	0.00%	-	-
Goodwill	23,647,051		0.00%	0.00%	-	-
Other Assets - Corporate	13,596,312	6	0.00%	0.03%	-	4,602
Other Assets - Radio/Outdoor	433,029	6	0.00%	0.00%	-	-
<b>Total Long Term Assets</b>	<b>204,165,631</b>				<b>9,344</b>	<b>69,394</b>
<b>Total Assets</b>	<b>\$ 226,693,260</b>					

<b>Station/Outdoor Assets</b>						
Station/Outdoor Assets at 5.7x - 7.5x Trailing 12-Month BCF		7			135,793,938	178,676,234

**Total Estimated Proceeds from Liquidation of NextMedia** \$ 153,330,588 \$ 197,806,289

			Claim Amount	
<b>Estimated Ch. 7 Costs of Liquidation</b>				
Operating Costs Associated with Wind-Down		8		
Payroll			1,606,454	2,409,681
General & Administrative			720,000	1,080,000
Professional Fees			2,000,000	3,000,000
Total Operating Costs Associated with Wind-Down			4,326,454	6,489,681
Chapter 7 Trustee-Related Transaction Costs		9	3.00%	3.00%
Chapter 7 Broker Fees for Asset Sales		10	1.00%	2.00%
			4,599,446	5,932,042
			1,357,939	3,573,525

**Net Estimated Liquidation Proceeds Available for Distribution** \$ 143,046,749 \$ 181,811,041

<b>Chapter 11 Administrative Claims as of 1/31/2010</b>				
AP and Accrued Operating Expenses			4,000,000	4,000,000
Professional Fees			760,000	760,000
<b>Net Proceeds Available for Distribution to Secured Claims and DIP Financing</b>			<b>138,286,749</b>	<b>177,051,041</b>
<b>Secured and DIP Financing Claims as of 1/31/2010</b>				
First Lien	167,304,645	12	138,286,749	167,304,645
Implied Recovery %			82.7%	100.0%
DIP Financing	10,000,000	13	-	9,746,396
Implied Recovery %			0.0%	97.5%
Second Lien	89,328,632	14	-	-
Implied Recovery %			0.0%	0.0%
<b>Total Secured Claims</b>	<b>266,633,277</b>		<b>138,286,749</b>	<b>177,051,041</b>
Implied Recovery %			51.9%	66.4%
Residual Value Available for Unsecured Claims	4,600,000	15	\$ -	\$ -
Implied Recovery %			0.0%	0.0%
Residual Value Available for Equity Interests			\$ -	\$ -

**Exhibit B**

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

In re:	§	Chapter 11
	§	
NEXTMEDIA GROUP, INC., <i>et al.</i> ,	§	Case No. 09-14463 (PJW)
	§	
Debtors.	§	Jointly Administered

**DEBTORS' AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION**

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NextMedia Investors LLC, NextMedia Group, Inc., NextMedia Operating, Inc., NM Licensing LLC, NextMedia Outdoor, Inc., NM Texas, Inc., NextMedia Northern Colorado, Inc., NextMedia Franchising, Inc. and NextMedia Outdoor, LLC, hereby propose the following Amended Joint Chapter 11 Plan of Reorganization pursuant to section 1121(a) of the Bankruptcy Code.

## ARTICLE I

### DEFINITIONS AND INTERPRETATION

#### 1.1 *Definitions.*

For the purpose of this Plan, the following terms shall have the respective meanings set forth below:

***Administrative Expense Claim*** means any right to payment constituting a cost or expense of administration of the Chapter 11 Cases Allowed under and in accordance with, as applicable, sections 503(b), 507(a) and 507(b) of the Bankruptcy Code including, without limitation, (a) any actual and necessary costs and expenses of preserving the Debtors' estates, (b) any Fee Claims, (c) any fees or charges assessed against the Debtors' Estates under 28 U.S.C. § 1930, (d) all costs and expenses, including any recording fees, transfer taxes and the like, arising out of or related to the transfer of any of the Debtors' assets under the Plan; and (e) other Administrative Expense Claims as may be ordered and Allowed by the Bankruptcy Court.

***Agents*** means the First Lien Agent and the Second Lien Agent.

***Allowed*** means, with reference to any Claim or Equity Interest, (a) any Claim or Equity Interest (i) as to which no objection thereto has been interposed on or before the Effective Date or such other applicable period of limitation fixed by the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court; *provided, however*, that such period may not exceed sixty (60) days after the Effective Date, or (ii) as to which any objection has been determined by a Final Order to the extent such objection is determined in favor of the respective holder, (b) any Claim or Equity Interest as to which the liability of the Debtors and the amount thereof are determined by Final Order of a court of competent jurisdiction other than the Bankruptcy Court or (c) any Claim or Equity Interest expressly allowed hereunder.

***Angelo, Gordon*** means certain funds and affiliates of funds managed by Angelo, Gordon & Co, L.P. or its affiliates.

***Bankruptcy Code*** means title 11 of the United States Code, as amended from time to time.

***Bankruptcy Court*** means the United States Bankruptcy Court for the District of Delaware or any other court of the United States having jurisdiction over the Chapter 11 Cases.

***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 amended and in effect from time to time.

**Bar Date** means the last date to file proofs of claim or interest against the Debtors, which is March 29, 2010 for all creditors except Governmental Units, and June 21, 2010 for Governmental Units.

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

**Cash** means legal tender of the United States of America.

**Chapter 11 Cases** means the above-captioned jointly administered chapter 11 bankruptcy cases of the Debtors.

**Claim** means a claim against a Debtor within the meaning of section 101(5) of the Bankruptcy Code.

**Class** means any group of substantially similar Claims or Equity Interests classified by this Plan pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code.

**Collateral** means any property or interest in property of the Estates of the Debtors subject to a Lien, charge, or other encumbrance to secure the payment or performance of a Claim, which Lien, charge or other encumbrance is not subject to avoidance or otherwise invalid under the Bankruptcy Code or applicable state or federal law.

**Commitment Letter** means the commitment letter dated as of December 10, 2009 among NM Group, NM OpCo, SVP and Angelo, Gordon, a copy of which was attached to the Restructuring Agreement and shall be filed as part of the Plan Supplement, pursuant to which SVP and Angelo, Gordon, severally and not jointly, committed to provide the New Term Loan on the terms and conditions set forth therein, as the same may be amended, supplemented or otherwise modified from time to time.

**Committee** means any official committee of unsecured creditors appointed in the Chapter 11 Cases by the Office of the United States Trustee, as such official committee may be reconstituted from time to time.

**Confirmation Date** means the date on which the clerk of the Bankruptcy Court enters the Confirmation Order on the docket.

**Confirmation Hearing** means the hearing conducted by the Bankruptcy Court pursuant to sections 1128(a) and 1129 of the Bankruptcy Code to consider confirmation of the Plan, as such hearing may be adjourned or continued from time to time.

**Confirmation Order** means the order of the Bankruptcy Court confirming this Plan pursuant to section 1129 of the Bankruptcy Code.

**Cure** means the payment of Cash by the Debtors, or the distribution of other property (as the parties may agree or the Bankruptcy Court may order), as necessary to (i) cure a monetary default by the Debtors in accordance with the terms of an executory contract or

unexpired lease of the Debtors and (ii) permit the Debtors to assume such executory contract or unexpired lease under section 365(a) of the Bankruptcy Code.

***Debtor*** means any one of the Debtors, as the context may require.

***Debtors*** means NM Group, NM Investors, NM OpCo, NM Licensing, NM Outdoor, NM Texas, NM Northern Colorado, NM Franchising, and Outdoor LLC, collectively, in their capacities as debtors and debtors in possession under sections 1107 and 1108 of the Bankruptcy Code.

***DIP Claims*** means any Claim arising under or in connection with the DIP Facility.

***DIP Facility*** means the secured post-petition financing facility approved pursuant to the DIP Orders, and any amendments, supplements or other modifications thereto.

***DIP Lenders*** means the lenders under the DIP Facility.

***DIP Orders*** means the interim order entered by the Bankruptcy Court on December 22, 2009 [Docket No. 32], and the final order entered by the Bankruptcy Court on January 22, 2010 [Docket No. 118], authorizing and approving the DIP Facility and the agreements related thereto, and any further orders entered by the Bankruptcy Court approving subsequent extensions and modifications of the DIP Facility.

***Disbursing Agent*** means the Debtors or any party designated by the Debtors, in their sole discretion, and approved by the Bankruptcy Court if other than the Debtors, to serve as a disbursing agent under section 7.3 hereof.

***Disclosure Statement*** means that certain disclosure statement relating to the Plan, including all exhibits and schedules thereto, as the same may be amended, supplemented or otherwise modified from time to time, as approved by the Bankruptcy Court pursuant to sections 1125 and 1126 of the Bankruptcy Code.

***Disputed Claim*** means, with respect to a Claim, any such Claim (a) to the extent neither Allowed nor disallowed under the Plan or a Final Order nor deemed Allowed under section 502, 503 or 1111 of the Bankruptcy Code, or (b) for which a proof of claim for payment has been timely filed with the Bankruptcy Court or a written request for payment has been made, to the extent the Debtors or any party in interest have interposed a timely objection or request for estimation prior to the Confirmation Date in accordance with the Plan, or the Bankruptcy Rules, which objection or request for estimation has not been withdrawn or determined by a Final Order.

***Disputed Equity Interest*** means, with respect to an Equity Interest, any such Equity Interest (a) to the extent neither Allowed nor disallowed under the Plan or a Final Order nor deemed Allowed under section 502, 503 or 1111 of the Bankruptcy Code, or (b) for which a proof of interest for payment has been timely filed with the Bankruptcy Court or a written request for payment has been made, to the extent the Debtors or any party in interest has interposed a timely objection or request for estimation prior to the Confirmation Date in

accordance with the Plan, or the Bankruptcy Rules, which objection or request for estimation have not been withdrawn or determined by a Final Order.

***Distribution Date*** means the date, occurring on or as soon as practicable after the Effective Date, on which the Disbursing Agent first makes distributions to holders of Allowed Claims and Allowed Equity Interests as provided in the Plan.

***Distribution Record Date*** means the record date for purposes of making distributions under the Plan on account of Allowed Claims and Allowed Equity Interests, which shall be a date to be mutually agreed to among the Debtors and the Second Lien Lead Investors, but in any event no more than twenty (20) days prior to the Effective Date.

***Effective Date*** means the first Business Day on which all the conditions precedent to the effectiveness of the Plan specified in section 10.2 hereof shall have been satisfied or waived as provided in section 10.3 hereof; *provided, however*, that if a stay, injunction or similar prohibition of the Confirmation Order is in effect, the Effective Date shall be the first Business Day after such stay, injunction or similar prohibition is no longer in effect.

