

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

In re:

HMH MEDIA, INC., *et al.*,

Debtors.¹

Chapter 11

Case No. 17-12881 (LSS)

(Jointly Administered)

**DISCLOSURE STATEMENT FOR DEBTORS' SECOND AMENDED PLAN OF
LIQUIDATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

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Dated: May 14, 2018

Boston, Massachusetts

¹ The Debtors in these Chapter 11 Cases and the last four digits of each Debtor's taxpayer identification number are as follows: HMH Media, Inc. (5048); HM Media, Inc. (1468); BH Media, Inc. (5341) and HIA Media, Inc. (2359).

IMPORTANT INFORMATION FOR YOU TO READ

THE DEBTORS ARE PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT FOR THE PURPOSE OF SOLICITING VOTES TO ACCEPT THE CHAPTER 11 PLAN (THE “PLAN”) OF HMH MEDIA, INC. (F/K/A HERALD MEDIA HOLDINGS, INC.) AND ITS AFFILIATED DEBTORS AND DEBTORS-IN-POSSESSION (THE “DEBTORS”). NOTHING IN THIS DISCLOSURE STATEMENT MAY BE RELIED UPON OR USED BY ANY PERSON OR ENTITY FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN.

THIS DISCLOSURE STATEMENT CONTAINS “FORWARD LOOKING STATEMENTS” WITHIN THE MEANING OF THE PRIVATE SECURITIES REFORM ACT OF 1995. SUCH STATEMENTS CONSIST OF ANY STATEMENT OTHER THAN A RECITATION OF HISTORICAL FACT AND CAN BE IDENTIFIED BY THE USE OF FORWARD LOOKING TERMINOLOGY SUCH AS “MAY,” “EXPECT,” “BELIEVE,” “PREDICTS,” “ANTICIPATE,” “ESTIMATE” OR “CONTINUE” OR THE NEGATIVE THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. THE READER IS CAUTIONED THAT ALL FORWARD LOOKING STATEMENTS ARE NECESSARILY SPECULATIVE AND THERE ARE CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE REFERRED TO IN SUCH FORWARD LOOKING STATEMENTS. THE LIQUIDATION ANALYSIS, FINANCIAL PROJECTIONS AND OTHER INFORMATION CONTAINED HEREIN AND ATTACHED HERETO ARE ESTIMATES ONLY. THE TIMING AND AMOUNT OF ACTUAL DISTRIBUTIONS TO AND RECOVERIES BY HOLDERS OF ALLOWED CLAIMS, AND IF ALL ALLOWED CLAIMS ARE PAID IN FULL WITH INTEREST, ALLOWED INTERESTS, MAY BE AFFECTED BY MANY FACTORS THAT CANNOT BE PREDICTED. FACTORS THAT COULD CAUSE ACTUAL RESULTS TO BE MATERIALLY DIFFERENT FROM EXPECTATIONS INCLUDE THOSE FACTORS DESCRIBED IN PART VII HEREIN TITLED “RISK FACTORS.” THEREFORE, ANY ANALYSIS, ESTIMATES OR RECOVERY PROJECTIONS MAY OR MAY NOT TURN OUT TO BE ACCURATE.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE UNITED STATES BANKRUPTCY CODE AND RULE 3016 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT NECESSARILY IN ACCORDANCE WITH THE FEDERAL OR STATE SECURITIES LAWS OR OTHER NON-BANKRUPTCY LAW. THIS DISCLOSURE STATEMENT HAS BEEN NEITHER APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE “SEC”), NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING CLAIMS AGAINST THE DEBTORS IN THIS CASE SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH THEY WERE PREPARED.

NO LEGAL, FINANCIAL, SECURITIES, TAX OR BUSINESS ADVICE IS PROVIDED TO YOU BY THIS DISCLOSURE STATEMENT. THE DEBTORS URGE EACH HOLDER OF A CLAIM OR AN INTEREST TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO ANY LEGAL, FINANCIAL, SECURITIES, TAX OR BUSINESS ADVICE IN REVIEWING THIS DISCLOSURE STATEMENT, THE PLAN AND EACH OF THE PROPOSED DISTRIBUTIONS AND OTHER ACTIONS CONTEMPLATED THEREBY.

THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE, AND MAY NOT BE CONSTRUED AS, AN ADMISSION OF FACT, LIABILITY, STIPULATION OR WAIVER. RATHER, THIS DISCLOSURE STATEMENT SHALL CONSTITUTE A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS RELATED TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER PENDING OR THREATENED LITIGATION OR ACTIONS.

NO RELIANCE SHOULD BE PLACED ON THE FACT THAT A PARTICULAR ESTATE CAUSE OF ACTION OR PROJECTED OBJECTION TO A PARTICULAR CLAIM OR INTEREST IS, OR IS NOT, IDENTIFIED IN THIS DISCLOSURE STATEMENT, EXCEPT AS OTHERWISE PROVIDED IN THE PLAN OR IN A FINAL ORDER OF THE BANKRUPTCY COURT. THE DEBTOR, PRIOR TO THE EFFECTIVE DATE, OR THE REORGANIZED DEBTORS, AFTER THE EFFECTIVE DATE, MAY SEEK TO INVESTIGATE, FILE AND PROSECUTE ANY ESTATE CAUSES OF ACTION OR OBJECTIONS TO CLAIMS AND INTERESTS, AND MAY DO SO AFTER THE CONFIRMATION DATE OR EFFECTIVE DATE OF THE PLAN IRRESPECTIVE OF WHETHER THE DISCLOSURE STATEMENT IDENTIFIES SUCH ESTATE CAUSES OF ACTION OR OBJECTIONS.

THIS DISCLOSURE STATEMENT CONTAINS, AMONG OTHER THINGS, SUMMARIES OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN ANTICIPATED EVENTS IN THE DEBTORS' CHAPTER 11 CASES AND CERTAIN DOCUMENTS RELATED TO THE PLAN THAT ARE ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE. ALTHOUGH THE DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE, THESE SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY TO THE EXTENT THAT THE SUMMARIES DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS OR EVERY DETAIL OF SUCH EVENTS. IN THE EVENT OF ANY CONFLICT, INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR ANY OTHER DOCUMENTS INCORPORATED HEREIN BY REFERENCE, THE PLAN OR SUCH OTHER DOCUMENTS WILL GOVERN AND CONTROL FOR ALL PURPOSES. EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED, THE FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS OR THEIR PROFESSIONALS. THE DEBTORS DO NOT REPRESENT OR WARRANT THAT THE INFORMATION CONTAINED HEREIN OR ATTACHED HERETO IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION. ALL HOLDERS OF CLAIMS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN

ARE ENCOURAGED TO REVIEW THE DISCLOSURE STATEMENT AND PLAN, INCLUDING ALL EXHIBITS ATTACHED HERETO AND THERETO, IN THEIR ENTIRETY BEFORE CASTING THEIR VOTES TO ACCEPT OR REJECT THE PLAN.

THE DEBTORS HAVE REVIEWED THE FINANCIAL INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT. ALTHOUGH THE DEBTORS HAVE USED THEIR REASONABLE GOOD FAITH EFFORTS TO ENSURE THE ACCURACY OF THIS FINANCIAL INFORMATION, THE FINANCIAL INFORMATION CONTAINED IN, OR INCORPORATED BY REFERENCE INTO, THIS DISCLOSURE STATEMENT HAS NOT BEEN AUDITED (UNLESS EXPRESSLY PROVIDED HEREIN).

THE DEBTORS ARE GENERALLY MAKING THE STATEMENTS AND PROVIDING THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AS OF THE DATE HEREOF, UNLESS OTHERWISE SPECIFICALLY NOTED. ALTHOUGH THE DEBTORS MAY SUBSEQUENTLY UPDATE THE INFORMATION IN THIS DISCLOSURE STATEMENT, THE DEBTORS HAVE NO AFFIRMATIVE DUTY TO DO SO. HOLDERS OF CLAIMS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER THAT, AT THE TIME OF THEIR REVIEW, THE FACTS SET FORTH HEREIN HAVE NOT CHANGED SINCE THE DATE OF THE DISCLOSURE STATEMENT OR SUCH EARLIER DATE AS MAY BE SPECIFICALLY NOTED. THE DEBTORS HAVE NOT AUTHORIZED ANY PERSON OR ENTITY TO GIVE ANY INFORMATION ABOUT OR CONCERNING THE PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS DISCLOSURE STATEMENT. THE DEBTORS HAVE NOT AUTHORIZED ANY REPRESENTATIONS CONCERNING THE DEBTORS, THE PLAN OR THE VALUE OF ITS PROPERTY OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT.

HOLDERS OF CLAIMS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN MUST RELY ON THEIR OWN EVALUATION OF THE DEBTORS AND THEIR OWN ANALYSIS OF THE TERMS OF THE PLAN IN DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN. IMPORTANTLY, PRIOR TO DECIDING WHETHER AND HOW TO VOTE ON THE PLAN, EACH HOLDER OF A CLAIM IN A VOTING CLASS SHOULD REVIEW THE PLAN IN ITS ENTIRETY AND CONSIDER CAREFULLY ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT AND ANY EXHIBITS HERETO, INCLUDING THE RISK FACTORS DESCRIBED IN GREATER DETAIL IN PART VI HEREIN TITLED “RISK FACTORS.”

THE VOTING DEADLINE IS 4:00 P.M. PACIFIC TIME ON JUNE 12, 2018, UNLESS THE DEBTORS EXTEND THE VOTING DEADLINE.

TO BE COUNTED AS A VOTE TO ACCEPT OR REJECT THE PLAN, THE VOTING AGENT MUST ACTUALLY RECEIVE YOUR BALLOT ON OR BEFORE THE VOTING DEADLINE.

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EXHIBITS TO DISCLOSURE STATEMENT

Exhibit A Debtors' Plan of Liquidation Under Chapter 11 of the Bankruptcy Code

Exhibit B Liquidation Analysis

I. INTRODUCTION

A. Purpose of Disclosure Statement

The Debtors, privately-held Delaware corporations with headquarters in Massachusetts, provide this Disclosure Statement (the “**Disclosure Statement**”) to permit holders of certain Claims against the Debtors to make an informed decision in voting to accept or reject the *Debtors’ Plan of Liquidation Under Chapter 11 of the Bankruptcy Code* (the “**Plan**”), filed herewith and attached hereto as **Exhibit A**, in connection with the above-captioned cases (the “**Chapter 11 Cases**”) pending in the United States Bankruptcy Court for the District of Delaware (the “**Bankruptcy Court**”) under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. (the “**Bankruptcy Code**”). Subject to certain restrictions and requirements set forth in Bankruptcy Code Section 1127 and Federal Bankruptcy Rule 3019, the Debtors expressly reserve the right to alter, amend, modify, revoke, or withdraw the Plan prior to its substantial consummation.

Capitalized terms used herein but not otherwise defined have the meanings assigned to such terms in the Plan. To the extent of any conflict between the terms or conditions of this Disclosure Statement and the Plan, the terms and conditions of the Plan shall control and govern. Whenever the words “include,” “includes” or “including” are used in this Disclosure Statement, they are deemed to be followed by the words “without limitation.”

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

The purpose of this Disclosure Statement is to provide sufficient information to enable the creditors of the Debtors entitled to vote on the Plan to make an informed decision on whether to accept or reject the Plan. This Disclosure Statement includes information about:

- the Debtors’ prepetition operating and financial history;
- the events leading to the filing of the Chapter 11 Cases;
- events during the Chapter 11 Cases, including the Sale;
- a summary of the terms and provisions of the Plan;
- the process for confirming the Plan;
- certain risk factors relating to the Debtors and confirmation and consummation of the Plan;
- certain tax consequences of the consummation of the Plan;
- alternatives to confirmation and consummation of the Plan; and

- the solicitation and voting procedures for the Plan.

The Disclosure Statement is based on information publicly available in filed pleadings; information provided by the Debtors; claims information provided by Epiq Bankruptcy Solutions, LLC (the “**Epiq**”), the Debtors’ Claims and Noticing Agent and Voting Agent; and the Debtors’ liquidation analysis.

This Disclosure Statement and the Plan were filed on April __, 2018. The Bankruptcy Court will hold a hearing on confirmation of the Plan beginning at 10:00 a.m. (Prevailing Eastern Time) on June 20, 2018, before the Honorable Laurie Selber Silverstein (the “**Confirmation Hearing**”). At the Confirmation Hearing, the Bankruptcy Court will consider whether the Plan satisfies the requirements of the Bankruptcy Code, including whether the Plan is in the best interests of the Debtors’ creditors, and will review a ballot report concerning votes cast for acceptance or rejection of the Plan.