***Equity Interest*** means any “equity security” of the Debtors, as that term is defined in section 101(16) of the Bankruptcy Code.

***Equity Investment*** means the \$55 million cash investment to be made under the Plan by the Second Lien Lead Investors on the terms and conditions set forth in (i) that certain Equity Investment Term Sheet and (ii) the Subscription Agreement, both of which will be filed as part of the Plan Supplement.

***Estates*** means the estates of the Debtors as created under section 541 of the Bankruptcy Code.

***Exit Financing*** means the exit financing to be entered into by the Reorganized Debtors, on the Effective Date, in an aggregate amount of no less than \$127.5 and up to \$135 million on market terms and conditions reasonably satisfactory to the Second Lien Lead Investors and that are equal to or more favorable to the Debtors than the terms and conditions of the New Term Loan; *provided, however*, that if such financing cannot be obtained by the Debtors by the Effective Date, then the New Term Loan shall be the Exit Financing.

***Existing Employee Agreements*** means the employment agreements between the Debtors and certain members of the Debtors’ senior management existing as of the Petition Date.

***FCC*** means the Federal Communication Commission.

***FCC Approval*** means the grant of an initial order by the FCC approving the transfer of all of the Debtors’ radio stations consistent with the transactions contemplated in the Plan, which initial order shall have become a final order under applicable FCC rules and regulations (the “FCC Order”); *provided, however*, that with respect to the grandfathered stations in Chicago, IL and Greenville-New Bern-Jacksonville, NC, if the FCC has not approved the transfer of such grandfathered stations to the Reorganized Debtors, the FCC Order shall (i) include conditions requiring the future transfer of one or more of such stations to a third party

and/or (ii) include a provision requiring the concurrent transfer of one or more of such stations to a trust.

**Fee Claim** means any Claim by a Professional Person under sections 330, 331 or 503 of the Bankruptcy Code for allowance of compensation and/or reimbursement of expenses in the Chapter 11 Cases.

**Final Order** means an order or judgment of a court of competent jurisdiction that has been entered on the docket maintained by the clerk of such court and has not been reversed, vacated or stayed and as to which (a) the time to appeal, petition for *certiorari*, or move for a stay, new trial, reargument, or rehearing has expired and as to which no appeal, petition for *certiorari* or other proceedings for a stay, new trial, reargument or rehearing shall then be pending or (b) if an appeal, writ of *certiorari*, stay, new trial, reargument or rehearing thereof has been sought, (i) such order or judgment shall have been affirmed by the highest court to which such order was appealed, *certiorari* shall have been denied or a stay, new trial, reargument or rehearing shall have been denied or resulted in no modification of such order and (ii) the time to take any further appeal, petition for *certiorari*, or move for a stay, new trial, reargument or rehearing shall have expired; *provided, however*, that no order or judgment shall fail to be a "Final Order" solely because of the possibility that a motion pursuant to section 502(j) or 1144 of the Bankruptcy Code or under Rule 60 of the Federal Rules of Civil Procedure, or Bankruptcy Rule 9024 has been or may be filed with respect to such order or judgment.

**First Lien Agent** means Wilmington Trust FSB, as successor to General Electric Capital Corporation, in its capacity as administrative agent and collateral agent to the First Lien Lenders and the other holders of First Lien Claims.

**First Lien Claims** means the Claims arising out of the First Lien Credit Agreement, in the aggregate Allowed amount of \$162,400,426.13, plus an additional \$2,949,674.68 in secured interest rate swap obligations.

**First Lien Credit Agreement** means that certain Credit and Guaranty Agreement dated as of November 15, 2005, among NM OpCo, NM Group, the First Lien Agent, and the First Lien Lenders, and any related security documents and agreements and any hedge agreements executed in connection therewith, each as amended, supplemented or otherwise modified from time to time.

**First Lien Lenders** means the lenders from time to time party to the First Lien Credit Agreement.

**General Unsecured Claim** means any Claim against Debtor that is not an Administrative Expense Claim, a Priority Tax Claim, a Priority Non-Tax Claim or a Secured Claim.

**Governmental Unit** has the meaning ascribed to such term in section 101(27) of the Bankruptcy Code.

**Lien** has the meaning set forth in section 101(37) of the Bankruptcy Code.

**Local Bankruptcy Rules** means the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware.

**Management Incentive Plan** means the management retention and incentive plan to be adopted by the Reorganized Debtors upon the Effective Date which shall provide for the award of non-qualified options to designated members of senior management of the Reorganized Debtors to acquire up to 14% of the fully diluted shares of New NextMedia Common Stock, on the terms set forth in the Plan Supplement.

**New Board** means the Board of Directors of Reorganized NM Group as of the Effective Date, as identified in the Plan Supplement.

**New Employment Agreements** means the employment agreements to be entered into among certain members of the Debtors' senior management and Reorganized NM Group, on or prior to the Effective Date, incorporating the terms and provisions set forth in the Plan Supplement.

**New NextMedia Class A Common Stock** means the new (i) class A voting common stock of Reorganized NM Group, par value \$0.01 per share and (ii) class A limited-voting common stock of Reorganized NM Group, par value \$0.01 per share, to be issued by Reorganized NM Group on the Effective Date under and pursuant to the Plan.

**New NextMedia Class B Common Stock** means the new (i) class B voting common stock of Reorganized NM Group, par value \$0.01 per share and (ii) class B limited voting common stock of Reorganized NM Group, par value \$0.01 per share, to be issued by Reorganized NM Group on the Effective Date under and pursuant to the Plan.

**New NextMedia Common Stock** means the New NextMedia Class A Common Stock and the New NextMedia Class B Common Stock, together.

**New NextMedia Governing Documents** means (i) the certificate of incorporation and bylaws of each of the Recognized Debtors (which shall be their current charters and bylaws, as amended as necessary to implement the Plan including to, *inter alia*, prohibit the issuance of non-voting equity securities as required by section 1123(a)(6) of the Bankruptcy Code (other than any warrants), subject to further amendment as permitted by applicable law), and (ii) any other governing corporate document with respect to the Reorganized Debtors as may be contemplated by the Plan or otherwise, the forms of which will be filed as part of the Plan Supplement.

**New Shareholders Agreement** means the shareholders agreement governing the holders of New NextMedia Common Stock, in form and substance reasonably satisfactory to the Second Lien Lead Investors, which shall be filed as part of the Plan Supplement.

**New Term Loan** means the \$127.5 million term loan facility among Reorganized NM OpCo as borrower, Reorganized NM Group and each of Reorganized NM OpCo's direct and indirect present and future subsidiaries, as guarantors, committed to on a several and not joint basis by SVP and Angelo, Gordon, and having the terms described in the term sheet

attached as an exhibit to the Commitment Letter, which shall be filed as part of the Plan Supplement.

*NM Franchising* means NextMedia Franchising, Inc.

*NM Group* means NextMedia Group, Inc.

*NM Investors* means NextMedia Investors LLC.

*NM Investors Agreement* means the Third Amended and Restated Limited Liability Company Agreement, dated as of August 1, 2005, by and among NM Investors and the members signatory, thereto as the same has been amended from time to time.

*NM Licensing* means NM Licensing LLC.

*NM Northern Colorado* means NextMedia Northern Colorado, Inc.

*NM OpCo* means NextMedia Operating, Inc.

*NM Outdoor* means NextMedia Outdoor, Inc.

*NM Texas* means NM Texas, Inc.

*Other Secured Claim* means a Secured Claim that is not a First Lien Claim or a Second Lien Claim.

*Outdoor LLC* means NextMedia Outdoor, LLC.

*Person* means an individual, partnership, corporation, limited liability company, cooperative, trust, unincorporated organization, association, joint venture, government or agency or political subdivision thereof or any other form of legal entity.

*Petition Date* means December 21, 2009, the date on which each Debtor filed its voluntary petition for relief under chapter 11 of the Bankruptcy Code.

*Plan* means this Amended Joint Chapter 11 Plan of Reorganization proposed by the Debtors, as the same may be amended, supplemented or otherwise modified, including the exhibits and schedules hereto.

*Plan Supplement* means the compilation of documents and forms of documents, schedules and exhibits to be filed in one or more parts or volumes, no later than five (5) Business Days prior to the Voting Deadline, as amended, supplemented or otherwise modified from time to time in accordance with the terms hereof and in accordance with the Bankruptcy Code and the Bankruptcy Rules, comprising, without limitation, the following documents: the New Shareholders Agreement; the New NextMedia Governing Documents; the Registration Rights Agreement, the Commitment Letter, the Subscription Agreement, the Management Incentive Plan and the New Employment Agreements.



**Prepetition Lenders** means, collectively, the First Lien Lenders and the Second Lien Lenders.

**Priority Non-Tax Claim** means any Claim that is entitled to priority in payment pursuant to sections 507(a)(4), (5), (6), (7) or (9) of the Bankruptcy Code and that is not an Administrative Expense Claim or a Priority Tax Claim.

**Priority Tax Claim** means any Claim of a governmental unit of the kind entitled to priority in payment as specified in sections 502(i) and 507(a)(8) of the Bankruptcy Code.

**Professional Person** means any Person retained or to be compensated by the Debtors pursuant to sections 327, 328, 330, 331, 503(b) or 1103 of the Bankruptcy Code.

**Registration Rights Agreement** means a registration rights agreement substantially in the form to be filed as part of the Plan Supplement, and in form and substance reasonably satisfactory to the Second Lien Lead Investors, obligating the Reorganized Debtors to register for resale certain shares of New NextMedia Common Stock under the Securities Act in accordance with the terms set forth in such agreement.

**Reorganized Debtors** means the Debtors, as reorganized under and pursuant to the Plan from and after the Effective Date, except NM Investors, NM Texas, NM Franchising and Outdoor LLC, which shall each be dissolved; or, if the term Reorganized is used with respect to an individual Debtor, such individual Debtor as reorganized under and pursuant to the Plan, from and after the Effective Date, except NM Investors, NM Texas, NM Franchising and Outdoor LLC, which shall each be dissolved.

**Restructuring Agreement** means the Restructuring Support Agreement dated as of December 21, 2009, among the Debtors, the Second Lien Lead Investors and the other Second Lien Lenders signatories thereto, including all schedules, exhibits and annexes thereto, each as amended, modified or supplemented from time to time.

**Second Lien Agent** means NexBank, SSB, in its capacity as administrative agent and collateral agent to the Second Lien Lenders.

**Second Lien Claims** means the Claims arising out of the Second Lien Credit Agreement, in the aggregate Allowed amount of \$89,403,737.74 in principal and accrued but unpaid interest (plus certain additional fees and expenses).

**Second Lien Credit Agreement** means that certain Second Lien Credit and Guaranty Agreement dated as of November 15, 2005, among NM OpCo, NM Group, the Second Lien Agent and the Second Lien Lenders, and any related security documents or agreements, each as amended, supplemented or otherwise modified from time to time.

**Second Lien Lead Investors** means SVP and Angelo, Gordon or any assignee thereof, as may be identified by SVP or Angelo, Gordon.

**Second Lien Lenders** means the lenders under the Second Lien Credit Agreement.

**Secured Claim** means a Claim that is secured by a Lien that is valid, perfected and enforceable, and not avoidable, upon property in which a Debtor has an interest, to the extent of the value, as of the Effective Date, of such interest or Lien as determined by a Final Order of the Bankruptcy Court pursuant to section 506 of the Bankruptcy Code, or as otherwise agreed to in writing by the Debtor in question and the holder of such Claim.

**Securities Act** means the Securities Act of 1933, 15 U.S.C. §§ 77a-77aa, as now in effect or hereafter amended, or any similar federal, state or local law.

**Subscription Agreement** means a subscription agreement, substantially in the form to be filed as part of the Plan Supplement, in a form and substance reasonably satisfactory to the Second Lien Lead Investors, setting forth the terms and conditions on which the Second Lien Lead Investors will make the Equity Investment.

**SVP** means certain funds and affiliates of funds managed by Strategic Value Partners LLC, or its affiliates.

**Voting Deadline** means the date set by the Bankruptcy Court by which ballots for accepting or rejecting the Plan must be received, which is March 19, 2010.

## **1.2 Rules of Interpretation and Construction.**

(a) **Interpretation.** Unless otherwise specified herein, all section, article and exhibit references in the Plan are to the respective section in, article of, and exhibit to, the Plan, as the same may be amended, waived or modified from time to time. All headings in this Plan are for convenience of reference only and shall not limit or otherwise affect the provisions of the Plan.

(b) **Construction and Application of Bankruptcy Code Definitions.** Unless otherwise defined herein, words and terms defined in section 101 of the Bankruptcy Code shall have the same meanings when used in the Plan. Words or terms used but not defined herein shall have the meanings ascribed to such terms or words, if any, in the Bankruptcy Code. The rules of construction contained in section 102 of the Bankruptcy Code shall apply to the construction of the Plan.

(c) **Other Terms.** The words “herein,” “hereof,” “hereto,” “hereunder,” and other words of similar import refer to the Plan as a whole and not to any particular article, section, subsection or clause contained in the Plan.

(d) **Time.** In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.

## ARTICLE II

### TREATMENT OF UNCLASSIFIED CLAIMS

#### 2.1 *Administrative Expense Claims.*

All Administrative Expense Claims against the Debtors shall be treated as follows:

(a) Time for Filing. All holders of Administrative Expense Claims arising from the Petition Date through the Effective Date, other than Professional Persons holding Fee Claims, shall file with the Bankruptcy Court a request for payment of such Claims within thirty (30) days after the Effective Date. Any such request must be served on the Debtors, their counsel, counsel to any Committee and counsel to the Second Lien Lead Investors, and must, at a minimum, set forth (i) the name of the holder of the Claim; (ii) the amount of the Claim; and (iii) the basis for the Claim. A failure to file any such request in a timely fashion will result in the Administrative Expense Claim in question being discharged and its holder forever barred from asserting such Administrative Expense Claim against the Debtors.

(b) Allowance. An Administrative Expense Claim for which a request for payment has been properly filed shall become an Allowed Administrative Expense Claim unless an objection is filed by the date that is thirty (30) days after such Administrative Expense Claim is filed. If an objection is timely filed, the Administrative Expense Claim in question shall become an Allowed Administrative Expense Claim only to the extent so Allowed by Final Order of the Bankruptcy Court.

(c) Payment. Except to the extent that a holder of an Allowed Administrative Expense Claim agrees to a different treatment of such Claim, each holder of an Allowed Administrative Expense Claim shall receive, on account of and in full satisfaction of such Claim, Cash in an amount equal to the Allowed amount of such Claim on the later of (A) the Effective Date or (B) ten (10) days after entry of an order by the Bankruptcy Court allowing such Administrative Expense Claim.

#### 2.2 *Fee Claims.*

Every Professional Person holding a Fee Claim that has not previously been the subject of a final fee application and accompanying Bankruptcy Court order shall file a final application for payment of fees and reimbursement of expenses no later than the date that is thirty (30) days after the Effective Date. Any such final fee application shall conform to and comply with all applicable rules and regulations contained in the Bankruptcy Code, the Bankruptcy Rules, and the Local Bankruptcy Rules. The last date to object to any final fee application shall be the twenty-fourth (24th) day after such fee application has been filed with the Bankruptcy Court. All final fee applications shall be set for hearing on the same day, as the Bankruptcy Court's calendar permits, after consultation with counsel for the Debtors. Allowed Fee Claims shall be paid in full in Cash by the Debtors on the later of (A) the Effective Date or (B) ten (10) days after entry of an order by the Bankruptcy Court allowing such Fee Claim.

### **2.3 Priority Tax Claims.**

Except to the extent that a holder of an Allowed Priority Tax Claim has agreed or agrees to a different treatment of such Claim, each holder of an Allowed Priority Tax Claim shall receive on the Effective Date, at the option of the Debtors, in consultation with the Second Lien Lead Investors: (i) Cash in an amount equal to the Allowed amount of such Claim, or (ii) regular installment payments of Cash (a) having a total value, as of the Effective Date, equal to the Allowed amount of the Claim, (b) over a period ending not later than five (5) years after the Petition Date and (c) in a manner not less favorable than the most favored nonpriority Allowed General Unsecured Claims provided for by the Plan (other than Cash payments made to a class of creditors under section 1122(b) of the Bankruptcy Code). To the extent interest is required to be paid on any Priority Tax Claim, the rate of such interest shall be the rate determined under applicable nonbankruptcy law, as set forth in section 511 of the Bankruptcy Code. To the extent the holder of an Allowed Priority Tax Claim has a Lien on the Debtors' property, such Lien shall remain in place until such Allowed Priority Tax Claim has been paid in full. On and after the Effective Date, the Reorganized Debtors will pay all *ad valorem* property taxes as they become due, in the ordinary course of business.

### **2.4 DIP Claims.**

On the Effective Date, all Allowed DIP Claims shall be paid in full in Cash. Upon payment and satisfaction in full of all Allowed DIP Claims, all Liens and security interests granted to secure such obligations, whether in the Chapter 11 Cases or otherwise, shall be terminated and of no further force or effect.

## **ARTICLE III**

### **CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS**

The Plan is premised upon the substantive consolidation of certain of the Debtors for purposes of the Plan only. Accordingly, for purposes of the Plan, the assets and liabilities of the Debtors (except NM Investors, NM Texas, NM Franchising and Outdoor LLC) are deemed the assets and liabilities of a single, consolidated entity.

All Claims against, and Equity Interests in, the Debtors are classified for all purposes, including voting, confirmation, and distribution, pursuant to the Plan as follows:

Class	Designation	Impairment	Entitled to Vote
Class 1	Priority Non-Tax Claims	No	No (deemed to accept)
Class 2a	First Lien Claims Against All Debtors Except Outdoor LLC	No	No (deemed to accept)
Class 2b	First Lien Claims Against Outdoor LLC	No	No (deemed to accept)
Class 3a	Second Lien Claims Against All Debtors Except Outdoor LLC	Yes	Yes
Class 3b	Second Lien Claims Against Outdoor LLC	Yes	Yes
Class 4	Other Secured Claims	No	No (deemed to accept)
Class 5	General Unsecured Claims	No	No (deemed to accept)
Class 6	Equity Interests in NM OpCo, NM Outdoor, NM Northern Colorado and NM Licensing	No	No (deemed to accept)
Class 7	Equity Interests in NM Group	Yes	Yes
Class 8	Equity Interests in NM Investors	Yes	Yes
Class 9	Equity Interests in NM Texas	Yes	No (deemed to reject)
Class 10	Equity Interests in Outdoor LLC	Yes	No (deemed to reject)
Class 11	Equity Interests in NM Franchising	Yes	No (deemed to reject)

Administrative Expense Claims and Priority Tax Claims are not classified for purposes of voting or receiving distributions under the Plan, pursuant to section 1123(a)(1) of the Bankruptcy Code. Instead, all such Claims shall be treated separately as unclassified claims on the terms previously set forth in Article II of the Plan.

## ARTICLE IV

### TREATMENT OF CLAIMS AND EQUITY INTERESTS

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

Except to the extent that a holder of an Allowed Priority Non-Tax Claim agrees to a less favorable treatment, each such holder shall receive, in full satisfaction of such Claim, payment in full in Cash on the later of (A) the Effective Date or (B) ten (10) days after entry of an order by the Bankruptcy Court allowing such Priority Non-Tax Claim.

#### 4.2 *Classes 2a and 2b – First Lien Claims.*

On the Effective Date, except to the extent that a holder of an Allowed First Lien Claim agrees to less favorable treatment, each holder of an Allowed First Lien Claim in Classes 2a and 2b shall receive, in full satisfaction of such Claim, Cash in an amount equal to such holder's Allowed First Lien Claim (including, without limitation, interest on the obligations under the First Lien Credit Agreement accrued and unpaid through the Effective Date at the default rate set forth in the First Lien Credit Agreement). Upon such payment, the First Lien Claims shall be deemed satisfied in full and discharged, and the First Lien Credit Agreement and all Liens securing the obligations thereunder shall be terminated and of no further force or effect.

#### 4.3 *Classes 3a and 3b – Second Lien Claims.*

(a) On the Effective Date, each holder of an Allowed Second Lien Claim in Classes 3a and 3b shall receive its *pro rata* share of an initial allocation of 95% of the New NextMedia Common Stock, in the form of shares of New NextMedia Class A Common Stock, subject to dilution through the issuance of shares of (i) New NextMedia Class B Common Stock to the Second Lien Lead Investors (in exchange for their Equity Investment) and (ii) New NextMedia Class A Common Stock pursuant to the Management Incentive Plan. Upon the Effective Date, all Second Lien Claims shall be deemed satisfied in full and discharged, and the Second Lien Credit Agreement and all Liens securing the obligations thereunder shall be terminated and of no further force or effect.

(b) Each holder of an Allowed Second Lien Claim shall, on the ballot to be provided to such holder to vote to accept or reject the Plan, indicate its election to receive its *pro rata* share of New NextMedia Class A Common Stock in the form of either (i) class A voting common stock or (ii) class A limited-voting common stock. If any holder of an Allowed Second Lien Claim fails to make such an election on its ballot, such holder shall be deemed to have elected, and shall receive, class A limited-voting common stock. Notwithstanding any election made by any holder of an Allowed Second Lien Claim to the contrary, the Debtors may, in the exercise of their reasonable business judgment, after consultation with the Second Lien Agent, issue class A limited-voting common stock to any holder of an Allowed Second Lien Claim as may be necessary to comply with applicable FCC rules and regulations.