The Disclosure Statement and the Plan have been electronically filed with the Bankruptcy Court and may also be examined and inspected by interested parties by (i) accessing the Bankruptcy Court’s website at <https://ecf.deb.uscourts.gov/>, or (ii) accessing the website maintained by the Debtors in connection with their Chapter 11 Case at <http://dm.epiq11.com/#/case/HER/info>. Note that a PACER password is needed to access documents on the Bankruptcy Court’s website.

To obtain an additional copy of the Plan, the Disclosure Statement, the Plan Supplement, or other Solicitation Package materials (except ballots), please refer to the Debtors’ notice website at <http://dm.epiq11.com/#/case/HER/info> or request a copy by First Class Mail at:

HMH Media, Inc.
c/o Epiq Bankruptcy Solutions, LLC
P.O. Box 4419
Beaverton, OR 97076-4419

A ballot for voting to accept or reject the Plan (the “**Ballot**”) is enclosed with this Disclosure Statement for holders of Claims who are entitled to vote to accept or reject the Plan. If you are a holder of a Claim entitled to vote on the Plan and did not receive a Ballot, received a damaged Ballot or lost your Ballot, or if you have any questions concerning the procedures for voting on the Plan, please promptly contact Epiq through the notice website or by First Class Mail at the addresses above to request a ballot.

Each holder of a Claim entitled to vote on the Plan should read this Disclosure Statement, the Plan, the other appendices attached hereto, and the instructions accompanying the Ballots in their entirety before voting on the Plan. These documents contain important information concerning the classification of Claims for voting purposes, the tabulation of votes and the potential release of certain claims against the Debtors and certain other parties.

THIS INTRODUCTION IS BEING PROVIDED AS AN OVERVIEW OF THE MATERIAL ITEMS ADDRESSED IN THIS DISCLOSURE STATEMENT AND THE PLAN,

WHICH IS QUALIFIED BY REFERENCE TO THE ENTIRE DISCLOSURE STATEMENT AND THE PLAN. THIS INTRODUCTION SHOULD NOT BE RELIED UPON FOR A COMPREHENSIVE DISCUSSION OF THE DISCLOSURE STATEMENT AND/OR THE PLAN, OR IN LIEU OF REVIEWING THE DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY.

B. Overview of the Plan

The following is a brief summary of the Plan. **The description of the Plan set forth below constitutes a summary only and is qualified, in its entirety, by the Plan.** For a more detailed description of the terms and provisions of the Plan, see Part III of this Disclosure Statement and the Plan itself, attached as **Exhibit A** hereto. In the event of any inconsistency between this Disclosure Statement and the Plan, the Plan controls.

The Plan provides for the Debtors, and the Reorganized Debtors after the Effective Date, to liquidate the remaining Assets of the Debtors and their Estates (referred to as the “Reorganized Debtor Assets”), including investigation and, if appropriate after investigation, prosecution of Retained Causes of Action. The Plan defines “Reorganized Debtor Assets” as all assets and properties of every kind, nature, character and description (whether real, personal, or mixed, whether tangible and intangible, including contract rights, wherever situated and by whomever possessed), operated, owned or leased by the Debtors as of the Effective Date and that constitute property of the Estates within the purview of Bankruptcy Code Section 541 including, without limitation, (a) all Cash on hand; (b) all proceeds of the Sale; (c) all rights under (i) the Asset Purchase Agreement and payments owing to the Debtors thereunder, (ii) the Sale Order, and (iii) any other order of the Bankruptcy Court; (d) all Retained Causes of Action; (e) all tax refunds; (f) all assets not sold pursuant to the Asset Purchase Agreement; (g) all Debtor Privileges; and (h) all of the Debtors’ books and records.

The Reorganized Debtors will be responsible for liquidating the Reorganized Debtor Assets and making Distributions to holders of Allowed Claims, the dissolution of the Debtors and closing of the Chapter 11 Cases.

The following is an overview of certain additional material terms of the Plan:

- Holders of Allowed Administrative Claims, Professional Compensation Claims and Priority Tax Claims will be paid in full, as required by the Bankruptcy Code, unless otherwise agreed by the holders of such Claims.
- After payment in full of, or adequate reserve for, Claims entitled to payment in full, Allowed General Unsecured Claims will receive Distributions of Cash in an amount equal to their respective Pro Rata shares of the Reorganized Debtor Fund. Holders of Allowed General Unsecured Claims will be entitled to vote to accept or reject the Plan.
- No distributions in any amount will be made to the holders of ownership Interests in the Debtors.

C. Summary of Release Provisions

Article IX of the Plan provides for two types of releases of claims. The first, at Article IX.B.1, is a release of certain defined Causes of Action against the Debtors and specified Related Parties. This release is to be provided only by holders of Claims entitled to vote, which holders may opt out of granting the release by indicating their preference to do so on their ballot.

The Plan also contains a non-consensual release of claims against the Debtors and certain of the Debtors' employees and contractors for Causes of Action related to the Debtors' media content. This latter release serves as notice and formalization of the Debtors' longstanding policies of insuring and indemnifying their writers against defamation claims.

Media company insolvencies present exceptional circumstances justifying nonconsensual releases of Debtor employees and contractors because the debtor's liquidation deprives journalists of the insurance and indemnification policies that ordinarily safeguard the gathering and publishing of vital news stories by protecting individuals against reprisal by the targets of their investigations. As such, rare and compelling circumstances exist to justify these releases.

In practical reality, and absent the indemnification protections provided by the Debtors, the Debtors' former reporters and editors would be unable to defend even marginal libel and defamation claims. Deprivation of protections formerly offered by the Debtors would thus now expose former employees to retaliatory litigation, causing personal harm and chilling the exercise of constitutionally protected free speech. While the releasees may file indemnification claims in these Chapter 11 Cases, the claims would materially burden the Estates and decrease distributions to all other creditors, and would not result in distributions to releasees sufficient to protect them against retaliatory litigation.

In sum, absent these releases, the Debtors' former employees may be exposed to liability and extreme personal hardship. Moreover, the releases are broadly supported by the Debtors' Consulting Parties (i.e., their largest creditors), and will result in the contribution of potentially large indemnification claims by the released employees. Accordingly, the releases are permissible and warranted under the circumstances.

D. Summary of Plan Classification, Treatment and Voting Rights

Under the Plan, Claims against and Interests in the Debtors are divided into Classes. A Claim or Interest may be bifurcated and classified in more than one Class to the extent that any portion of the Claim or Interest falls within the description of such other Classes. Certain Claims—in particular, Administrative Claims, Professional Compensation Claims, and Priority Tax Claims—remain unclassified in accordance with Bankruptcy Code Section 1123(a)(1). The Plan assigns to particular Classes all other Claims and Interests as described below.

Class 1 consists of the Bank Secured Claim, which is the Secured Claim of Citizens Bank, N.A., Claim No. 131 in Case No. 17-12882 (LSS). The Bank Secured Claim shall be treated as follows: (i) the expiration of the Letter of Credit shall be extended to the Letter of Credit Expiration Date; (ii) there shall be deemed to have been waived or cured any and all

Letter of Credit Events of Default that may have occurred prior to the Effective Date, including but not limited to any Letter of Credit Event of Default that may be deemed to have occurred as a result of the Debtors' insolvency and/or the filing of the Chapter 11 Cases; (iii) the Debtors shall pay to Citizens Bank, N.A. on the Effective Date, in consideration of the extension and waiver provided in paragraphs (i) and (ii), the sum of \$5,000; and (iv) the terms of the Letter of Credit Documents and Letter of Credit Arrangement shall remain otherwise unaltered. Class 1 is Impaired, and Citizens Bank, N.A. as Holder is entitled to vote to accept or reject the Plan.

Class 2 consists of the AIG Claims, which are the Secured Claims of AIG, Claim Nos. 10003-10008 in the Chapter 11 Cases, as such AIG Claims may be amended, modified, altered, superseded, or consolidated. The AIG Claims shall be treated as follows: (i) the Debtors shall maintain the Letter of Credit as provided in Article III.B.1 of the Plan; (ii) AIG shall continue to administer and make all appropriate payments in respect of the AIG Insurance Policies and shall continue to provide all insurance coverages and services that would be required by the AIG Insurance Program for the benefit of the Debtors and any non-Debtor insured parties notwithstanding the filing of these Chapter 11 Cases, and any default on any component of the AIG Insurance Program that may be deemed to have arisen under any component of the AIG Insurance Program as a result of the filing of or otherwise during these Chapter 11 Cases is deemed waived; (iii) beginning on the earlier of (a) October 31, 2018 or (b) the issuance by the Debtors of any notice or request for termination of the Letter of Credit, (x) the Debtors shall obtain an actuarial valuation of the Debtors' liabilities to AIG as described in the AIG Claims, (y) the Debtors and AIG shall confer to determine the fair value of such liabilities, and (z) in the event the Debtors and AIG are unable to agree on the fair value of the AIG Claims, they shall request adjudication of the value of the AIG Claims by the Bankruptcy Court; (iv) on the later of (a) the Letter of Credit Expiration Date or (b) a date that is no more than ten (10) Business Days after the value of the AIG Claims is determined pursuant to Article III.B.2.iii above, the Debtors shall pay to AIG Cash in the amount of the AIG Claims, in an amount not to exceed \$159,119.00; (v) any remaining amount due in respect of the AIG Claims shall be the AIG Remainder Claim and shall be treated in accordance with Article III.B.6 of the Plan; and (vi) the Debtors shall pay to AIG on the Effective Date, in consideration of its provision of services and good faith commitment to negotiate valuation of the AIG Claims pursuant to paragraphs (i) through (iii) above, the sum of \$5,000. Class 2 is Impaired, and AIG as Holder is entitled to vote to accept or reject the Plan.

Class 3 consists of Other Secured Claims, which are any Secured Claim other than the Bank Secured Claim and the AIG Claims. Unless otherwise mutually agreed upon by the holder of an Allowed Other Secured Claim and the Debtors or Reorganized Debtors, as applicable, on the later of the Effective Date and the date such Other Secured Claim becomes Allowed, or as soon thereafter as is practicable, the Reorganized Debtors shall, at the Reorganized Debtors' sole and exclusive election, in full and final satisfaction of such Other Secured Claim, either (i) deliver to the holder of such Claim the collateral securing such Allowed Other Secured Claim; (ii) pay to the holder of such Claim Cash in an amount equal to the value of such collateral; or (iii) provide such other treatment that renders such Allowed Other Secured Claim Unimpaired. Class 3 is Unimpaired, and each holder of an Other Secured Claim is conclusively deemed to have accepted the Plan and, therefore, is not entitled to vote on the Plan.

Class 4 consists of Priority Non-Tax Claims, which are Claims or portions thereof entitled to priority in payment pursuant to the Wage Order or Sections 507(a)(4), 507(a)(5), 507(a)(7) or 507(a)(9) of the Bankruptcy Code, in any case to the greatest extent permitted, and excluding Severance Claims. Unless otherwise mutually agreed upon by the holder of an Allowed Priority Non-Tax Claim and the Debtors or Reorganized Debtors, as applicable, on the later of the Effective Date and the date such Allowed Priority Non-Tax Claim becomes Allowed, or as soon thereafter as is practicable but in no event later than sixty (60) days after the later of the Effective Date or the date such Allowed Priority Non-Tax Claim becomes Allowed, the Reorganized Debtors shall pay to each holder of an Allowed Priority Non-Tax Claim the full amount of such Allowed Priority Non-Tax Claim in Cash in full and final satisfaction of such Allowed Priority Non-Tax Claim. Class 4 is Unimpaired, and each holder of a Priority Non-Tax Claim is conclusively deemed to have accepted the Plan and, therefore, is not entitled to vote on the Plan.

Class 5 consists of Severance Claims, which are Claims entitled arising from the Debtors' severance obligations to employees on account of the termination of their employment by the Debtors, whether arising under any employment agreement, collective bargaining agreement, or applicable law. Severance Claims shall be treated as follows: (i) on the later of the Effective Date and the date such Allowed Severance Claim becomes Allowed, or as soon thereafter as is practicable but in no event later than sixty (60) days after the later of the Effective Date or the date such Allowed Severance Claim becomes Allowed, the Reorganized Debtors shall pay to such holder of an Allowed Severance Claim (subject to reserves for possible later distributions on account of other Severance Claims), first (A) from the PTO Cash Payment Remainder, the pro rata share of such Allowed Severance Claim of the PTO Cash Payment Remainder; and then (B) from the Reorganized Debtor Administrative and Priority Claims Reserve, the full amount of such Allowed Severance Claim, in either case and in the aggregate solely, and to the greatest permissible extent, that the Holder of such Severance Claim is entitled to payment of their respective Severance Claim under section 507(a)(4) of the Bankruptcy Code or the Wage Order; and (ii) any remaining amount due in respect of a Severance Claim shall be a Severance Remainder Claim and shall be treated in accordance with Article III.B.6, which prescribes treatment for General Unsecured Claims. Class 5 is Impaired, and holders of Severance Claims are entitled to vote to accept or reject the Plan.