#### **4.4 Class 4 – Other Secured Claims.**

On the Effective Date, except to the extent that a holder of an Allowed Other Secured Claim agrees to less favorable treatment, each holder of an Allowed Other Secured Claim shall, at the Debtors' option, in consultation with the Second Lien Lead Investors: (i) be reinstated or otherwise rendered unimpaired in accordance with section 1124 of the Bankruptcy Code, notwithstanding any contractual provision or applicable non-bankruptcy law that entitles the holder of an Allowed Other Secured Claim to demand or receive payment of such Claim prior to its stated maturity from and after the occurrence of an event of default, (ii) be paid in the ordinary course of business in accordance with the course of practice between the Debtors and such holder with respect to such Allowed Other Secured Claim, or (iii) receive the Collateral securing such Allowed Other Secured Claim.

#### **4.5 Class 5 – General Unsecured Claims.**

Each holder of an Allowed General Unsecured Claim shall, in full satisfaction, settlement, release, and discharge of, and in exchange for, such Allowed General Unsecured Claim, at the Debtors option, in consultation with the Second Lien Lead Investors: (i) to the extent such Allowed General Unsecured Claim is due and owing on the Effective Date, (a) be paid in full in Cash on the later of the Effective Date and the date such Claim becomes an Allowed General Unsecured Claim, or, in each case, as soon as practicable thereafter, or (b) otherwise be paid in accordance with the terms of any agreement between the Debtors and such holder; (ii) to the extent such Allowed General Unsecured Claim is not due and owing on the Effective Date, be paid in full in Cash when and as such Allowed General Unsecured Claim becomes due and owing in the ordinary course of business; or (iii) receive treatment that leaves unaltered the legal, equitable, and contractual rights to which such Allowed General Unsecured Claim entitles the holder of such Claim.

#### **4.6 Class 6 – Equity Interests in NM OpCo, NM Outdoor, NM Northern Colorado and NM Licensing**

On the Effective Date, each holder of an Equity Interest in NM OpCo, NM Outdoor, NM Northern Colorado and NM Licensing shall retain its Equity Interest.

#### **4.7 Class 7 – Equity Interests in NM Group.**

On the Effective Date, the Equity Interests in NM Group shall be cancelled and extinguished, and the holder of the Equity Interests in NM Group shall receive 5% of the New NextMedia Common Stock, in the form of shares of New NextMedia Class A Common Stock, subject to dilution through the issuance of shares of (i) New NextMedia Class B Common Stock to the Second Lien Lead Investors (in exchange for the Equity Investment) and (ii) New NextMedia Class A Common Stock pursuant to the Management Incentive Plan. NM Investors (as the holder of the Equity Interests in NM Group) shall immediately distribute its shares of New NextMedia Class A Common Stock to the holders of the Equity Interests in NM Investors in accordance with the terms of the NM Investors Agreement.

**4.8 Class 8 – Equity Interests in NM Investors.**

On the Effective Date, all Equity Interests in NM Investors shall be cancelled and extinguished. Each holder of an Equity Interest in NM Investors shall receive, via distribution from NM Investors, a number of shares of New NextMedia Class A Common Stock distributed to NM Investors pursuant to section 4.7 hereof, as calculated pursuant to the terms of the NM Investors Agreement.

**4.9 Class 9 – Equity Interests in NM Texas.**

On the Effective Date, all Equity Interests in NM Texas shall be cancelled and extinguished, and the holder of such Equity Interests shall neither receive nor retain any property on account of such Equity Interests under the Plan.

**4.10 Class 10 – Equity Interests in Outdoor LLC.**

On the Effective Date, all Equity Interests in Outdoor LLC shall be cancelled and extinguished, and the holders of such Equity Interests shall neither receive nor retain any property on account of such Equity Interests under the Plan.

**4.11 Class 11 – Equity Interests in NM Franchising.**

On the Effective Date, all Equity Interests in NM Franchising shall be cancelled and extinguished, and the holder of such Equity Interests shall neither receive nor retain any property on account of such Equity Interests under the Plan.

**ARTICLE V**

**IMPAIRMENT; ACCEPTANCE OR REJECTION OF THE PLAN;  
EFFECT OF REJECTION BY ONE OR MORE CLASSES**

**5.1 Classes Entitled to Vote.**

The holders of Claims in Classes 1, 2a, 2b, 4 and 5, and holders of Equity Interests in Class 6 are unimpaired, conclusively deemed to have accepted the Plan and are not entitled to vote to accept or reject the Plan. Holders of Claims in Classes 3a and 3b, and holders of Equity Interests in Classes 7 and 8 are impaired and entitled to vote to accept or reject the Plan. Holders of Equity interests in Classes 9, 10 and 11 are impaired, will neither receive nor retain any property under the Plan on account of such Equity Interests, are not entitled to vote, and are deemed to have rejected the Plan.

**5.2 Class Acceptance Requirement.**

A Class of impaired Claims shall have accepted the Plan if the holders of at least two-thirds (2/3) in amount and more than one-half (1/2) in number of Claims in such Class who have voted on the Plan have voted to accept the Plan. A Class of impaired Equity Interests shall have accepted the Plan if at least two-thirds (2/3) in amount of Equity Interests in such Class who have voted on the Plan have voted to accept the Plan.



### **5.3 Cramdown**

If any Class (except for Classes 3a or 3b) fails to accept the Plan in accordance with section 1126(c) or (d) of the Bankruptcy Code, the Debtors hereby request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code.

## **ARTICLE VI**

### **MEANS OF IMPLEMENTATION AND POST-EFFECTIVE DATE GOVERNANCE**

#### **6.1 Substantive Consolidation.**

The Plan is premised upon the substantive consolidation of the Debtors (other than NM Investors, NM Texas, NM Franchising and Outdoor LLC, which are to be dissolved under the Plan) for purposes of the Plan only. Accordingly, on the Effective Date, and other than with respect to the Debtors to be dissolved under the Plan, all of the Debtors and their Estates shall, for purposes of the Plan only, be deemed merged and (i) all assets and liabilities of such Debtors shall be treated as though they were merged, (ii) all guarantees of such Debtors of payment, performance or collection of obligations of any other of such Debtors shall be eliminated and cancelled, (iii) all joint obligations of such Debtors and all multiple Claims against such entities on account of such joint obligations, shall be considered a single claim against such Debtors, and (iv) any Claim filed in the Chapter 11 Cases shall be deemed filed against the consolidated Debtors and a single obligation of the consolidated Debtors on and after the Effective Date. Such substantive consolidation shall not (other than for purposes of voting, treatment, and distribution under the Plan) affect (x) the legal and/or corporate structures of the Debtors (other than with respect to those Debtors to be dissolved under the Plan) or (y) any intercompany claims.

#### **6.2 Continued Separate Existence.**

Subject to the transactions contemplated by the Plan, and except as provided in the Plan, each Debtor shall continue to exist after the Effective Date as a separate legal entity, with all the powers afforded to it under applicable law in the jurisdiction in which such Debtor is organized and pursuant to the organizational documents in effect with respect to such Debtor prior to the Effective Date, except to the extent such organizational documents are amended by, or are to be amended pursuant to, the Plan or otherwise, without prejudice to any right to terminate such existence (whether by merger or otherwise) under applicable law after the Effective Date.

#### **6.3 Restructuring and Other Corporate Actions and Transactions.**

(a) Exit Financing. Upon the Effective Date, the Reorganized Debtors shall enter into the Exit Financing. The proceeds thereof (along with the proceeds of the Equity Investment, Cash on hand and any additional financing that may be necessary in an amount to be determined (subject to the terms and conditions of the Exit Financing (including any limitations therein on the incurrence of additional debt and liens)) shall be used to pay all First Lien Claims and all other Claims that are to be paid in Cash as set forth in the Plan.

(b) Equity Investment. Upon the Effective Date, the Second Lien Lead Investors shall, severally and not jointly, make the Equity Investment and, in exchange therefor, receive shares of New NextMedia Class B Common Stock, which shall represent 66.67% of the shares of New NextMedia Common Stock, subject to dilution only by the shares of New NextMedia Class A Common Stock to be issued pursuant to the Management Incentive Plan. Each Second Lien Lead Investor shall elect to receive its *pro rata* share of New NextMedia Class B Common Stock in the form of either (i) class B voting common stock or (ii) class B limited-voting common stock by so-indicating on the Subscription Agreement. Notwithstanding any election made by any Second Lien Lead Investor to the contrary, the Debtors may, in the exercise of their reasonable business judgment, issue class B limited-voting common stock to any Second Lien Lead Investor as may be necessary to comply with applicable FCC rules and regulations.

(c) Management Incentive Plan. Upon the Effective Date, Reorganized NM Group shall adopt the Management Incentive Plan. The Management Incentive Plan shall provide for the award of non-qualified options to designated members of senior management of the Reorganized Debtors to acquire up to 14% of the fully diluted shares of New NextMedia Common Stock (after giving effect to the Equity Investment, the issuance of New NextMedia Common Stock to holders of Allowed Second Lien Claims and the holder of the Equity Interests NM Group). The Management Incentive Plan shall incorporate the principal terms and conditions set forth in the Plan Supplement.

(d) Management Employment Agreements. The Debtors' senior management shall continue in their positions following the Effective Date, subject to such individuals waiving certain terms of their Existing Employment Agreements. On or prior to the Effective Date (effective as of the Effective Date), each member of the Debtors' senior management shall enter into a New Employment Agreement with Reorganized NM Group. Upon the Effective Date, such New Employment Agreements shall supersede and replace the Existing Employment Agreements, and the Existing Employment Agreements shall be deemed null, void, terminated and of no further force or effect.

(e) New Shareholders Agreement. Upon the Effective Date, or as soon thereafter as may be practicable, all holders of New NextMedia Common Stock (including, without limitation holders of options issued under the Management Incentive Plan) shall enter into the New Shareholders Agreement.

(f) Registration Rights Agreement. Upon the Effective Date, or as soon thereafter as may be practicable, all holders of New NextMedia Common Stock shall have the right to enter into the Registration Rights Agreement.

(g) Dissolution of NM Investors and Distribution of Stock to Equity Holders. Upon the Effective Date, pursuant to section 4.7 hereof, NM Investors shall distribute to its Equity Interest holders the shares of New NextMedia Class A Common Stock distributed to NM Investors hereunder. As soon as practicable thereafter, NM Investors shall be dissolved and shall cease to exist as a limited liability company.

(h) Dissolution of NM Texas, NM Franchising and Outdoor LLC. On the Effective Date, or as soon as practicable thereafter, NM Texas, NM Franchising and Outdoor LLC shall be dissolved and shall cease to exist as legal entities.