Class 6 consists of General Unsecured Claims, which are Claims against any Debtor that are not Secured Claims, Administrative Claims, Priority Claims, Intercompany Claims, Severance Claims, or Equity Interests. On or as soon as practicable after the Initial Distribution Date and/or any Subsequent Distribution Date, the Reorganized Debtors shall pay each holder of an Allowed General Unsecured Claim, in full and final satisfaction of such Allowed General Unsecured Claim, its Pro Rata share of the Reorganized Debtor Fund. Class 6 is Impaired, and holders of General Unsecured Claims are entitled to vote to accept or reject the Plan.

Class 7 consists of Equity Interests in the Debtors' Parent. Each holder of an Equity Interest in the Parent shall retain such Equity Interest, but shall not receive any property or interest in property on account of such Equity Interest. Class 7 is impaired by the Plan. Because no distributions will be made to any holder of Equity Interests, Class 7 shall be deemed to have voted to reject the Plan.

The Debtors believe that the Distributions under the Plan will provide creditors of the Debtors at least the same recovery on account of Allowed Claims as would Distributions by a Chapter 7 trustee. However, Distributions under the Plan would be made more quickly than Distributions by a Chapter 7 trustee and in a Chapter 7 case a trustee would be entitled to priority payment of a statutory commission on all amounts paid to creditors plus additional fees to become acquainted with the Debtors and the Chapter 11 Cases, the Debtors believe that the distributions to be made under the Plan would be greater, and would be made more quickly, than if these Cases were converted to cases under Chapter 7.

E. Summary of Estimated Allowed Claims

Following are detailed, Class-by-Class summaries of the estimated Allowed Claims against the Debtors and the estimated Distributions on account of such Allowed Claims.

The Debtors estimated the total asserted Claims (other than Administrative Claims) based on filed and scheduled Claims. To the extent a Creditor filed a proof of claim that superseded a scheduled Claim, the amount in the filed proof of claim was utilized. Proofs of claim filed in unliquidated amounts were disregarded.

The Debtors then reviewed all filed and scheduled Claims asserting Secured Claims, Priority Non-Tax Claims, Severance Claims, and General Unsecured Claims and allocated such Claims to such categories.

The Debtors then determined a range of estimated Allowed Claims by reducing asserted Claim amounts for duplicate Claims, amended Claims, misclassified Claims, settled Claims, repaid Claims and Claims that lack merit. For purposes of the analysis that follows the Debtors assume the Effective Date will occur on or about July 15, 2018.

THE TABLE BELOW SUMMARIZES THE TREATMENT OF, AND EXPECTED RECOVERIES FOR, ALL CLASSES OF CLAIMS AND INTERESTS (WHETHER UNCLASSIFIED OR CLASSIFIED) UNDER THE PLAN. THE RECOVERY PERCENTAGES SET FORTH IN THE FOLLOWING TABLE ARE MERELY ESTIMATES. THE ACTUAL AMOUNTS DISTRIBUTED TO HOLDERS OF ALLOWED CLAIMS UNDER THE PLAN MAY BE HIGHER OR LOWER THAN ESTIMATED.

<u>SUMMARY OF TREATMENT AND EXPECTED RECOVERIES</u>			
<u>Class</u>	<u>Claim/Interest</u>	<u>Estimated Allowed Amount</u>	<u>Estimated Percentage Recovery, Voting Status, and Treatment for Claim/Interest</u>
N/A	Administrative Claims	[\$550,000.00]	<p><u>Recovery:</u> 100%</p> <p><u>Voting Status:</u> Not applicable.</p> <p><u>Treatment:</u> Subject to the provisions of Sections 328, 330(a), and 331 of the Bankruptcy Code, the Debtors or the Reorganized Debtors, as applicable, shall pay each holder of an Allowed Administrative Claim the full unpaid amount of such Allowed Administrative Claim in Cash: (i) on the Effective Date or as soon as practicable thereafter (or, if not then due, when such Allowed Administrative Claim is due or as soon as practicable thereafter); (ii) if such Claim is Allowed after the Effective Date, on the date such Claim is Allowed or as soon as practicable thereafter (or, if not then due, when such Allowed Administrative Claim is due); (iii) at such time and upon such terms as may be agreed upon by such holder and the Debtors or the Reorganized Debtors, as applicable; or (iv) at such time and upon such terms as set forth in an order of the Bankruptcy Court; <i>provided, however,</i> that the U.S. Trustee shall not be required to file a request for payment of fees and charges assessed against the Estates under 28 U.S.C. §1930 before the applicable Administrative Bar Date; <i>provided, further,</i> that all requests of Governmental Units for payment of Administrative Tax Claims shall not be subject to the applicable Administrative Bar Date.</p>

N/A	Professional Compensation Claims	[\$1,450,000]	<p><u>Recovery:</u> 100%</p> <p><u>Voting Status:</u> Not applicable.</p> <p><u>Treatment:</u> The Bankruptcy Court shall fix in the Confirmation Order a date for filing all Professional Compensation Claims with respect to services provided prior to the Effective Date, the deadline for which shall be forty-five (45) days after the Effective Date unless such deadline is extended for one or more Professionals by agreement of the Reorganized Debtors. Any Professional Compensation Claim not Filed by the Professional Compensation Claims Bar Date shall be deemed disallowed under this Plan and shall be forever barred against the Estates, the Reorganized Debtors, or any of the Reorganized Debtor Assets or property, and the holder thereof shall be enjoined from commencing or continuing any action, employment of process or act to collect, offset, recoup or recover such Claim. Subject to the provisions of Sections 328, 330(a), and 331 of the Bankruptcy Code, the Reorganized Debtors shall pay each holder of an Allowed Professional Compensation Claim the full unpaid amount of such Allowed Professional Compensation Claim in Cash no later than five (5) Business Days after the date that such Claim is Allowed by order entered by the Bankruptcy Court.</p>
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N/A	Priority Tax Claims	[\$0.00]	<p><u>Recovery:</u> 100%</p> <p><u>Voting Status:</u> Not applicable.</p> <p><u>Treatment:</u> Except to the extent that a holder of an Allowed Priority Tax Claim against a Debtor agrees to a different treatment, the Debtors or the Reorganized Debtors, as applicable, shall pay each holder of an Allowed Priority Tax Claim the full unpaid amount of such Allowed Priority Tax Claim in Cash, on the latest of (i) the Effective Date, (ii) the date such Allowed Priority Tax Claim becomes Allowed and (iii) the date such Allowed Priority Tax Claim is payable under applicable non-bankruptcy law.</p>
Class 1	Bank Secured Claim	\$159,119.00	<p><u>Recovery:</u> 100%</p> <p><u>Voting Status:</u> Impaired / Entitled to Vote</p> <p><u>Treatment:</u> The Bank Secured Claim shall be treated as follows:</p> <p>(i) The expiration of the Letter of Credit shall be extended to the Letter of Credit Expiration Date;</p> <p>(ii) There shall be deemed to have been waived or cured any and all Letter of Credit Events of Default that may have occurred prior to the Effective Date, including but not limited to any Letter of Credit Event of Default that may be deemed to have occurred as a result of the Debtors' insolvency and/or the filing of the Chapter 11 Cases;</p> <p>(iii) The Debtors shall pay to Citizens Bank, N.A. on the Effective Date, in consideration of the extension and waiver provided in paragraphs (i) and (ii) above, the sum of \$5,000; and</p> <p>(iv) The terms of the Letter of Credit Documents and Letter of Credit Arrangement shall remain otherwise unaltered.</p>

Class 2	AIG Secured Claims	\$45,000.00	<p><u>Recovery:</u> 100%</p> <p><u>Voting Status:</u> Impaired / Entitled to Vote</p> <p><u>Treatment:</u> The AIG Secured Claims shall be treated as follows:</p> <p>(i) The Debtors shall maintain the Letter of Credit as provided in Article III.B.1 of the Plan;</p> <p>(ii) AIG shall continue to administer and make all appropriate payments in respect of the AIG Insurance Policies and shall continue to provide all insurance coverages and services that would be required by the AIG Insurance Program for the benefit of the Debtors and any non-Debtor insured parties notwithstanding the filing of these Chapter 11 Cases, and any default on any component of the AIG Insurance Program that may be deemed to have arisen under any component of the AIG Insurance Program as a result of the filing of or otherwise during these Chapter 11 Cases is deemed waived;</p> <p>(iii) Beginning on the earlier of (a) October 31, 2018 or (b) the issuance by the Debtors of any notice or request for termination of the Letter of Credit, (x) the Debtors shall obtain an actuarial valuation of the Debtors' liabilities to AIG as described in the AIG Claims, (y) the Debtors and AIG shall confer to determine the fair value of such liabilities, and (z) in the event the Debtors and AIG are unable to agree on the fair value of the AIG Claims, they shall request adjudication of the value of the AIG Claims by the Bankruptcy Court;</p> <p>(vi) The Debtors shall pay to AIG on the Effective Date, in consideration of the its provision of services and good faith commitment to negotiate valuation of its claims pursuant to paragraphs (i) and (ii) above, the sum of \$5,000.</p>
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Class 2 (cont.)			<p>(iv) On the later of (a) the Letter of Credit Expiration Date or (b) a date that is no more than ten (10) Business Days after the value of the AIG Claims is determined pursuant to Article III.B.2.iii above, the Debtors shall pay to AIG Cash in the amount of the AIG Claims, in an amount not to exceed \$159,119.00;</p> <p>(v) Any remaining amount due in respect of the AIG Claims shall be the AIG Remainder Claim and shall be treated in accordance with Article III.B.6 of the Plan; and</p> <p>(vi) The Debtors shall pay to AIG on the Effective Date, in consideration of its provision of services and good faith commitment to negotiate valuation of the AIG Claims pursuant to paragraphs (i) through (iii) above, the sum of \$5,000.</p>
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Class 3	Other Secured Claims	\$0.00	<p><u>Recovery:</u> 100%</p> <p><u>Voting Status:</u> Unimpaired / Deemed to Accept</p> <p><u>Treatment:</u> Unless otherwise mutually agreed upon by the holder of an Allowed Other Secured Claim and the Debtors or Reorganized Debtors, as applicable, on the later of the Effective Date and the date such Other Secured Claim becomes Allowed, or as soon thereafter as is practicable, the Reorganized Debtors shall, at the Reorganized Debtors' sole and exclusive election, in full and final satisfaction of such Other Secured Claim, one of the following:</p> <p>(i) Deliver to the holder of such Claim the collateral securing such Allowed Other Secured Claim;</p> <p>(ii) Pay to the holder of such Claim Cash in an amount equal to the value of such collateral; or</p> <p>(iii) Provide such other treatment that renders such Allowed Other Secured Claim Unimpaired.</p>
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Class 4	Priority Non-Tax Claims	[\$75,000]	<p><u>Recovery:</u> 100%</p> <p><u>Voting Status:</u> Unimpaired / Deemed to Accept</p> <p><u>Treatment:</u> Unless otherwise mutually agreed upon by the holder of an Allowed Priority Non-Tax Claim and the Debtors or Reorganized Debtors, as applicable, on the later of the Effective Date and the date such Allowed Priority Non-Tax Claim becomes Allowed, or as soon thereafter as is practicable but in no event later than sixty (60) days after the later of the Effective Date or the date such Allowed Priority Non-Tax Claim becomes Allowed, the Reorganized Debtors shall pay to each holder of an Allowed Priority Non-Tax Claim the full amount of such Allowed Priority Non-Tax Claim in Cash in full and final satisfaction of such Allowed Priority Non-Tax Claim.</p>
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Class 5	Severance Claims	[\$1,250,000]	<p><u>Recovery:</u> 37%</p> <p><u>Voting Status:</u> Impaired / Entitled to Vote</p> <p><u>Treatment:</u> Severance Claims shall be treated as follows:</p> <p>(i) On the later of the Effective Date and the date such Allowed Severance Claim becomes Allowed, or as soon thereafter as is practicable but in no event later than sixty (60) days after the later of the Effective Date or the date such Allowed Severance Claim becomes Allowed, the Reorganized Debtors shall pay to such holder of an Allowed Severance Claim (subject to reserves for possible later distributions on account of other Severance Claims), first (A) from the PTO Cash Payment Remainder, the pro rata share of such Allowed Severance Claim of the PTO Cash Payment Remainder; and then (B) from the Reorganized Debtor Administrative and Priority Claims Reserve, the full amount of such Allowed Severance Claim, in either case and in the aggregate solely, and to the greatest permissible extent, that the Holder of such Severance Claim is entitled to payment of their respective Severance Claim pursuant to section 507(a)(4) of the Bankruptcy Code or the Wage Order; and</p> <p>(ii) Any remaining amount due in respect of a Severance Claim shall be a Severance Remainder Claim and shall be treated in accordance with Article III.B.6 of the Plan.</p>
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Class 6	General Unsecured Claims	[\$68,120,000]	<u>Recovery:</u> 11.2% <u>Voting Status:</u> Impaired / Entitled to Vote <u>Treatment:</u> On or as soon as practicable after the Initial Distribution Date and/or any Subsequent Distribution Date, the Reorganized Debtors shall pay each holder of an Allowed General Unsecured Claim, in full and final satisfaction of such Allowed General Unsecured Claim, its Pro Rata share of the Reorganized Debtor Fund.
Class 7	Equity Interests in the Parent	NA	<u>Recovery:</u> None <u>Voting Status:</u> Impaired / Deemed to Reject <u>Treatment:</u> Each holder of an Equity Interest in the Parent shall retain such Equity Interest, but shall not receive any property or interest in property on account of such Equity Interest.

F. Voting Instructions

The Bankruptcy Code entitles only holders of impaired claims or equity interests who may receive distributions under a proposed plan to vote to accept or reject that plan. Holders of Claims or equity Interests that are unimpaired under a proposed plan are conclusively presumed to have accepted that plan and are not entitled to vote on it. Holders of Claims or Equity Interests that will receive no distributions under a proposed plan are conclusively presumed to reject that plan and, therefore, are also not entitled to vote on it. Under the Plan:

- The holders of Claims in Class 3 and Class 4 are unimpaired. Thus, pursuant to Bankruptcy Code Section 1126(f), the claimants in Class 3 and Class 4 are deemed to have accepted the Plan and are not entitled to vote.
- The holders of Claims in Class 1, Class 2, Class 5 and Class 6 (the “**Voting Classes**”) will or may receive property under the Plan and may vote to accept or reject the Plan. The Debtors have enclosed Ballots with this Disclosure Statement to solicit the votes of the holders of Claims in the Voting Classes.
- The holders of Equity Interests in Class 7 may not receive any Distribution under the Plan. Thus, pursuant to Bankruptcy Code Section 1126(g), holders of Interests in Class 7 are deemed to have rejected the Plan and such holders are not entitled to vote on the Plan.

A Ballot for acceptance or rejection of the Plan is being provided only to Holders of Claims in the Voting Classes. Before voting, such Holders should read this Disclosure Statement and its Exhibits, including the Plan and the Plan documents, in their entirety. **YOUR VOTE ON THE PLAN IS IMPORTANT.**

You should use the Ballot sent to you with this Disclosure Statement to cast your vote for or against the Plan. **You may not cast Ballots or votes orally, by email or by facsimile.** In order for your Ballot to be considered by the Bankruptcy Court, it must be **ACTUALLY RECEIVED** at the address set forth on the Ballot by 4:00 p.m. (Prevailing Pacific Time) on June 12, 2018 (the **"Voting Deadline"**). If you are a claimant in a Voting Class and you did not receive a Ballot with this Disclosure Statement, received a received a damaged Ballot or lost your Ballot, or if you have any questions concerning the procedures for voting on the Plan, please promptly contact Epiq through the Debtors' notice website at <http://dm.epiq11.com/#/case/HER/info> or by First Class Mail at:

HMH Media, Inc.
c/o Epiq Bankruptcy Solutions, LLC
P.O. Box 4419
Beaverton, OR 97076-4419

Any Ballot that is executed by a holder of an Allowed Claim, but which does not indicate acceptance or rejection of the Plan, will be considered a vote to accept the Plan. Any Ballot not executed by the holder of an Allowed Claim will not be counted as a vote to accept or reject the Plan, although it may impact the approval of the Plan as immediately set forth below.

An Impaired Class of Claims is deemed to accept the Plan if at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the Allowed Claims in the Class that actually vote are cast in favor of the Plan. Whether or not the holder of a Claim or Equity Interest votes on the Plan, such Person will be bound by the terms and treatment set forth in the Plan if the Plan is confirmed by the Bankruptcy Court. To be confirmed by the Bankruptcy Court, the Plan must be accepted by the requisite majority of the holders of Claims in one of the Voting Classes, and must satisfy Bankruptcy Code Section 1129(b) as to any Class that does not accept the Plan. In addition, the Bankruptcy Court must determine that each member of each Voting Class will receive property of a value, as of the Effective Date, that is not less than the amount such Class member would receive or retain if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code. Pursuant to the provisions of Bankruptcy Code Section 1126(e), the Bankruptcy Court may disallow any vote accepting or rejecting the Plan if such vote is not cast in good faith.

If a Ballot is received by the Voting Agent after the Voting Deadline, it will not be counted, unless the Debtors have granted, in their sole discretion, an extension of the Voting Deadline in writing with respect to such Ballot. Additionally, the following Ballots will **NOT** be counted:

- any Ballot that is illegible or contains insufficient information to permit the identification of the claimant;

- any Ballot cast by or on behalf of a Person or Entity that does not hold a Claim in one of the Voting Classes;
- any Ballot cast by or on behalf of a holder of a Disputed Claim who has not timely filed a motion under Bankruptcy Rule 3018(a), or who has timely filed such a motion that was not granted by the Bankruptcy Court;
- any Ballot that is properly completed, executed and timely submitted, but (a) does not indicate an acceptance or rejection of the Plan, or (b) indicates both an acceptance and rejection of the Plan; and/or
- any unsigned Ballot, or Ballot that has a non-original signature.

The Debtors or other parties in interest may dispute proofs of claim that have been filed. Persons whose Claims are Disputed may vote on or otherwise participate in Distributions under the Plan only to the extent that the Bankruptcy Court allows their Claims. The Bankruptcy Court may temporarily allow a Claim for voting purposes only. Allowance of a Claim for voting purposes or disallowance of a Claim for voting purposes does not necessarily mean that all or a portion of that Claim will be Allowed or disallowed for Distribution purposes. Claims listed in the Schedules as Disputed are barred from voting unless the holder filed a timely proof of claim. The Debtors' Schedules listing Claims and whether such Claims are Disputed can be inspected online at <http://dm.epiq11.com/#/case/HER/info>.

G. Confirmation of the Plan by the Bankruptcy Court

Once it is determined whether each of the Voting Classes has or has not accepted the Plan (not including any acceptances by "insiders" (as defined in Bankruptcy Code Section 101(31)), the Bankruptcy Court will determine whether the Plan may be confirmed. However, the Bankruptcy Court may confirm the Plan even if an Impaired Class does not accept the Plan if the Bankruptcy Court finds that the rejecting Class is treated in accordance with Bankruptcy Code Section 1129(b) and that certain additional conditions are met. The Debtors will therefore request that the Bankruptcy Court confirm the Plan under Bankruptcy Code Section 1129(b) with respect to any non-accepting Class of Claims or Interests.

Bankruptcy Code Section 1129(b) is generally referred to as the "cramdown" provision. Pursuant to the cramdown provision, the Bankruptcy Court may confirm the Plan over the objection of a non-accepting (or deemed rejecting) Class of Unsecured Claims if the non-accepting claimants will receive the full value of their Claims, or, if the non-accepting claimants receive less than full value, if no Class of junior priority will receive anything on account of their pre-petition Claims or Interests. As to a non-accepting (or deemed rejecting) Class of Interests, the Bankruptcy Court may confirm the Plan if the holder of any Interest that is junior to the Interests of such Class will not receive or retain under the Plan any property on account of such junior Interest.

THESE ARE COMPLEX STATUTORY PROVISIONS, AND THE PRECEDING PARAGRAPHS ARE NOT INTENDED TO BE A COMPLETE SUMMARY OF THE LAW. IF YOU DO NOT UNDERSTAND THESE PROVISIONS,

PLEASE CONSULT WITH AN ATTORNEY QUALIFIED TO PROVIDE ADVICE ON SUCH PROVISIONS. BECAUSE CLASS 7 IS DEEMED TO HAVE REJECTED THE PLAN, THE DEBTORS INTEND TO RELY UPON THE “CRAMDOWN” PROVISION OF BANKRUPTCY CODE SECTION 1129(b).

The Plan provides for the liquidation of substantially all of the property of the Debtors' Estates, which consists primarily of Cash. Pursuant to Bankruptcy Code Section 1141(d)(3), confirmation of the Plan will not discharge the Debtors from any of their debts which arose prior to the Petition Date. However, Confirmation will make the Plan binding upon the Debtors, holders of Claims and Equity Interests, and other parties in interest regardless of whether they have accepted the Plan.

II. OVERVIEW OF DEBTORS' OPERATIONS AND CHAPTER 11 CASES

A. Debtors' Prepetition Business Operations

The Debtors, which for years were headquartered in Boston, Massachusetts, were collectively a privately owned information and entertainment company consisting of the flagship Boston Herald newspaper as well as a related website, internet radio station, and mobile applications. The Boston Herald was founded in 1846 and endured a number of mergers and name changes over the past century before being purchased in 1982 by News Corp. In 1994 News Corp. sold the Boston Herald to its publisher, Patrick J. Purcell, who remained its President.

Prior to the Sale Closing, the Debtors published proprietary content, third-party generated content, and advertising in their daily newspaper and on their website, www.bostonherald.com. The Debtors' website regularly drew over 1.5 million unique visitors per month. The Debtors also operated an internet radio station, mobile applications, and a live broadcast through an AM radio station partner, and published an e-edition replica of its newspaper.

B. Debtors' Capital Structure

As reflected in the Schedules, as of the Petition Date, the Debtors had total liabilities and other obligations of approximately \$31.0 million (excluding Intercompany Claims). There are approximately 14,239 shares of common stock outstanding. A discussion of the Debtors' capital structure, including their various debt obligations, is set forth below.

1. Debt Structure

The Debtors have no funded secured debt.² Nearly all of the Debtors' liabilities are unsecured. The largest categories consist of: (a) pension termination and withdrawal obligations, (b) employee wage and severance obligations; (c) a contingent, unliquidated, disputed claim filed by the Debtors' now-former landlord; (d) the unliquidated claim of the Boston Globe for rejection of certain printing and distribution contracts, and (e) other claims that are more particularly described in Article VIII.B. hereof (Risk Factors) or are otherwise disputed.

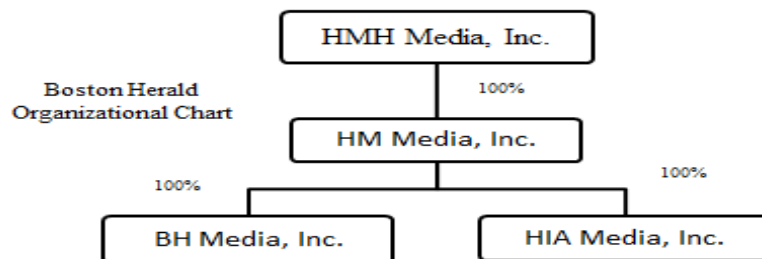
2. Corporate Structure

a. The Parent

The Parent is a holding company that is 70% owned by MVVT, LLC. The remaining 30% of the Parent is owned by eight current and former individual officers and employees of the Debtors.

b. The Subsidiary Debtors

The Parent indirectly owns and controls each of the Debtors. An organization chart of the Debtors is below.



²

Citizens Bank has an irrevocable letter of credit in its favor, secured by a deposit in a Citizens Bank account in the amount of approximately \$159,119.00. The Debtors' insurers required the posting of the letter of credit in connection with self-insurance losses. The letter of credit is fully secured by the cash on deposit.

3. Events Leading to the Debtors' Chapter 11 Filings

a. Revenue Decline Across Industry

In the past several years, competition from alternative news sources and a general decline in newspaper advertising spending have contributed to a decline in the Debtors' revenue. Additionally, competition from internet-based advertising alternatives has eroded traditional print media sources of revenue.

In response to declining revenues, the Debtors made significant efforts to right-size their expenses. As much as possible, and with the goal to minimize the effects on its employees, advertisers and readers, the Debtors reduced headcount, cut back on unprofitable activities, and diversified operations and revenue sources to grow readership.