(i) Tax Elections. None of the Reorganized Debtors shall change its entity classification for U.S. federal income tax purposes on or prior to the Effective Date.

(j) Other Transactions. On or as of the Effective Date, or as soon as practicable thereafter, and without the need for any further action other than approval by the New Board, the Reorganized Debtors may (i) cause any or all of the Reorganized Debtors or to be merged into one or more of the Reorganized Debtors, dissolved or otherwise consolidated, (ii) cause the transfer of assets between or among the Reorganized Debtors, or (iii) engage in any other transaction in furtherance of the Plan.

(k) General Corporate Actions. Upon the Effective Date, all actions contemplated by the Plan shall be deemed authorized and approved in all respects, including (i) adoption or assumption, as applicable, of the New Employment Agreements, (ii) selection of the directors and officers of the Reorganized Debtors, (iii) the distribution of New NextMedia Common Stock, (iv) the adoption of the Management Incentive Plan, and (v) all other actions contemplated by the Plan (whether to occur before, on or after the Effective Date). All matters provided for in the Plan involving the corporate structure of the Debtors or the Reorganized Debtors, and any corporate action required by the Debtors or the Reorganized Debtors in connection with the Plan shall be deemed to have occurred and shall be in effect, without any requirement of further action by any holders of Equity Interests or New NextMedia Common Stock, the managing members, directors or officers of the Debtors or the Reorganized Debtors. On or (as applicable) prior to the Effective Date, the appropriate officers of the Debtors or the Reorganized Debtors, as applicable, shall be authorized and directed to issue, execute and deliver the agreements, documents, securities, and instruments contemplated by the Plan (or necessary or desirable to effect the transactions contemplated by the Plan) in the name of and on behalf of the Reorganized Debtors. Such authorizations and approvals shall be effective notwithstanding any requirements under non-bankruptcy law.

(l) New NextMedia Governing Documents. Upon the Effective Date, the New NextMedia Governing Documents shall become effective in accordance with their terms and shall be filed with the appropriate Governmental Unit.

(m) Boards of Directors of the Reorganized Debtors. The identities of and compensation to be provided to the individuals serving on New Board will be set forth in the Plan Supplement. After the Effective Date, the New Board shall consist of five (5) members, one (1) of whom shall be the chief executive officer of Reorganized NM Group. Three (3) members of the New Board shall be designated by SVP and one (1) member of the New Board shall be designated by representatives of the holders of Allowed Second Lien Claims. For so long as SVP shall own not less than 39% of the outstanding New NextMedia Common Stock, SVP shall have the right to designate the majority of the New Board. The tenure of each member of the New Board, and the tenure and manner of selection of subsequent directors for each of the Reorganized Debtors shall be as provided in the New NextMedia Governing Documents and the New Shareholders Agreement

(n) Officers the Reorganized Debtors. The officers of the respective Reorganized Debtors immediately prior to the Effective Date shall serve as the initial officers of each of the respective Reorganized Debtors on and after (as may be determined by the New Board) the Effective Date and in accordance with any employment agreement entered into with the Reorganized Debtors and applicable non-bankruptcy law.

#### **6.4 Issuance of New Securities.**

As of the Effective Date, the issuance by Reorganized NM Group of the New NextMedia Common Stock to the Persons and in the amounts set forth herein is hereby authorized without the need for any further corporate action. Pursuant to section 1145 of the Bankruptcy Code, the issuance and allocation of shares of New NextMedia Common Stock hereunder (and any options to purchase the same) shall be exempt from registration under the Securities Act and any state or local law requiring registration for offer or sale of a security.

#### **6.5 Release of Liens.**

Except as otherwise provided herein, upon the occurrence of the Effective Date, any Lien securing a Secured Claim, including without limitation, the First Lien Claims and the Second Lien Claims, shall be deemed released, and the holder of such Secured Claim shall be authorized and directed to release any Collateral or other property of the Debtors (including any Cash collateral) held by such holder and to take such actions as may be requested by the Reorganized Debtors to evidence the release of such Lien, including the execution, delivery and filing or recording of such releases as may be requested by the Reorganized Debtors. As of the Effective Date, the Reorganized Debtors shall be authorized to file on behalf of holders of Secured Claims form UCC-3s or such other forms as may be necessary to implement the provisions of this section.

#### **6.6 Preservation of Rights of Action; Settlement of Litigation Claims.**

Except as otherwise provided herein or in any contract, instrument, release, indenture or other agreement entered into in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code, the Reorganized Debtors shall retain and may, without the need for any further Bankruptcy Court approval, enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all Claims, rights or causes of action, suits, and proceedings, whether in law or in equity, whether known or unknown, that the Debtors or their Estates may hold against any Person or entity. The Reorganized Debtors or their successor(s) may pursue such retained Claims, rights or causes of action, suits, or proceedings as appropriate, in accordance with the best interests of the Reorganized Debtors or their successor(s) who hold such rights.

#### **6.7 Effectuating Documents; Further Transactions.**

The New Board, the chairman of the board of directors, president, chief financial officer, any vice-president, or any other appropriate officer of each Debtor shall be authorized to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents, and take such actions, as may be necessary or appropriate, to effectuate and further evidence the terms and conditions of the Plan. The secretary or assistant

secretary of the appropriate Debtor shall be authorized to certify or attest to any of the foregoing actions.

**6.8 Cancellation of Agreements.**

As of the Effective Date, except to the extent otherwise provided herein, the First Lien Credit Agreement and the Second Lien Credit Agreement shall be deemed cancelled, and the obligations of the Debtors thereunder shall be deemed satisfied in full and discharged; *provided, however*, that the First Lien Credit Agreement and the Second Lien Credit Agreement shall continue in effect solely to the extent necessary to allow the Agents and the Prepetition Lenders to receive distributions from the Debtors under the Plan.

**6.9 Dissolution of Statutory Committees and Cessation of Fee and Expense Payments.**

Any Committee appointed in the Debtors' Chapter 11 Cases shall be dissolved on the Effective Date. The Reorganized Debtors shall not be responsible for paying any fees or expenses incurred by any Committee after the Effective Date. After the Effective Date, the Debtors shall not be responsible for paying any fees or expenses of the advisors to (i) the Second Lien Lead Investors, (ii) the Agents or (iii) the Prepetition Lenders, except as may otherwise be provided in any then-applicable and effective agreements.

**ARTICLE VII**

**DISTRIBUTIONS**

**7.1 Date of Distributions.**

Unless otherwise provided herein, any distributions and deliveries to be made under the Plan shall be made on the Effective Date or as soon as practicable thereafter. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act shall be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

**7.2 Sources of Cash for Plan Distributions.**

Except as otherwise provided herein or in the Confirmation Order, all Cash required for the payments to be made hereunder shall be obtained from the Debtors' and the Reorganized Debtors' operations and Cash on hand, the proceeds of the Exit Financing and the Equity Investment; *provided, however*, that nothing herein shall be deemed to limit or prohibit the Reorganized Debtors from entering into one or more post-Effective Date credit facilities, subject to the terms and conditions of the Exit Financing (including any limitations therein on the incurrence of additional debt and liens), to fund additional payments or liquidity requirements of the Reorganized Debtors.

### **7.3 *Disbursing Agent.***

All distributions under the Plan shall be made by the Disbursing Agent. The Disbursing Agent shall not be required to give any bond, surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court.

### **7.4 *Rights and Powers of Disbursing Agent.***

The Disbursing Agent shall be empowered to (a) effect all actions and execute all agreements, instruments and other documents necessary to perform its duties under the Plan, (b) make all distributions contemplated hereby, (c) employ professionals to represent it with respect to its responsibilities and (d) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions hereof.

### **7.5 *Record Date for Distributions.***

At the close of business on the Distribution Record Date, the transfer ledgers or registers for the Debtors' existing Equity Interests and all indebtedness under the First Lien Credit Agreement and the Second Lien Credit Agreement shall be closed, and there shall be no further changes in the record holders of such Equity Interests and indebtedness. The Reorganized Debtors and the Disbursing Agent shall have no obligation to recognize any transfer of any of the foregoing occurring after the Distribution Record Date, and shall be entitled instead to recognize for all purposes hereunder, including to effect distributions hereunder, only those record holders stated on the transfer ledgers or registers maintained by the Debtors and the Agents as of the close of business on the Distribution Record Date.

### **7.6 *Recipients of Distributions.***

All distributions to holders of Allowed Claims and Allowed Equity Interests under the Plan (except to holders of First Lien Claims and the Second Lien Claims) shall be made to the holder of the Claim or Equity Interest as of the Distribution Record Date. Changes as to the holder of a Claim or Equity Interest after the Distribution Record Date shall only be valid and recognized for distribution if notice of such change is filed with the Bankruptcy Court, in accordance with Bankruptcy Rule 3001 (if applicable) and served upon the Debtors and their counsel.

Distributions on account of Allowed First Lien Claims and Allowed Second Lien Claims shall initially be made to the respective Agents, who shall then be responsible for making the appropriate distributions to the respective Prepetition Lenders in accordance with the Agents' respective books and records, pursuant to the terms of the First Lien Credit Agreement and Second Lien Credit Agreement, as applicable. In connection therewith, the Agents shall neither have nor assume any liability for making distributions to the Prepetition Lenders greater than that provided for in the First Lien Credit Agreement or the Second Lien Credit Agreement, as applicable. The Disbursing Agent shall not have or incur any liability for making any distributions to any individual Prepetition Lender.

### **7.7 *Delivery of Distributions.***

Subject to Bankruptcy Rule 9010, all distributions under the Plan shall be made at the address of each holder of an Allowed Claim or Allowed Equity Interest as set forth in the books and records of the Debtors, unless the applicable Debtor has been notified in writing of a change of address, including, without limitation, by the filing of a proof of claim or interest by such holder that contains an address for such holder different from the address on file with the Debtors for such holder. If any distribution to the holder of an Allowed Claim or Allowed Equity Interest is returned as undeliverable, no distribution to such holder shall be made unless and until the Reorganized Debtors are notified of such holder's then-current address, at which time all missed distributions shall be made to such holder without interest; *provided, however*, that such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of one hundred eighty (180) days after the Effective Date. After such date, all unclaimed property or interest in property shall revert to the Reorganized Debtors, and the Claim or Equity Interest of any holder with respect to such property or interest in property shall be discharged and forever barred, notwithstanding any applicable federal or state escheat, abandoned, or unclaimed property laws to the contrary.

### **7.8 *Means of Payment.***

All distributions made pursuant to the Plan shall be in Cash unless stated otherwise.