Despite the Debtors' best efforts to increase revenues and decrease expenses while continuing to maintain the highest quality product, the Debtors were unable to fully achieve their financial goals to a degree that would have enabled them to continue to operate without significant changes to their capital structure and pension and employment obligations. Accordingly, the Debtors made the decision to sell substantially all of their assets pursuant to section 363 of the Bankruptcy Code, with the goal of maximize returns for creditors while ensuring the ongoing viability of their news and information products and the ongoing employment of hundreds of people.

b. Prepetition Marketing Efforts of the Debtors' Assets

In September 2017, the Debtors, with the assistance of their advisors, began actively marketing the Debtors' assets to potential buyers. On September 6, 2017 the Debtors engaged Dirks, Van Essen & Murray ("**DVEM**") to market the Debtors' assets to potential buyers.

DVEM began the marketing process by developing a confidential information memorandum and identifying a list of potentially interested parties to engage in marketing discussions. DVEM contacted the potentially interested parties and provided the memorandum and other materials, subject to a non-disclosure agreement. Although several parties expressed some interest, only one party requested data room access to perform substantial diligence, and only that party, Gatehouse Media Massachusetts I, Inc. ("**Gatehouse**") initially submitted a bid.

On December 7, 2017, the Debtors and Gatehouse entered into a stalking horse asset purchase agreement (the "**Gatehouse APA**") pursuant to which the Debtors would sell substantially all of their operating assets to Gatehouse in exchange for \$4.5 million cash, plus \$500,000 cash in respect of certain employee commitments, subject to a working capital price adjustment.

Under the Gatehouse APA, Gatehouse agreed to act as the stalking horse bidder and to make the Asset Purchase Agreement subject to higher and better offers in exchange for certain bid protections, including a break-up fee and expense reimbursement (the "**Break-Up Fee**"). Additionally, Gatehouse agreed to provide a \$500,000 delayed draw postpetition loan, subject to approval by the Court in the Chapter 11 Cases.

C. The Chapter 11 Cases

1. Commencement of Chapter 11 Cases and the Debtors' Bankruptcy Professionals and Advisors

On December 8, 2017 (the "**Petition Date**"), each of the Debtors filed a petition for relief under chapter 11 of the Bankruptcy Code.

The Debtors retained, *nunc pro tunc* to the Petition Date, Brown Rudnick LLP and Morris, Nichols, Arsht & Tunnel LLP as their bankruptcy co-counsel [D.I. 128, 137], Paul J. Hartnett, Jr. as special counsel, and Epiq Bankruptcy Solutions, LLC as their claims and noticing agent [D.I. 39].

No trustee, examiner, or official committee has been appointed in these Chapter 11 Cases.

2. Payment of Professionals

The Debtors' Professionals have not been paid any amounts on account of services rendered and expenses incurred during the Chapter 11 Cases. On March 19, 2018, the Court entered the *Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Retained Professionals* [D.I. 295] (the "**Interim Compensation Order**"). The Interim Compensation Order provides procedures for compensation and reimbursement of Professionals.

3. Events During the Pendency of the Chapter 11 Cases

a. First Day Motions

On the Petition Date, the Debtors filed a number of motions and other pleadings (the "**First Day Motions**") to ensure an orderly transition into chapter 11, including the following:

- a motion for the joint administration of the Chapter 11 Cases for procedural purposes [D.I. 4];
- a motion to file a consolidated list of creditors and a consolidated list of the thirty creditors holding the largest unsecured claims [D.I. 5];
- an application to retain Epiq Bankruptcy Solutions, LLC as the Debtors' claims and noticing agent [D.I. 6];
- a motion for authority to pay certain prepetition employee-related obligations and certain related relief [D.I. 7];

- a motion to honor certain prepetition and postpetition obligations pursuant to customer programs [D.I. 11];
- a motion to continue insurance coverage and satisfy pre-petition obligations related thereto [D.I. 10];
- a motion to authorize retention and employment of professionals used in the ordinary course of business [D.I. 12, amended at D.I. 46];
- a motion approving a Key Employee Incentive Plan [D.I. 14];
- a motion to establish procedures for determining adequate assurance for the provision of utility services and to prohibit utility service providers from altering, refusing, or discontinuing service [D.I. 9];
- a motion relating to the continued use of the Debtors' existing cash management system [D.I. 8];
- a motion to establish bidding, auction, and sale procedures and sell substantially all of the Debtors' assets [D.I. 13]; and
- a motion for approval of postpetition financing [D.I. 15].

The First Day Motions were granted with certain adjustments or modifications to accommodate the concerns of the Bankruptcy Court and/or the U.S. Trustee [D.I. 37, 38, 39, 40, 41, 42, 43, 127, 128, 136, 137, 138, 139, 141, 142, 146, 253].

b. The Debtors' Other Professionals

In addition to the Professionals that they retained *nunc pro tunc* to the Petition Date, the Debtors retained several ordinary course professionals ("**Ordinary Course Professionals**") pursuant to the procedures set forth in the *Order Authorizing the Debtors the Retention and Employment of Professionals Used in the Ordinary Course of Business Nunc Pro Tunc to the Petition Date* [D.I. 138].

c. The Sale of Substantially All of the Debtors' Operating Assets

As set forth above, on December 8, 2017, the Debtors and Gatehouse entered into the Gatehouse APA. On the Petition Date, the Debtors filed a motion [D.I. 13] (the "**Sale Motion**") seeking entry of two orders related to the Sale. The first, the bidding procedures order (the "**Sale Procedures Order**"), sought approval of bidding procedures relating to the Sale including, among other things, designating Gatehouse as the stalking horse purchaser, approval of the Break-Up Fee, approval of auction procedures, and scheduling the hearing to approve the Sale (the "**Sale Hearing**"). The second, the Sale Order, sought approval of the Sale to Gatehouse or the highest or otherwise best bidder (as determined at an Auction, if applicable).

Following the Petition Date and attendant publicity surrounding the proposed Auction and Sale of the Debtors' assets, DVEM expanded its marketing process. DVEM placed

an advertisement in a leading trade publication and sent targeted correspondence to over 1,000 additional potentially interested bidders. As a result, a number of additional parties expressed interest and filed bids for the Debtors' assets.

On January 2, 2018, Revolution Media Group, LLC ("**Revolution**") filed an irrevocable bid for the Debtors' assets as a component of an objection to the Sale Motion [D.I. 110]. By its objection, Revolution sought, *inter alia*, acknowledgement that its bid was better and more valuable than the Gatehouse bid, that it be accorded stalking horse status and bid protections, and that the bid protections in favor of Gatehouse be denied.

On January 5, 2018, the Bankruptcy Court held a hearing to consider entry of the Sale Procedures Order (the "**Sale Procedures Hearing**"). At the Sale Procedures Hearing, counsel to the Debtors informed the Bankruptcy Court of a negotiated resolution of the Revolution objection by which both Gatehouse and Revolution would receive "**Lead Bidder**" and Qualified Bidder status and be afforded bid protections. Such modification was memorialized in an amended form of Sale Procedures Order presented to the Court for approval. After the conclusion of the Sale Procedures Hearing, the Bankruptcy Court entered the Sale Procedures Order [D.I. 146].

Thereafter, additional parties signed nondisclosure agreements and accessed the Debtors' data room. Further, the Debtors and their professionals conducted due diligence calls with certain parties (in addition to Gatehouse and Revolution) that remained active in the data room.

Each of the potentially interested parties with whom the Debtors discussed the Sale indicated that it would require, as a precondition to Closing, that the Debtors terminate and/or reject all CBAs. Accordingly, the Debtors began negotiations with their Unions to obtain concessions necessary to accomplish the Sale. The Unions did not agree to all requested concessions, and the Debtors therefore filed a motion requesting Court approval to reject the CBAs. Following extensive discussions and preparation for litigation, the Debtors reached an agreement with the CWA whereby the CWA agreed to relief under an agreed order on the motion in exchange for a guarantee that all bidders would either (a) offer employment to at least 175 individuals post-Closing and honor certain severance and PTO liabilities and seniority status, or (b) make a payment to all employees in satisfaction of certain liabilities (the "**PTO Cash Payment**"), with such payment to provide equivalent value to option (a). *See* D.I. 213. All potential bidders were informed of the resolution and none objected. The Court approved the agreed order, and ultimately granted all relief necessary to reject the CBAs as required to close the Sale. *See* D.I. 212, 213, 252.

On or about February 8, 2018, the Debtors received a bid from MNG-BH Acquisition LLC (the "**Buyer**"). Subsequently, following consultation with the Consultation Parties as required under the Sale Procedures Order, the Debtors determined that the Buyer's bid was a Qualified Bid.

On February 13, 2018 the Debtors conducted an Auction in accordance with the Sale Procedures Order. At the conclusion of the Auction, the Debtors selected the Buyer's final bid as the Successful Bid and Gatehouse's final bid as the Backup Bid. The Successful Bid

consisted of \$9.6 million in unrestricted cash, a PTO Cash Payment of \$1.0 million, and non-cash consideration valued at approximately \$1.0 million. The Backup Bid consisted of \$7.7 million in unrestricted cash and non-cash consideration of approximately \$3.1 million.

On February 16, 2018, the Bankruptcy Court conducted the Sale Hearing and approved the Sale to the Buyer. The Sale to the Buyer closed on March 19, 2018 (the “**Sale Closing Date**”). The cash portion of the Sale purchase price paid to the Debtors on the Sale Closing Date was \$10.6 million (less certain expenses and deductions). Also on March 19, 2018, the Court entered the *Order Approving Debtors’ Motion to Administer Settlement Distributions* [D.I. 293] (the “**PTO Cash Payment Order**”), approving the Debtors’ motion to administer the \$1.0 million PTO Cash Payment from the Buyer to the Debtors’ employees. The Debtors administered the payment shortly thereafter. The PTO Cash Payment fully satisfied all PTO obligations to all of the individuals employed by the Debtors as of February 1, 2018, in the amount owed to such individuals as of March 19, 2018. Funds remain from the PTO Cash Payment, and will be used to satisfy certain severance obligations as provided in the PTO Cash Payment Order.

d. Wind-down

After the closing of the Sale, the Debtors ceased all operations other than providing limited transition services to the Buyer for a limited time period. Consequently, the Debtors have maintained a limited number of employees and focused their efforts on accomplishing the orderly and cost-efficient wind-down of the Estates, including proposing and implementing the Plan.

To that end, in anticipation of and following the closing of the Sale, the Debtors obtained the authority to (i) administer the PTO Cash Payment, (ii) sell and/or abandon miscellaneous assets, (iii) reject their non-residential real property lease, and (iv) reject certain other executory contracts that are no longer of any value to the Debtors given the cessation of their business. D.I. 253, 287, 293, 294, 295.

On March 23, 2018, the Debtors filed the *Motion of Debtors and Debtors in Possession for Order Authorizing Entry Into Agreement Appointing Independent Director* [D.I. 304]. On [●], the Court granted the motion, authorizing the Debtors to appoint Stephen S. Gray as an independent member of the Debtor Boards of Directors, with duties including the evaluation, (if appropriate) prosecution, and resolution of (1) claims filed against the Debtors by their insiders, and (2) potential causes of action held by the Debtors and their estates against the Debtors’ insiders (as defined therein and in the Plan, the “**Insider Claims**”).

To date, various creditor pension funds have filed claims and demanded payment pursuant to the Bankruptcy Code and the Employee Retirement Income Security Act. On [●], the Debtors filed a motion to retain the actuarial consulting firm Dexter Hofing LLC to assist the Debtors in evaluating the claims filed by the Debtors’ multi-employer pension plans. On [●], the Court granted the motion, permitting retention of Dexter Hofing LLC pursuant to section 327 of the Bankruptcy Code.

e. Schedules and Statements and Bar Dates

On January 8, 2018, the Debtors filed their Schedules and Statements of Financial Affairs.

On January 20, 2018, the Debtors filed a motion [D.I. 163] (the “**Bar Date Motion**”) to establish certain bar dates for filing proofs of Claim against the Debtors’ Estates. On January 26, 2018, the Bankruptcy Court entered an order granting the relief requested in the Bar Date Motion [D.I. 201] (the “**Bar Date Order**”), and established March 2, 2018 at 5:00 p.m. (prevailing Eastern Time) as the General Bar Date; June 6, 2018 at 4:00 p.m. (prevailing Eastern Time) as the Governmental Unit Bar Date; and twenty-one (21) days after the effective date of rejection as the Rejection Bar Date.