### **7.9 *Fractional Shares.***

No fractional shares of New NextMedia Common Stock shall be distributed and no Cash shall be distributed in lieu of such fractional shares. When any distribution pursuant to the Plan on account of an Allowed Claim or Allowed Equity Interest would otherwise result in the issuance of a number of shares of New NextMedia Common Stock that is not a whole number, the actual distribution of shares of New NextMedia Common Stock shall be rounded as follows: (a) fractions of one-half ( $\frac{1}{2}$ ) or greater shall be rounded to the next higher whole number and (b) fractions of less than one-half ( $\frac{1}{2}$ ) shall be rounded to the next lower whole number with no further payment therefor. The total number of authorized shares of New NextMedia Common Stock to be distributed hereunder shall be adjusted as necessary to account for the foregoing rounding.

### **7.10 *Setoffs and Recoupment.***

The Debtors may, but shall not be required to, setoff against or recoup from any Claim any claims of any nature whatsoever that any of the Debtors may have against the holder of such Claim, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by any of the Debtors or the Reorganized Debtors of any such claim they may have against such claimant.

**7.11 *Distributions After Effective Date.***

Distributions made after the Effective Date to holders of Disputed Claims that are not Allowed Claims as of the Effective Date but which later become Allowed Claims shall be deemed to have been made on the Effective Date.

**7.12 *Withholding and Reporting Requirements.***

In connection with the Plan and all instruments issued in connection therewith and distributed thereunder, any party issuing any instrument or making any such distribution under the Plan shall comply with all applicable withholding and reporting requirements imposed by any federal, state or local taxing authority, and all distributions under the Plan shall be subject to any such withholding or reporting requirements. Notwithstanding the above, each holder of an Allowed Claim or Allowed Equity Interest that is entitled to receive a distribution under the Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any applicable tax obligations, including income, withholding and other tax obligations, on account of such distribution. Any party issuing any instrument or making any distribution under the Plan to any holder of any Allowed Claim or Allowed Equity Interest has the right, but not the obligation, to not issue such instrument or make a distribution until such holder has made arrangements satisfactory to such issuing or disbursing party for payment of any such tax obligations.

**7.13 *No Postpetition Interest.***

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

**7.14 *Time Bar to Payments.***

Checks issued by the Disbursing Agent in respect of Allowed Claims shall be null and void if not negotiated within six (6) months 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 with respect to whom such check was originally issued. Any Claim in respect of such voided check shall be made on or before the first anniversary of the Effective Date. After such date, all Claims in respect of void checks shall be discharged and forever barred.

**ARTICLE VIII**

**PROCEDURES FOR RESOLVING AND TREATING DISPUTED CLAIMS**

**8.1 *Objections to Claims.***

Except insofar as a Claim is Allowed under the Plan or pursuant to Final Order of the Bankruptcy Court, the Debtors, the Reorganized Debtors or any other party in interest shall be entitled to object to Claims. Any objections to Claims shall be served and filed (i) on or before the ninetieth (90th) day following the later of (x) the Effective Date and (y) the date that a proof of Claim is filed or amended or a Claim is otherwise asserted or amended in writing by or



on behalf of a holder of such Claim, or (ii) such later date as ordered by the Bankruptcy Court. Any Claim as to which an objection is timely filed shall be a Disputed Claim.

### **8.2 *No Distributions Pending Allowance.***

If the Debtors object to any Claim, no payment or distribution provided under the Plan shall be made on account of such Claim unless and until such Disputed Claim becomes an Allowed Claim.

### **8.3 *Distributions After Allowance.***

To the extent that a Disputed Claim or Disputed Equity Interest ultimately becomes an Allowed Claim or Allowed Equity Interest, respectively, distributions (if any) shall be made to the holder of such Allowed Claim or Allowed Equity Interest, respectively, in accordance with the provisions of the Plan. As soon as reasonably practicable after the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim or Disputed Equity Interest becomes a Final Order, the Disbursing Agent shall provide to the holder of such Claim the distribution (if any) to which such holder is entitled under the Plan as of the Effective Date, without any interest to be paid on account of such Claim unless required under applicable bankruptcy law.

### **8.4 *Disallowance of Late Filed Claims and Equity Interests.***

Unless otherwise provided in a Final Order of the Bankruptcy Court, any Claim or Equity Interest for which a proof of claim or interest, as applicable, is filed after the applicable Bar Date shall be deemed disallowed. The holder of a Claim or Equity Interest that is disallowed pursuant to this section 8.4 shall not receive any distribution on account of such Claim or Equity Interest, as applicable, and neither the Debtors, the Reorganized Debtors nor the Distribution Agent shall need to take any affirmative action for such Claim or Equity Interest to be deemed disallowed.

## **ARTICLE IX**

### **TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

#### **9.1 *Assumption of Contracts and Leases.***

Except as otherwise provided herein, or in any contract, instrument, release, indenture, or other agreement or document entered into in connection with the Plan, as of the Effective Date, each Debtor shall be deemed to have assumed each executory contract and unexpired lease to which it is a party, unless such contract or lease (i) was previously assumed, assumed and assigned or rejected by the Debtors, (ii) previously expired or terminated pursuant to its own terms, (iii) is the subject of a motion to assume, assume and assign, or reject filed by the Debtors on or before the Confirmation Date, or (iv) is set forth in schedule 9.1 hereto, as an executory contract or unexpired lease to be rejected; *provided, however*, that the Existing Employment Agreements shall neither be assumed nor rejected, and shall be treated as set forth in section 6.3(c) hereof. The Confirmation Order shall constitute an order of the Bankruptcy

Court under sections 365 and 1123(b) of the Bankruptcy Code approving the contract and lease assumptions or rejections described above, as of the Effective Date.

Each executory contract and unexpired lease that is assumed and relates to the use, ability to acquire, or occupancy of real property shall include (a) all modifications, amendments, supplements, restatements, or other agreements made directly or indirectly by any agreement, instrument, or other document that in any manner affect such executory contract or unexpired lease and (b) all executory contracts or unexpired leases appurtenant to the premises, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, usufructs, reciprocal easement agreements, vaults, tunnel or bridge agreements or franchises, and any other interests in real estate or rights *in rem* related to such premises, unless any of the foregoing agreements has been rejected pursuant to an order of the Bankruptcy Court.

## **9.2 *Inclusiveness.***

Unless otherwise specified, each executory contract and unexpired lease shall include any and all modifications, amendments, supplements, restatements or other agreements made directly or indirectly by any agreement, instrument or other document that in any manner affects such executory contract or unexpired lease, without regard to whether such agreement, instrument or other document is listed on such schedule.

## **9.3 *Payments Related to Assumption of Contracts and Leases.***

Any monetary amounts by which any executory contract and unexpired lease to be assumed hereunder are in default shall be satisfied, under section 365(b)(1) of the Bankruptcy Code, by the Debtors upon assumption thereof. If there is a dispute regarding (i) the nature or amount of any Cure; (ii) the ability of the Debtors or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed; or (iii) any other matter pertaining to assumption, Cure shall occur following the entry of a Final Order of the Bankruptcy Court resolving the dispute and approving the assumption or assumption and assignment, as the case may be.

## **9.4 *Rejected Contracts and Leases.***

Except as otherwise provided herein or in any contract, instrument, release, indenture, or other agreement or document entered into in connection with the Plan, none of the executory contracts and unexpired leases to which the Debtors are a party shall be rejected hereunder; *provided, however*, that the Debtors reserve the right, at any time prior to the Confirmation Date, to seek to reject any executory contract or unexpired lease to which any Debtor is party.

## **9.5 *Claims Based on Rejection of Executory Contracts or Unexpired Leases.***

All Claims arising out of the rejection of executory contracts and unexpired leases (if any) must be served upon the applicable Debtor and its counsel within thirty (30) days after the earlier of (i) the date of entry of an order of the Bankruptcy Court approving such rejection or (ii) the Confirmation Date; *provided, however*, that any such Claim arising out of the rejection of

an executory contract or unexpired lease that is filed after the Effective Date shall be served on the Reorganized Debtors. Any Claims not filed within such time shall be forever barred from assertion against the Debtors, their Estates and their property.

#### **9.6 Compensation and Benefit Plans.**

Except and to the extent previously assumed by an order of the Bankruptcy Court, on or before the Confirmation Date, all employee compensation and employee benefit plans of the Debtors, including employee benefit plans and programs subject to sections 1114 and 1129(a)(13) of the Bankruptcy Code (if any), but excluding the Existing Employment Agreements, entered into before or after the Petition Date and not since terminated, shall be deemed to be, and shall be treated as if they were, executory contracts that are to be assumed under the Plan. The Debtors' obligations under such plans and programs shall survive confirmation of the Plan, except for (i) executory contracts or benefit plans specifically rejected pursuant to the Plan (to the extent such rejection does not violate sections 1114 and 1129(a)(13) of the Bankruptcy Code) and (ii) such executory contracts or employee benefit plans as have previously been rejected, are the subject of a motion to reject as of the Confirmation Date, or have been specifically waived by the beneficiaries of any employee benefit plan or contract.

#### **9.7 Insurance Policies.**

Notwithstanding anything contained in the Plan to the contrary, unless specifically rejected by order of the Bankruptcy Court, all of the Debtors' insurance policies and any agreements, documents or instruments relating thereto, shall be continued. Nothing contained in this section shall constitute or be deemed a waiver of any cause of action that the Debtors may hold against any entity, including, without limitation, the insurer, under any of the Debtors' insurance policies.

### **ARTICLE X**

#### **CONDITIONS PRECEDENT TO CONFIRMATION AND EFFECTIVENESS OF THE PLAN**

##### **10.1 Conditions to Confirmation of Plan.**

Confirmation of the Plan shall not occur, and the Confirmation Order shall not be entered, until each of the following conditions precedent have been satisfied or waived:

(a) The Restructuring Agreement shall be in full force and effect and shall not have been terminated;

(b) An order, in a form and substance reasonably satisfactory to the Debtors and the Second Lien Lead Investors, finding that the Disclosure Statement contains adequate information pursuant to section 1125 of the Bankruptcy Code shall have been entered;

(c) The Plan Supplement shall have been filed with the Bankruptcy Court at least five (5) Business Days prior to the Voting Deadline; and

(d) The Confirmation Order shall be in a form and substance reasonably satisfactory to the Debtors and the Second Lien Lead Investors.

### **10.2 Conditions to Effective Date of Plan.**

The Effective Date of the Plan shall not occur until each of the following conditions precedent have been satisfied or waived:

(a) Confirmation Order. The clerk of the Bankruptcy Court shall have entered the Confirmation Order in the Chapter 11 Cases and there shall not be a stay or injunction (or similar prohibition) in effect with respect thereto. The Confirmation Order in the Chapter 11 Cases shall be in form and substance reasonably satisfactory to the Debtors and to the Second Lien Lead Investors;

(b) Execution and Delivery of Other Documents. All other actions and all agreements, instruments or other documents necessary to implement the terms and provisions of the Plan shall have been executed and delivered by the parties thereto, including, but not limited to, the Exit Financing documents, the Management Incentive Plan documents, the New Shareholders Agreement, the Registration Rights Agreement, and the documents relating to the Equity Investment and, in each case, all conditions to their effectiveness shall have been satisfied or waived as provided therein; and

(c) FCC Approval. The Debtors shall have obtained FCC Approval of the transactions contemplated by the Plan.

### **10.3 Waiver of Conditions Precedent.**

Any of the foregoing conditions (with the exception of the conditions set forth in sections 10.1(b), 10.2(a) and 10.2(c)) may be waived by the Debtors in accordance with the terms and conditions set forth in the Restructuring Agreement, in each case without notice to or order of the Bankruptcy Court. The failure to satisfy or waive any condition may be asserted by the Debtors regardless of the circumstances giving rise to the failure of such condition to be satisfied (including any action or inaction by the Debtors). The failure of the Debtors to exercise any of the foregoing rights shall not be deemed a waiver of any other rights and each such right will be deemed an on-going right that may be asserted at any time.

### **10.4 Effect of Failure of Conditions.**

If the foregoing conditions have not been satisfied or waived in the manner provided in section 10.2 hereof, then (i) the Confirmation Order shall be of no further force or effect; (ii) no distributions under the Plan shall be made; (iii) the Debtors and all holders of Claims against and Equity Interests in the Debtors shall be restored to the *status quo ante* as of the day immediately preceding the Confirmation Date as though the Confirmation Date had never occurred; (iv) all of the Debtors' obligations with respect to the Claims and Equity Interests shall remain unaffected by the Plan; (v) nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against the Debtors or any other Person or to prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the Debtors; and (vi) the Plan shall be deemed withdrawn. Upon such occurrence, the

Debtors shall file a written notification with the Bankruptcy Court and serve it upon counsel to the Second Lien Lead Investors, counsel to the Agents, counsel to any Committee and the Office of the United States Trustee.

**10.5 *Reservation of Rights.***

The Plan shall have no force or effect unless and until the Effective Date occurs. Prior to the Effective Date, none of the filing of the Plan, any statement or provision contained in the Plan, or action taken by the Debtors with respect to the Plan shall be, or shall be deemed to be, an admission or waiver of any rights of any Debtors or any other party with respect to any Claims or Equity Interests or any other matter.

**10.6 *Substantial Consummation.***

Substantial consummation of the Plan under section 1101(2) of the Bankruptcy Code shall be deemed to occur on the Effective Date.

**ARTICLE XI**

**EFFECT OF CONSUMMATION**

**11.1 *Revesting of Assets.***

Upon the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all property of the Debtors' Estates shall vest in the Reorganized Debtors as set forth herein, free and clear of all Claims, Liens, encumbrances, charges and other interests, except as otherwise provided herein.

**11.2 *Discharge of the Debtors.***

Except as otherwise expressly provided herein, upon the Effective Date, and in consideration of the distributions to be made hereunder, each holder (as well as any trustees or agents on behalf of each holder) of a Claim or Equity Interest and any affiliate of such holder shall be deemed to have forever waived, released and discharged the Debtors, to the fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all Claims, Equity Interests, rights and liabilities that arose prior to the Effective Date, regardless of whether or not (i) a proof of Claim or Equity Interest has been filed, (ii) such Claim or Equity Interest was Allowed, or (iii) the holder of such Claim or Equity Interest has voted to accept or reject the Plan. Upon the Effective Date, all such Persons shall be forever precluded and enjoined, pursuant to section 524 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim against or terminated Equity Interest in the Reorganized Debtors.

**11.3 *Exculpation.***

The Debtors, the Disbursing Agent, the DIP Lenders, the Second Lien Lead Investors, the Agents, the Prepetition Lenders, and each of their respective present or former members, managers, officers, directors, employees, equity holders, partners, affiliates, funds, advisors, attorneys, or agents, or any of their successors or assigns, shall not have or incur any

liability to any holder of a Claim or an Equity Interest, or any other party-in-interest, or any of their respective agents, employees, equity holders, partners, members, representatives, financial advisors, attorneys, or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of the administration of the Chapter 11 Cases, the negotiation and pursuit of approval of the Disclosure Statement, the solicitation of acceptances of the Plan, the pursuit of confirmation of the Plan, the funding of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, and shall be deemed to have acted in good faith in connection therewith and entitled to the protections of section 1125(e) of the Bankruptcy Code. Notwithstanding anything to the contrary contained herein, this section 11.3 shall not exculpate any party from any liability based upon gross negligence or willful misconduct.

#### **11.4 Releases by the Debtors.**

On the Effective Date, effective as of the Confirmation Date, the Debtors shall release and be permanently enjoined from any prosecution or attempted prosecution of any and all Claims and causes of action, whether known or unknown, foreseen or unforeseen, liquidated or unliquidated, contingent or non-contingent, including any Claims or causes of action under Chapter 5 of the Bankruptcy Code, which they have or may have against any of their respective members, managers, officers or directors, the DIP Lenders, the Second Lien Lead Investors, the Agents or the Prepetition Lenders, and each of their respective members, officers, directors, agents, financial advisors, attorneys, employees, equity holders, partners, affiliates, funds, and representatives and their respective property.

#### **11.5 Third Party Release.**

*Upon the Effective Date, except as otherwise provided herein and except for the right to enforce the Plan, all Persons who have voted to accept the Plan or who are entitled, directly or indirectly, to receive a distribution hereunder, shall be deemed to forever release, waive and discharge the Debtors, the Reorganized Debtors, any Committee appointed in the Chapter 11 Cases, the DIP Lenders, the Second Lien Lead Investors, the Agents, the Prepetition Lenders, the members of the Debtors' respective boards of directors and boards of managers, and each of their respective constituents, principals, officers, directors, employees, agents, representatives, attorneys, professionals, advisors, affiliates, funds, successors, predecessors, and assigns of and from any and all Liens, Claims, causes of action, liabilities, encumbrances, security interests, Equity Interests or charges of any nature or description whatsoever relating to the Debtors, the Chapter 11 Cases or affecting property of the Debtors' Estates, whether known or unknown, discovered or undiscovered, scheduled or unscheduled, contingent, fixed, unliquidated or disputed, matured or unmatured, contingent or noncontingent, senior or subordinated, whether assertable directly or derivatively by, through, or related to the Debtors, against successors or assigns of the Debtors and the individuals and entities listed above, whether at law, in equity or otherwise, based upon any condition, event, act, omission, occurrence, transaction or other activity, inactivity, instrument or other agreement of any kind or nature occurring, arising or existing prior to the Effective Date in any way arising out of, relating to or connected with the operation of the Debtors' businesses or the Chapter 11 Cases, all regardless of whether (a) a proof of Claim or Equity Interest has been filed or is deemed to have been filed, (b) such Claim or Equity Interest is Allowed or (c)*

*the holder of such Claim or Equity Interest has voted to accept or reject the Plan, except for willful misconduct or gross negligence; provided, however, that nothing in this section shall be deemed to be, or act as a bar or injunction with respect to, the FCC's enforcement of its regulatory authority under applicable FCC rules and regulations.*

#### **11.6 Injunction and Stay.**

(a) *Except as otherwise expressly provided herein, all Persons or entities who have held, hold, or may hold Claims against or Equity Interests in any Debtor are permanently enjoined, from and after the Effective Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind on any such Claim or Equity Interest against any Reorganized Debtor or other entity released, discharged or exculpated hereunder, (ii) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against any Reorganized Debtor with respect to any such Claim or Equity Interest, (iii) creating, perfecting or enforcing any encumbrance of any kind against any Reorganized Debtor, or against the property or interests in property of any Reorganized Debtor, as applicable with respect to any such Claim or Equity Interest, (iv) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from any Reorganized Debtor, or against the property or interests in property of any Reorganized Debtor with respect to any such Claim or Equity Interest, and (v) pursuing any Claim released pursuant to section 11.5 hereof.*

(b) Unless otherwise provided, all injunctions or stays arising under or entered during the Debtors' Chapter 11 Cases under sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

#### **11.7 Indemnification Obligations.**

Notwithstanding anything to the contrary herein, subject to the occurrence of the Effective Date, the obligations of the Debtors as provided in the Debtors' respective certificates of formation, certificates of incorporation, bylaws, limited liability company agreements or other organizational documents, applicable law or other applicable agreement as of the Petition Date to indemnify, defend, reimburse, exculpate, advance fees and expenses to, or limit the liability of members, managers, directors, or officers who were members, managers, directors or officers of the Debtors at any time prior to the Effective Date, respectively, against any claims or causes of action whether direct or derivative, liquidated or unliquidated, fixed or contingent, disputed or undisputed, matured or unmatured, known or unknown, foreseen or unforeseen, asserted or unasserted, shall survive confirmation of the Plan, remain unaffected thereby after the Effective Date and not be discharged, irrespective of whether such indemnification, defense, advancement, reimbursement, exculpation, or limitation is owed in connection with an event occurring before or after the Petition Date. Any Claim based on the Debtors' obligations herein shall not be a Disputed Claim or subject to any objection in either case by reason of section 502(e)(1)(B) of the Bankruptcy Code.

### **11.8 *Preservation of Claims.***

Except as otherwise provided herein, including sections 11.4, 11.5 and 11.6 hereof, as of the Effective Date, pursuant to section 1123(b)(3)(B) of the Bankruptcy Code, any action, cause of action, liability, obligation, right, suit, debt, sum of money, damage, judgment, Claim, and demand whatsoever, whether known or unknown, in law, equity, or otherwise (collectively, "Causes of Action") accruing to the Debtors shall become assets of the Reorganized Debtors, and the Reorganized Debtors shall have the authority to commence and prosecute such Causes of Action for the benefit of the Debtors or the Estates. After the Effective Date, the Reorganized Debtors shall have the authority to compromise and settle, otherwise resolve, discontinue, abandon, or dismiss all such Causes of Action without approval of the Bankruptcy Court.

### **11.9 *Compromise of Controversies.***

In consideration for the distributions and other benefits provided under the Plan, the provisions of the Plan constitute a good faith compromise and settlement of all Claims and controversies resolved under the Plan, and the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of such compromise and settlement under Bankruptcy Rule 9019.