As of the General Bar Date, the Debtors have received and/or scheduled approximately 600 Claims. Many of the filed Claims are duplicative, in that claimants have filed identical, co-extensive claims in each of the Chapter 11 Cases, most of which Claims would be consolidated pursuant to the Plan (“**Duplicative Claims**”). The table below represents an estimate of the number and amount of Claims filed to date, adjusted by removing Duplicative Claims:

<u>Claim Priority</u>	<u>Adjusted Number of Claims Filed/Scheduled</u>	<u>Adjusted Amount of Claims Filed/Scheduled</u> ³
Secured Claims	3	\$769,244.09
Administrative Claims	10 ⁴	\$450,000
Priority Non-Tax Claims	150	\$17,000,000
Priority Tax Claims	0	\$0.00
General Unsecured Claims	180	\$60,000,000

The Debtors and their Representatives are in the process of reviewing proofs of Claim and expect to file objections to several claims over the coming weeks or months. Consequently, the Debtors anticipate that the figures set forth above, which reflect the face

³ The figures reflected herein reflect the amounts asserted in proofs of Claim or as scheduled by the Debtors. There are Claims asserted against, or scheduled by, the Debtors that are unliquidated for which no monetary value has been assigned herein.

⁴ Includes Claims Filed or anticipated to be Filed by motion.

amount of Claims Filed or scheduled, will be materially reduced following the claims reconciliation process.

III. OVERVIEW OF THE PLAN

THE FOLLOWING IS A BRIEF SUMMARY OF CERTAIN OF THE MORE SIGNIFICANT MATTERS CONTEMPLATED BY OR IN CONNECTION WITH THE CONFIRMATION OF THE PLAN. THE FOLLOWING SUMMARY IS QUALIFIED IN ITS ENTIRETY BY THE PLAN, WHICH IS ATTACHED TO THIS DISCLOSURE STATEMENT AS EXHIBIT A. THIS SUMMARY ONLY HIGHLIGHTS CERTAIN SUBSTANTIVE PROVISIONS OF THE PLAN. CONSIDERATION OF THIS SUMMARY WILL NOT, NOR IS IT INTENDED TO, YIELD A THOROUGH UNDERSTANDING OF THE PLAN. SUCH CONSIDERATION IS NOT A SUBSTITUTE FOR A FULL AND COMPLETE READING OF THE PLAN. ALL HOLDERS OF CLAIMS AND INTERESTS ARE URGED TO REVIEW THE PLAN CAREFULLY. THE PLAN, IF CONFIRMED, WILL BE BINDING ON THE DEBTORS AND ALL HOLDERS OF CLAIMS AND INTERESTS.

A. General

Chapter 11 is the chapter of the Bankruptcy Code primarily used for business bankruptcies. The fundamental purpose of a chapter 11 case is to formulate a plan to restructure a debtor's finances so as to maximize recoveries to its creditors. With this purpose in mind, businesses sometimes use chapter 11 as a means to conduct asset sales and other forms of liquidation. Whether the aim is reorganization or liquidation, a chapter 11 plan sets forth and governs the treatment and rights to be afforded to creditors and stockholders with respect to their claims against and equity interests in a debtor's bankruptcy estate. In general, a chapter 11 plan (i) divides claims and equity interests into separate classes, (ii) specifies the property that each class is to receive under the plan, and (iii) contains other provisions necessary to implement the plan.

Under Section 1124 of the Bankruptcy Code, a class of claims or equity interests are "Impaired" under a plan unless the plan (a) leaves unaltered the legal, equitable, and contractual rights of each holder of a claim or equity interest in such class or (b) provides, among other things, for the cure of existing defaults and reinstatement of the maturity of claims or equity interests in such class.

In addition, pursuant to section 1126 of the Bankruptcy Code, holders of Impaired claims and equity interests are only required to vote on a plan if such holders are receiving or retaining property under the plan. Claims in Classes 1, 2, 5, and 6 (the Bank Secured Claim, AIG Secured Claims, Severance Claims, and General Unsecured Claims) are Impaired and the holders of such Claims are receiving or retaining property under the Plan and, therefore, may vote on the Plan. Equity Interests in Class 7 (Equity Interests in the Parent) are also Impaired. However, such holders are not receiving or retaining any property under the Plan and, therefore, are deemed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code and are not entitled to vote.

A chapter 11 plan may also specify that certain classes of claims or equity interests are to have their claims or equity interests remain unaltered by the plan. Such classes are referred to as “Unimpaired,” and because of the favorable treatment accorded to such classes, they are conclusively deemed to have accepted the plan and therefore need not be solicited to vote to accept or reject the plan. The holders of Claims in Classes 3 (Other Secured Claims) and 4 (Priority Non-Tax Claims) are Unimpaired and, therefore, are deemed to accept the Plan and are not being solicited in connection with the Plan pursuant to section 1126(f) of the Bankruptcy Code.

Finally, certain classes of Claims and Equity Interests are not classified under the Plan and thus are not entitled to vote on the Plan. Such classes include Administrative Claims, Priority Tax Claims, Intercompany Claims and Intercompany Interests.

Therefore, based on the foregoing, only the holders of Claims in Classes 1, 2, 5 and 6 are receiving a ballot to submit their votes on the Plan and all other holders of Claims and Equity Interests are not entitled to vote on the Plan.

B. Classification and Treatment of Claims and Interests

Bankruptcy Code Section 1122 provides that a plan must classify the claims and interests of a debtor’s creditors and equity interest holders. In accordance with Bankruptcy Code Section 1122, the Plan divides Claims and Equity Interests into Classes and sets forth the treatment for each Class (other than Administrative Claims, Professional Compensation Claims and Priority Tax Claims, which, pursuant to Bankruptcy Code Section 1123(a)(1), need not be classified). The Debtors are also required, under Bankruptcy Code Section 1122, to classify Claims against and Interests in the Debtor into Classes that contain Claims and Interests that are substantially similar to the other Claims and Interests in such Class. The Debtors believe that the Plan has classified all Claims and Interests in compliance with the provisions of Bankruptcy Code Section 1122 and applicable case law.

Please consult sections I.C and I.D of this Disclosure Statement for detailed descriptions of the treatment of each class of Claims and Interests.

C. Elimination of Vacant Classes

Any Class of Claims or Equity Interests that does not contain, as of the Confirmation Date, a Holder of an Allowed Claim or Equity Interest, or a Holder of a Claim temporarily allowed under Bankruptcy Rule 3018, shall be deemed deleted from the Plan for all purposes, including for purposes of determining acceptance of the Plan by such Class under Section 1129(a)(8) of the Bankruptcy Code.

D. Allocation of Distributions Between Principal and Interest

For Distributions in respect of Allowed General Unsecured Claims, to the extent that any such Claim entitled to a Distribution under the Plan is comprised of indebtedness and accrued but unpaid interest thereon, such Distribution shall be allocated to the principal amount (as determined for federal income tax purposes) of the Claim first, and then to accrued but unpaid interest.

E. Provisions Governing Distributions Under the Plan

1. Initial Distribution Date

On the Initial Distribution Date or as soon thereafter as is reasonably practicable, the Reorganized Debtors shall make, or shall make adequate reserves for, the Distributions required to be made under the Plan.

2. Establishment of Disputed Claims Reserve

On the Initial Distribution Date, and after making all Distributions required to be made on such date under the Plan, the Reorganized Debtors shall establish a separate Reorganized Debtor Disputed Claims Reserve for Disputed Claims, which Reorganized Debtor Disputed Claims Reserve shall be administered by the Reorganized Debtors. The Reorganized Debtors shall reserve in Cash or other property, for Distribution on account of each Disputed Claim, the Pro Rata amount that such Disputed Claim would be entitled to receive under the Plan if it were to become an Allowed Claim in its respective Class (or such lesser amount as may be determined by the Reorganized Debtors and the holder of such Disputed Claim or by the Bankruptcy Court in accordance with Article VI.C of the Plan).

3. Maintenance of Disputed Claims Reserve

The Reorganized Debtors shall hold property in the Reorganized Debtor Disputed Claims Reserves in trust for the benefit of the holders of Disputed Claims ultimately determined to be Allowed. The Reorganized Debtor Disputed Claims Reserve shall be closed and extinguished by the Reorganized Debtors when all Distributions and other dispositions of Cash or other property required to be made hereunder will have been made in accordance with the terms of the Plan. Upon closure of the Reorganized Debtor Disputed Claims Reserve, all Cash or other property held in the Disputed Claims Reserve shall revert in and become the property of the Reorganized Debtors. All funds or other property that vest or revert in the Reorganized Debtors pursuant to this paragraph shall be (a) used to pay the fees and expenses of the Reorganized Debtors in accordance with the Plan, and (b) thereafter distributed to holders of Allowed Claims in accordance with the Plan.

Subject to definitive guidance from the IRS or a court of competent jurisdiction to the contrary (including the receipt by the Reorganized Debtors of a private letter ruling if so requested, or the receipt of an adverse determination by the IRS upon audit if not contested by the Reorganized Debtors), the Reorganized Debtors may (A) treat the Disputed Claims Reserve as a “disputed ownership fund” governed by Treasury Regulation section 1.468B-9, and (B) to the extent permitted by applicable law, report consistently with the foregoing for state and local income tax purposes. If the Reorganized Debtors treat the Disputed Claims Reserve as a “disputed ownership fund,” all parties shall report for U.S. federal, state, and local income tax purposes consistently with the foregoing.

4. Subsequent Distributions

a. Any Distribution that is not made on the Initial Distribution Date or on any Subsequent Distribution Date because the Claim that would have been entitled to receive that Distribution is not an Allowed Claim on such date, shall be held by the Reorganized Debtors in the Reorganized Debtor Disputed Claims Reserve pursuant to Article V.B and Distributed (in full, in the case of Administrative Expense Claims and Priority Claims; and up to its Ratable Proportion on account of its Allowed Claim with respect to the Claims in Classes 5 and 6) on the first Subsequent Distribution Date after such Claim is Allowed. No interest shall accrue or be paid on the unpaid amount of any Distribution paid on a Subsequent Distribution Date in accordance with Article V.C of the Plan.

b. To the extent any holder of an Allowed General Unsecured Claim that received a Distribution on account of such Claim on the Initial Distribution Date or any Subsequent Distribution Date is entitled to receive an additional Distribution on account of such Claim for any reason, including due to an increase in the Ratable Proportion of such Claim or additional assets becoming part of the Reorganized Debtor Fund, the Reorganized Debtors shall, in their discretion, make such additional Distribution to such holder on any Subsequent Distribution Date.

5. Record Date for Distributions

Except as otherwise provided in a Final Order of the Court, the transferees of Claims that are transferred pursuant to Bankruptcy Rule 3001 on or prior to the Record Date will be treated as the holders of those Claims for all purposes, notwithstanding that any period provided by Bankruptcy Rule 3001 for objecting to the transfer may not have expired by the Record Date. The Reorganized Debtors shall have no obligation to recognize any transfer of any Claim occurring after the Record Date. In making any Distribution with respect to any Claim, the Reorganized Debtors shall be entitled instead to recognize and deal with, for all purposes hereunder, only the Entity that is listed on the proof of Claim Filed with respect thereto or on the Schedules as the holder thereof as of the close of business on the Record Date and upon such other evidence or record of transfer or assignment that are actually known to the Reorganized Debtors as of the Record Date.

6. Delivery of Distributions

a. General Provisions; Undeliverable Distributions

Subject to Bankruptcy Rule 9010 and except as otherwise provided herein, Distributions to the holders of Allowed Claims shall be made by the Reorganized Debtors or their designee, assuming the availability of funds and the economic feasibility of such Distributions, at (a) the address of each holder as set forth in the Schedules, unless superseded by the address set forth on proofs of Claim Filed by such holder or (b) the last known address of such holder if no proof of Claim is Filed or if the Debtors have been notified in writing of a change of address. If any Distribution is returned as undeliverable, the Reorganized Debtors may, in their discretion, make reasonable efforts to determine the current address of the holder of

the Claim with respect to which the Distribution was made as the Reorganized Debtors deems appropriate, but no Distribution to any such holder shall be made unless and until the Reorganized Debtors have determined the then-current address of such holder, at which time the Distribution to such holder shall be made to the holder without interest. Amounts in respect of any undeliverable Distributions made by the Reorganized Debtors shall be returned to, and held by, the Reorganized Debtors until the Distributions are claimed or are deemed to be unclaimed property under Section 347(b) of the Bankruptcy Code, as set forth in Article V.E.3 of the Plan. The Reorganized Debtors shall have the discretion to determine how to make Distributions in the most efficient and cost-effective manner possible; *provided, however*, that their discretion may not be exercised in a manner inconsistent with any express requirements of the Plan.

b. Minimum Distributions

Notwithstanding anything herein to the contrary, if a Distribution to be made to a holder of an Allowed Claim on the Initial Distribution Date or any subsequent date for Distributions would be \$5.00 or less in the aggregate, no such Distribution will be made to that holder unless a request therefor is made in writing to the Reorganized Debtors.

c. Unclaimed Property

Except with respect to property not Distributed because it is being held in the Reorganized Debtor Disputed Claims Reserve, Distributions that are not claimed by the expiration of six (6) months from the date of the relevant Distribution shall be deemed to be unclaimed property under Section 347(b) of the Bankruptcy Code and shall vest or revest in the Reorganized Debtors, and the Claims with respect to which those Distributions are made shall be automatically cancelled. After the expiration of that six month period, the claim of any Entity to those Distributions shall be discharged and forever barred. Nothing contained in the Plan shall require the Reorganized Debtors to attempt to locate any holder of an Allowed Claim. All funds or other property that vest or revest in the Reorganized Debtors pursuant to this paragraph shall be (a) used to pay the fees and expenses of the Reorganized Debtors as and to the extent set forth in the Plan, and (b) thereafter distributed to holders of Allowed Claims in accordance with the Plan. In the event the Reorganized Debtors hold Reorganized Debtor Assets after all Reorganized Debtor expenses are paid and all economically feasible Distributions are made, such remaining Reorganized Debtor Assets shall be liquidated to Cash and distributed to a charitable organization of the Reorganized Debtors' choice, assuming such distribution is economically feasible. Neither unclaimed property nor any Reorganized Debtor Assets, shall escheat to any federal, state or local government or other entity.