## **ARTICLE XII**

### **RETENTION OF JURISDICTION**

The Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of, or related to, the Debtors' Chapter 11 Cases and the Plan pursuant to, and for the purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

(a) To hear and determine pending applications for the assumption, assignment or rejection of executory contracts or unexpired leases and the allowance of Claims resulting therefrom;

(b) To determine any and all adversary proceedings, applications, and contested matters in the Chapter 11 Cases and grant or deny any application involving the Debtors that may be pending on the Effective Date or that are retained and preserved by the Reorganized Debtors under sections 6.6 and 11.8 hereof;

(c) To ensure that distributions to holders of Allowed Claims are effected as provided in the Plan;

(d) To hear and determine any timely objections to Administrative Expense Claims or to proofs of claim and equity interests, including any objections to the classification of any Claim or Equity Interest, and to allow or disallow any Disputed Claim or Disputed Equity Interest, in whole or in part;



(e) To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, or vacated;

(f) To take any action and issue such orders as may be necessary to construe, enforce, implement execute and consummate the Plan or maintain the integrity of the Plan following consummation;

(g) To consider any amendments to or modifications of the Plan, or to cure any defect or omission, or to reconcile any inconsistency in any order of the Bankruptcy Court, including the Confirmation Order;

(h) To hear and determine all requests for payment of Fee Claims;

(i) To hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, the Confirmation Order, the documents that are ancillary to and aid in effectuating the Plan, any transactions or payments contemplated by the Restructuring Agreement including the Plan or any agreement, instrument, or other document governing or relating to any of the foregoing; *provided, however*, that any dispute arising under or in connection with any document included in the Plan Supplement shall be determined in accordance with the governing law set forth in such document;

(j) To hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code (including the expedited determination of taxes under section 505(b) of the Bankruptcy Code);

(k) To hear any other matter not inconsistent with the Bankruptcy Code;

(l) To hear and determine all disputes involving the existence, scope, and nature of the discharges granted under section 11.2 hereof;

(m) To hear and determine all disputes involving or in any manner implicating the exculpation provisions granted under section 11.3 hereof;

(n) To issue injunctions and effect any other actions that may be necessary or desirable to restrain interference by any entity with the consummation or implementation of the Plan; and

(o) To enter a final decree(s) closing the Chapter 11 Cases.

## ARTICLE XIII

### MISCELLANEOUS

#### **13.1 *Payment of Statutory Fees.***

All fees payable under section 1930, chapter 123, title 28, United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid on the Effective Date.

#### **13.2 *Filing of Additional Documents.***

The Debtors or the Reorganized Debtors, as applicable, may file such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan, including the filing of the Plan Supplement.

#### **13.3 *Schedules and Exhibits Incorporated.***

All exhibits and schedules to the Plan and the Plan Supplement are incorporated into and are a part of the Plan as if fully set forth herein.

#### **13.4 *Intercompany Claims.***

Notwithstanding anything to the contrary herein, on or after the Effective Date, any debts held by a Debtor against another Debtor will be adjusted (including by contribution, distribution in exchange for new debt or equity, or otherwise), paid, continued, or discharged to the extent reasonably determined appropriate by the Debtors taking into account the economic condition of the applicable Reorganized Debtor.

#### **13.5 *Amendment or Modification of the Plan.***

Subject to section 1127 of the Bankruptcy Code and, to the extent applicable, sections 1122, 1123, and 1125 of the Bankruptcy Code, and subject further to the terms and conditions of the Restructuring Agreement, alterations, amendments or modifications of the Plan may be proposed in writing by the Debtors at any time prior to or after the Confirmation Date. Holders of Claims that have accepted the Plan shall be deemed to have accepted the Plan, as altered, amended, or modified; *provided, however*, that any such alteration, amendment, or modification shall comply with the terms and conditions of the Restructuring Agreement; and *provided, further, however*, that any holders of Claims who were deemed to accept the Plan because such Claims were unimpaired shall continue to be deemed to accept the Plan only if, after giving effect to such amendment or modification, such Claims continue to be unimpaired.

#### **13.6 *Inconsistency.***

In the event of any inconsistency among the Plan, the Plan Supplement, the Disclosure Statement, any exhibit or schedule to the Disclosure Statement, the provisions of the Plan shall govern. In the event of any inconsistency between the Plan and the Confirmation Order, the Confirmation Order shall govern. Notwithstanding anything in the Plan to the

contrary, the rights of all parties under the Restructuring Agreement are expressly preserved and nothing herein shall modify, or shall be deemed to have modified, the Restructuring Agreement in any respect.

### **13.7 *Exemption from Certain Transfer Taxes.***

Pursuant to section 1146(a) of the Bankruptcy Code, the issuance, transfer, or exchange of notes or equity securities under or in connection with the Plan, the creation of any mortgage, deed of trust or other security interest, the making or assignment of any lease or sublease, 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, deeds, bills of sale, or assignments executed in connection with any of the transactions contemplated under the Plan shall not be subject to any stamp, real estate transfer, mortgage recording or other similar tax. All sale transactions consummated by the Debtors and approved by the Bankruptcy Court on and after the Petition Date through and including the Effective Date, including the transfers effectuated under the Plan, 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, real estate transfer, mortgage recording, or other similar tax.

### **13.8 *Expedited Tax Determination.***

The Reorganized Debtors may request an expedited determination of taxes under section 505(b) of the Bankruptcy Code for all returns filed for, or on behalf of, the Debtors for any and all taxable periods ending after the Petition Date through, and including, the Effective Date.

### **13.9 *Ordinary Course.***

From and after the Confirmation Date, and subject to any FCC approval that may be required, the Debtors are authorized to and may enter into all transactions including, but not limited to, the retention of professionals, and pay and fees and expenses incurred thereby and in connection therewith, in the ordinary course of business, without the need for Bankruptcy Court approval.

### **13.10 *Binding Effect.***

Except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code and subject to the occurrence of the Effective Date, on and after the Confirmation Date, the provisions of the Plan shall bind any holder of a Claim against, or Equity Interest in, the Debtors and such holder's respective successors and assigns, whether or not the Claim or Equity Interest of such holder is impaired under the Plan and whether or not such holder has accepted the Plan.

### **13.11 Severability.**

If the Bankruptcy Court determines that any provision of this Plan is unenforceable either on its face or as applied to any Claim or Equity Interest, the Debtors may modify this Plan in accordance with section 13.5 hereof so that such provision shall not be applicable to the holder of any Claim or Equity Interest. Any such determination of unenforceability shall not (i) limit or affect the enforceability and operative effect of any other provisions of this Plan; or (ii) require the resolicitation of any acceptance or rejection of this Plan unless otherwise ordered by the Bankruptcy Court.

### **13.12 No Admissions.**

If the Effective Date does not occur, the Plan shall be null and void in all respects, and nothing contained in the Plan shall (a) constitute a waiver or release of any claims by or against, or any interests in, any Debtor, (b) prejudice in any manner the rights of any Debtor or any other party in interest, or (c) constitute an admission of any sort by any Debtor or other party in interest.

### **13.13 No Payment of Attorneys' Fees.**

Except for the fees of Professional Persons and the professionals of the Agents, the Second Lien Lead Investors and the Prepetition Lenders (as required pursuant to the terms of the Restructuring Agreement and/or applicable Bankruptcy Court orders), no attorneys' fees shall be paid by the Debtors with respect to any Claim or Equity Interest unless otherwise specified herein, the Confirmation Order or other Final Order of the Bankruptcy Court.

### **13.14 Notices.**

All notices, requests, and demands to or upon the Debtors to be effective shall be in writing (including by facsimile transmission) 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:

NEXTMEDIA GROUP, INC.  
6312 South Fiddlers Green Circle, Suite 205E  
Greenwood Village, Colorado 80111  
Attention: Eric W. Neumann  
Telephone: (303) 694-4511  
Facsimile: (801) 346-9775

with a copy to:

ANDREWS KURTH LLP  
1717 Main Street, Suite 3700  
Dallas, Texas 75201  
Attention: Jason S. Brookner and John E. Quattrocchi  
Telephone: (214) 659-4400  
Facsimile: (214) 659-4401

-- and--

RICHARDS, LAYTON & FINGER, P.A.  
One Rodney Square  
P.O. Box 551  
Wilmington, Delaware 19899  
Attention: Paul N. Heath  
Telephone: (302) 651-7590  
Facsimile: (302) 498-7590

### **13.15 *Governing Law.***

(a) Except to the extent that the Bankruptcy Code or other federal law is applicable, including but not limited to the Communications Act of 1934, as amended, and the written rules, regulations and policies promulgated by the FCC, or to the extent an exhibit to the Plan provides otherwise (in which case the governing law specified therein shall be applicable to such exhibit), the rights, duties and obligations arising under the Plan 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 conflict of laws that would require application of the laws of another jurisdiction.

(b) Notwithstanding anything herein to the contrary, the Reorganized Debtors shall comply with the Communications Act of 1934, as amended, and the written rules, regulations and orders promulgated thereunder by the FCC. No transfer of control to the Reorganized Debtors of any federal license issued by the FCC shall take place prior to the issuance of FCC regulatory approval for such transfer of control pursuant to applicable FCC regulations. The FCC's rights and powers to take any action pursuant to its regulatory authority over the transfer of control to the Reorganized Debtors including, but not limited to, imposing any regulatory conditions on such transfer, are fully preserved and nothing herein shall proscribe or constrain the FCC's exercise of such power or authority to the extent provided by law.

Dated: February 17, 2010  
Wilmington, Delaware

**NEXTMEDIA INVESTORS LLC**

By: /s/ Eric Neumann  
its: Chief Financial Officer

**NEXTMEDIA GROUP, INC.**

By: /s/ Eric Neumann  
its: Vice President

**NEXTMEDIA OPERATING, INC.**

By: /s/ Eric Neumann  
its: Vice President

**NM LICENSING LLC**

By: /s/ Eric Neumann  
its: Vice President

**NEXTMEDIA OUTDOOR, INC.**

By: /s/ Eric Neumann  
its: Vice President

**NM TEXAS, INC.**

By: /s/ Eric Neumann  
its: Vice President

**NEXTMEDIA NORTHERN COLORADO, INC.**

By: /s/ Eric Neumann  
its: Vice President

**NEXTMEDIA FRANCHISING, INC.**

By: /s/ Eric Neumann  
its: Vice President

**NEXTMEDIA OUTDOOR, LLC**

By: /s/ Steven Dinetz  
its: Manager

**ANDREWS KURTH LLP**

Jason S. Brookner  
Texas State Bar No. 24033684  
Monica S. Blacker  
Texas State Bar No. 00796534  
1717 Main Street, Suite 3700  
Dallas, Texas 75201  
Telephone: (214) 659-4400  
Facsimile: (214) 659-4401

--and--

**RICHARDS, LAYTON & FINGER, P.A.**

Paul N. Heath (Bar No. 3704)  
Michael J. Merchant (Bar No. 3854)  
Chun I. Jang (Bar No. 4790) One Rodney Square  
P.O. Box 551  
Wilmington, Delaware 19899  
Telephone: (302) 651-7590  
Facsimile: (302) 498-7590

**ATTORNEYS FOR THE  
DEBTORS AND DEBTORS IN POSSESSION**

**SCHEDULE 9.1**

None.