7. Manner of Cash Payments Under the Plan

Cash payments made pursuant to the Plan shall be in United States dollars by checks drawn on a domestic bank selected by the Reorganized Debtors or by wire transfer from a domestic bank, at the option of the Reorganized Debtors.

8. Time Bar to Cash Payments by Check

Checks issued by the Reorganized Debtors on account of Allowed Claims shall be null and void if not negotiated within ninety (90) days after the date of issuance thereof.

Requests for the reissuance of any check that becomes null and void pursuant to Article V.I. of the Plan shall be made directly to the Reorganized Debtors by the holder of the Allowed Claim to whom the check was originally issued. Any Claim in respect of such voided check shall be made in writing on or before the later of six (6) months from the Effective Date or ninety (90) days after the date of issuance thereof. After that date, all Claims in respect of void checks shall be discharged and forever barred and the proceeds of those checks shall revert in and become the property of the Reorganized Debtors as unclaimed property in accordance with Section 347(b) of the Bankruptcy Code and be distributed as provided in Article V.E.3 of the Plan.

9. Limitations on Funding of Reorganized Debtor Disputed Claims Reserve

Except as expressly set forth in the Plan, neither the Debtors nor the Reorganized Debtors shall have any duty to fund the Reorganized Debtor Disputed Claims Reserve.

10. Compliance with Tax Requirements

In connection with making Distributions under this Plan, to the extent applicable, the Reorganized Debtors shall comply with all tax withholding and reporting requirements imposed on it by any Governmental Unit, and all Distributions pursuant to this Plan shall be subject to such withholding and reporting requirements. The Reorganized Debtors may withhold the entire Distribution due to any holder of an Allowed Claim until such time as such holder provides the necessary information to comply with any withholding requirements of any Governmental Unit. Any property so withheld will then be paid by the Reorganized Debtors to the appropriate authority. If the holder of an Allowed Claim fails to provide the information necessary to comply with any withholding requirements of any Governmental Unit within six months from the date of first notification to the holder of the need for such information or for the Cash necessary to comply with any applicable withholding requirements, then such holder's Distribution shall be treated as an undeliverable Distribution in accordance with Article V.E.1 of the Plan.

11. Postpetition Interest on Claims

Except as specifically provided for in the Plan or the Confirmation Order, interest shall not accrue on Claims and no holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim. Except as expressly provided herein or in a Final Order of the Court, no prepetition Claim shall be Allowed to the extent that it is for postpetition interest or other similar charges.

12. No Distribution in Excess of Allowed Amount of Claim

Notwithstanding anything to the contrary contained in the Plan, no holder of an Allowed Claim shall receive in respect of that Claim any Distribution in excess of the Allowed amount of that Claim.

13. **Setoff and Recoupment**

The Reorganized Debtors may, but shall not be required to, setoff against, or recoup from, any Claim and the Distributions to be made pursuant to the Plan in respect thereof, any claims or defenses of any nature whatsoever that any of the Debtors, the Estates or the Reorganized 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 the Debtors, the Estates or the Reorganized Debtors of any right of setoff or recoupment that any of them may have against the holder of any Claim.

F. Means for Implementation and Execution of the Plan

1. **The Reorganized Debtors**

From and after the Effective Date, the Reorganized Debtors shall continue in existence for purposes of (a) winding down the Debtors' businesses and affairs as expeditiously and efficaciously as possible, (b) resolving all Claims, (c) making distributions on all Allowed Claims in accordance with the Plan, (d) administering the Reorganized Debtor Assets, (e) filing appropriate tax returns for the Debtors and Reorganized Debtors, as necessary, (f) succeeding to the Debtors' rights, responsibilities, and obligations with respect to employment agreements and employee-related benefits plans, to the extent not terminated by the Debtors or assumed by the Purchaser prior to the Effective Date, and including the Debtors' and the Reorganized Debtors' rights to amend, modify, or terminate agreements and benefits at any time under all applicable law, (g) dissolving the Debtors and the Reorganized Debtors in accordance with the Plan, and (h) administering the Plan in an efficacious manner, with no objective to continue or engage in the conduct of a trade or business.

In addition, from and after the Effective Date through and including the date of Filing of the Final Certification, the Reorganized Debtors shall continue in existence for purposes of (a) filing the final monthly report (for the month in which the Effective Date occurs) and any subsequent quarterly reports required under the U.S. Trustee guidelines, and paying all U.S. Trustee Fees from the Effective Date through the date of Filing of the Final Certification, (b) maintaining, transferring, or terminating any and/or all insurance policies as deemed necessary by the Reorganized Debtors in accordance with the terms of the Plan, and (c) maintaining the Reorganized Debtors' books and records.

On the Effective Date, and in accordance with and pursuant to the terms of the Plan, all of the Debtors' and their Estates' rights, title, and interests in the Reorganized Debtor Assets shall be automatically deemed vested in the Reorganized Debtors, notwithstanding any prohibition on assignment under non-bankruptcy law. The Reorganized Debtors will hold the Reorganized Debtor Assets for the benefit of the Holders of Allowed Claims. The Reorganized Debtors shall administer any of the Debtors' rights, responsibilities, and obligations with respect to employment agreements and employee-related benefits plans, to the extent not terminated by the Debtors or assumed by the Purchaser prior to the Effective Date, and including the Debtors' and the Reorganized Debtors' rights to amend, modify, or terminate agreements and benefits at any time under all applicable law; provided, however, that any Claims arising from the Debtors' terminations of employees and/or benefit plans shall be subject to resolution and distribution by

the Reorganized Debtors, solely to the extent that any beneficiary with respect to the foregoing plans and agreements has timely filed a Proof of Claim or request for payment of an Administrative Claim in accordance with the Plan and prior Orders of the Court.

The Plan shall be considered a motion pursuant to Sections 105, 363, 365, and 1141 of the Bankruptcy Code for such relief, and the Confirmation Order shall be considered an order granting such relief. As of the Effective Date, all Reorganized Debtor Assets vested in the Reorganized Debtors shall be free and clear of all Liens, Claims, and Interests, except as otherwise specifically provided in the Plan or in the Confirmation Order. Upon the transfer by the Debtors of the Reorganized Debtor Assets to the Reorganized Debtors, the Debtors' Estates will have no reversionary or further interest in or with respect to any Reorganized Debtor Assets or the Reorganized Debtor. Any distributions to be made under the Plan from the Reorganized Debtor Assets shall be made by the Reorganized Debtors. The Reorganized Debtors shall be responsible for filing all applicable tax returns and paying all taxes (including any withholding taxes) that it may be required to file and/or pay, arising from or relating to the Reorganized Debtors, from the Reorganized Debtor Assets.

In connection with the Reorganized Debtor Assets, all Debtor Privileges shall likewise automatically vest in the Reorganized Debtors and their Representatives, including but not limited to any member of the Reorganized Debtor Boards and any Representative thereof, and the same shall not operate as a waiver or other impairment of other privileges possessed or retained by the Debtors.

2. Powers and Duties of the Reorganized Debtors

From and after the Effective Date, the Reorganized Debtor Boards and any officers of the Reorganized Debtors shall have the fiduciary duties imposed under applicable law, subject to the provisions of the Plan and all Debtor Organizational Documents. The powers of the Reorganized Debtors shall include any and all powers previously held by the Debtors or their Estates, as limited by the terms of the Plan and including but not limited to authority to implement the Plan and to administer and distribute the Reorganized Debtor Assets and wind down the business and affairs of the Debtors and the Reorganized Debtors, including (a) liquidating, receiving, holding, and investing, supervising, and protecting the Reorganized Debtor Assets, (b) taking all steps to execute all instruments and documents necessary to effectuate the distributions to be made under the Plan from the Reorganized Debtor Assets, (c) resolving all Claims, (d) selecting dates for the Initial Distribution Date and each Subsequent Distribution Date and making distributions from the Reorganized Debtor Assets as contemplated under the Plan, (e) establishing and maintaining bank accounts in the name of the Reorganized Debtors, including the Administrative and Priority Claims Reserve, (f) employing, retaining, terminating, or replacing Professionals to represent them with respect to their responsibilities or otherwise effectuating the Plan to the extent necessary, (g) paying all reasonable costs, fees, expenses, debts, charges, employee wages, and liabilities of the Reorganized Debtors, (h) maintaining, transferring, or terminating the Reorganized Debtors' insurance policies, as deemed necessary by the Reorganized Debtors, in accordance with the terms of the Plan, (i) administering and paying taxes of the Reorganized Debtors, including filing tax returns, (j) representing the interests of the Reorganized Debtors or the Estates before any taxing authority in all matters, including any action, suit, proceeding or audit, and (k) exercising such other

powers as may be vested in it pursuant to Order of the Bankruptcy Court or pursuant to the Plan, or as it reasonably deems to be necessary and proper to carry out the provisions of the Plan. The powers, authority, responsibilities, and duties of the Reorganized Debtors will be governed by the Plan and the Confirmation Order.

From and after the Effective Date, the Independent Director shall continue to have the sole rights, responsibilities and authority to evaluate, investigate, if appropriate prosecute, and resolve the Insider Claims, subject to the approval of the Bankruptcy Court and consultation with the Consultation Parties in accordance with Articles VI.B and IX.H.1.b of the Plan.

3. Funding of the Reorganized Debtors

On the Effective Date, the Debtors shall fund, and the Reorganized Debtors shall establish and thereafter maintain, the Reorganized Debtor Administrative and Priority Claims Reserve, which funds shall vest in the Reorganized Debtors free and clear of all Liens, Claims, encumbrances, charges, and other interests, except as otherwise specifically provided in the Plan and Confirmation Order. Funds in the Reorganized Debtor Administrative and Priority Claims Reserve shall be used by the Reorganized Debtors only for the payment of U.S. Trustee Fees and Allowed Administrative, Priority, and Professional Compensation Claims, to the extent that such Allowed Claims have not been paid in full on or prior to the Effective Date. To the extent not otherwise provided herein or ordered by the Bankruptcy Court, the Reorganized Debtors shall estimate appropriate reserves of Cash to be set aside in order to pay or reserve for Disputed Administrative, Priority, and Professional Compensation Claims. Any amounts set aside to pay or reserve for Disputed Administrative, Priority, and Professional Compensation Claims shall include the amounts needed to fund the ongoing costs and expenses of such reserve, including, without limitation, taxes in respect of Disputed Administrative, Priority, and Professional Compensation Claims, if any. Any amounts remaining in the Reorganized Debtor Administrative and Priority Claims Reserve after payment of all Allowed Administrative, Priority, and Professional Compensation Claims and U.S. Trustee Fees shall become part of the Reorganized Debtor Fund.

On the Effective Date, the Debtors shall fund, and the Reorganized Debtors shall establish and thereafter maintain, the Reorganized Debtor Fund, the Reorganized Debtor Operational Reserve, and the Reorganized Debtor Disputed Claims Reserve, which funds shall vest in the Reorganized Debtors free and clear of all Liens, Claims, encumbrances, charges, and other interests, except as otherwise specifically provided in the Plan and Confirmation Order. Funds in the Reorganized Debtor Fund shall be used by the Reorganized Debtors only for the payment of Class 6 Claims Allowed after the Effective Date to the extent that such Allowed Claims have not been paid in full on or prior to the Effective Date. Funds in the Reorganized Debtor Operational Reserve shall be used to satisfy the Reorganized Debtor Expenses, provided that any amounts remaining after satisfaction thereof shall become part of the Reorganized Debtor Fund. Funds in the Reorganized Debtor Disputed Claims Reserve shall be used as provided in Article V of the Plan.

4. Operations of the Debtors Between the Confirmation Date and the Effective Date

The Debtors shall continue to operate as Debtors in Possession during the period from the Confirmation Date through and until the Effective Date.

5. Establishment of the Administrative Bar Date

a. The Administrative Bar Date shall be thirty (30) days after the Effective Date.

b. Except as otherwise provided in the Plan or the Confirmation Order, on or before 5:00 p.m. (Prevailing Eastern Time) on the Administrative Bar Date, as applicable, each holder of an Administrative Claim (to the extent such holder has not previously been paid) must File with the Bankruptcy Court a request for payment of such Administrative Claim.

c. Any holder of an Administrative Claim that is required to File a request for payment of such Administrative Claim that does not File such request with the Bankruptcy Court by the Administrative Bar Date, shall be forever barred, estopped, and enjoined from asserting such Administrative Claim against the Debtors, and such Administrative Claim shall be deemed released and discharged as of the Effective Date.

6. Term of Injunctions or Stays

Unless otherwise provided, all injunctions or stays provided for in the Chapter 11 Cases pursuant to Sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect to the extent and for the duration provided in Section 362(c) of the Bankruptcy Code.

7. Sale Order; Asset Purchase Agreement

Notwithstanding anything in the Plan or the Confirmation Order to the contrary, nothing in the Plan or the Confirmation Order shall, or shall be deemed to, amend, modify, or waive any term or condition of the Sale Order, the Asset Purchase Agreement, or otherwise limit, alter, or impair any of the rights or remedies of the Purchaser under any of the foregoing.

8. Wind Down

On the Effective Date, the members of the Debtor Boards of Directors shall be deemed to have become members of the Reorganized Debtor Boards, and all persons who are then officers and employees of the Debtors shall be deemed to have become officers and/or employees of the Reorganized Debtors. From and after the Effective Date, the Reorganized Debtor Boards and the officers of the Reorganized Debtors shall have such duties imposed on them by applicable Delaware law and the Debtor Organizational Documents.

On and after the Effective Date, the Reorganized Debtors shall be authorized to implement the Plan and any applicable Orders of the Bankruptcy Court, and shall take such

actions as the Reorganized Debtors may determine to be necessary or desirable to carry out the purposes of the Plan.

On or after the Filing of the Final Certification, the affairs of the Reorganized Debtors may be wound up and the Reorganized Debtors may be dissolved at any time without the need for any further action or approval or filings with the secretary of state of other governmental official or authorities in the Reorganized Debtors' state of incorporation; provided, however, that the entry of the Final Decree in this Case shall effect such dissolution of all remaining Reorganized Debtors to the extent permissible under applicable law.

9. Corporate Action; Effectuating Documents and Transactions

Upon the Effective Date, by virtue of entry of the Confirmation Order, all actions contemplated by the Plan shall be deemed authorized, approved, and, to the extent taken prior to the Effective Date, ratified without any requirement for further action by Holders, holders of Equity Interests in the Debtors, the Debtors, or any other Entity or Person. All matters provided for in the Plan involving the corporate actions of the Debtors, and any corporate action thereafter required by the Debtors in connection therewith, shall be deemed to have occurred and shall be in effect, without any requirement of further action by the Debtors or the Debtors' Estates.

The Reorganized Debtors are authorized to and may issue, execute, deliver, file, or record such contracts, securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan, without the need for any approvals, authorization, or consents except for those expressly required pursuant to the Plan. The Reorganized Debtors shall be authorized to execute, deliver, File, or record such contracts, instruments, and other agreements or documents and take such other actions as they may deem necessary or appropriate in their reasonable discretion to implement the provisions of Article IV.I of the Plan.

After the Effective Date, any provision of the Debtor Organizational Documents granting indemnification of the Debtors' officers, directors, and employees at the election of the Debtors shall be amended to provide such indemnification on a mandatory basis by the Reorganized Debtors.

After the Effective Date, the Guild Plan Retirement Board shall be dissolved and the Reorganized Debtors shall be the Guild Plan Administrator.

Notwithstanding any provision to the contrary in the Plan, including in Article IV.I, the Debtors and the Reorganized Debtors shall not issue non-voting equity securities.

The authorizations and approvals contemplated by Article IV.I of the Plan shall be effective notwithstanding any requirements under applicable non-bankruptcy law.

10. Final Certification and Case Closing

As soon as practicable after the Effective Date, the Reorganized Debtors are authorized to and shall submit an order to the Bankruptcy Court under certification of counsel that is in form and substance acceptable to the U.S. Trustee that closes each of the Chapter 11

Cases except the Parent's Chapter 11 Case. The Debtors' consolidated estate shall be administered through the Parent's Chapter 11 Case pursuant to Article IX.G of the Plan.

When all Disputed Claims have become Allowed or disallowed, the Reorganized Debtors have made distributions on all Allowed Claims, and all of the Reorganized Debtors' duties otherwise completed, the Reorganized Debtors shall file the Final Certification and seek authority from the Bankruptcy Court to close the Parent's Chapter 11 case in accordance with the Bankruptcy Code and the Bankruptcy Rules.

G. Procedures for Resolving and Treating Disputed Claims

1. No Distribution Pending Allowance

Notwithstanding any other provision of the Plan, the Reorganized Debtors shall not Distribute any Cash or other property on account of any Disputed Claim unless and until such Claim becomes Allowed.

2. Resolution of Disputed Claims

Subject to the paragraph below, unless otherwise ordered by the Bankruptcy Court after notice and a hearing, the Reorganized Debtors shall have the right, but not to the exclusion of all others, to make, File, prosecute, settle, compromise, withdraw or resolve in any manner approved by the Bankruptcy Court, objections to Claims. From and after the Confirmation Date, all objections with respect to Disputed Claims shall be litigated to a Final Order except to the extent the objector elects to withdraw any such objection or the objector and the claimant elect to compromise, settle or otherwise resolve any such objection, in which event they may settle, compromise or otherwise resolve any Disputed Claim without approval of the Bankruptcy Court, *provided that* approval of the Bankruptcy Court and consultation with the Consultation Parties shall be required to settle, compromise, or otherwise resolve any Insider Claim.

The Debtors and the Reorganized Debtors shall have the exclusive right, after consultation with the Consultation Parties, to settle Insider Claims; provided, however, that any such settlement shall be subject to approval of the Bankruptcy Court, and that any party may object to an Insider Claim.

3. Estimation of Claims

At any time, (a) prior to the Effective Date, the Debtors, and (b) subsequent to the Effective Date, the Reorganized Debtors, may request that the Bankruptcy Court estimate any Claim to the extent permitted by Section 502(c) of the Bankruptcy Code.

4. Disallowance of Claims

Any Claims held by Entities from which property is recoverable under Section 542, 543, 550 or 553 of the Bankruptcy Code or that is a transferee of a transfer avoidable under Section 522(f), 522(h), 544, 545, 547, 548, 549 or 724(a) of the Bankruptcy Code, provided that such Cause of Action is a Retained Cause of Action, shall be deemed disallowed pursuant to

Section 502(d) of the Bankruptcy Code, and holders of such Claims may not receive any distributions on account of such Claims until such time as such Causes of Action against that Entity have been settled or a Bankruptcy Court order with respect thereto has been entered and all sums due, if any, to the Debtors by that Entity have been turned over or paid to the Debtors.

5. Adjustment to Claims Without Objection

Any Claim that has been paid or satisfied, amended, or superseded may be marked as satisfied, adjusted or expunged on the Claims Register by the Noticing Agent at the direction of the Debtors or the Reorganized Debtors, as applicable, without a Claims objection having to be Filed and without any further notice to or action, order or approval of the Bankruptcy Court.

6. Amendments to Claims or Interests

After the Confirmation Date, a Claim or Interest may not be filed or amended without the authorization of the Bankruptcy Court and, even with such Bankruptcy Court authorization, may be amended by the holder of such Claim or Interest solely to decrease, but not to increase, unless otherwise provided by the Bankruptcy Court, the amount, number or priority of the same.

7. Effect of Bar Dates

Except as provided in the Plan or otherwise agreed, any and all holders of proofs of claim filed after the applicable bar date shall not be treated as creditors for purposes of voting and distribution pursuant to bankruptcy rule 3003(c)(2) and pursuant to the General Bar Date Order, unless on or before the confirmation hearing such late claim has been deemed timely filed by a final order.

H. Treatment of Executory Contracts and Unexpired Leases

1. Rejection of Executory Contracts and Unexpired Leases

On the Effective Date, except as otherwise provided herein, each executory contract or unexpired lease not previously rejected, assumed, or assumed and assigned, shall be deemed automatically rejected pursuant to sections 365 and 1123 of the Bankruptcy Code, unless such executory contract or unexpired lease: (a) is specifically described in the Plan or Plan Supplement as to be assumed in connection with Confirmation of the Plan; (b) is subject as of the Confirmation Date to a pending motion to assume or assume and assign; (c) has been assumed or assumed and assigned to a third party; (d) is a contract, instrument, release, indenture, or other agreement or document entered into in connection with the Plan or the Sale; or (e) is an insurance policy (including but not limited to any AIG Insurance Program, AIG Insurance Policies, and any D&O Insurance Policies) to be transferred to or vested in the Reorganized Debtors. Entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such assumptions, assignments, and rejections pursuant to sections 365(a) and 1123 of the Bankruptcy Code.

Notwithstanding anything contained in the Plan to the contrary, in the event of a dispute as to whether a contract is executory or a lease is unexpired, the rights of the Debtors or the Reorganized Debtors, as applicable, to move to assume or reject such contract or lease shall be extended until the date that is thirty (30) days after entry of a Final Order by the Bankruptcy Court determining that the contract is executory or the lease is unexpired.

2. Claims Based on Rejection of Executory Contracts or Unexpired Leases

Claims created by the rejection of executory contracts and unexpired leases must be filed pursuant to the terms of the General Bar Date Order and the Rejection Bar Date as defined therein. Any Claims arising from the rejection of an executory contract or unexpired lease for which proofs of Claim are not timely filed pursuant to the General Bar Date Order within that time period will be forever barred from assertion against the Debtors, the Estates, their successors and assigns, and their assets and properties, unless otherwise ordered by the Bankruptcy Court or as otherwise provided herein. All such Claims shall, as of the Effective Date, be subject to the permanent injunction set forth in Article IX.D of the Plan. Unless otherwise ordered by the Bankruptcy Court, all such Claims that are timely filed as provided herein shall be treated as General Unsecured Claims under the Plan and shall be subject to the provisions of Article III of the Plan.

3. Debtors' Insurance Policies

Nothing in the Plan or the Confirmation Order alters the rights and obligations of the Debtors (and their Estates) and the Debtors' insurers (and third-party claims administrators) under the Debtors' insurance policies (as described in Article VII.A.1 of the Plan, including but not limited to any AIG Insurance Program, AIG Insurance Policies and D&O Insurance Policies) or modifies the coverage or benefits provided thereunder or the terms or conditions thereof or diminishes or impairs the enforceability of the Debtors' insurance policies.

I. Conditions Precedent to Effective Date of the Plan

The following are conditions precedent to the Effective Date that must be satisfied or waived:

1. The Confirmation Order has become a Final Order.
2. The Confirmation Order shall be in full force and effect.

3. Notwithstanding the foregoing, the Debtors reserve the right to waive the occurrence of any condition precedent to the Effective Date or to modify any of the foregoing conditions precedent. Any such waiver of a condition precedent set forth in Article VIII of the Plan may be effected at any time, without notice, without leave or order of the Bankruptcy Court, and without any formal action other than proceeding to consummate the Plan. Any actions required to be taken on the Effective Date shall take place and shall be deemed to have occurred simultaneously, and no such action shall be deemed to have occurred prior to the taking of any other such action.

J. Establishing the Effective Date

The calendar date to serve as the Effective Date shall be a Business Day of, on or promptly following the satisfaction or waiver of all conditions to the Effective Date, which date will be selected by the Debtors. On or within two (2) Business Days of the Effective Date, the Debtors shall file and serve a notice of occurrence of the Effective Date. Such notice shall contain, among other things, the Administrative Bar Date and the Professional Claims Bar Date.

K. Release, Injunction, and Related Provisions

1. Compromise and Settlement

Pursuant to Section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the Distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims and Equity Interests. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all Claims and Equity Interests, as well as a finding by the Bankruptcy Court that such compromise or settlement is fair, equitable, reasonable and in the best interests of the Debtors, the Estates and holders of Claims and Equity Interests.

In consideration for the granting of the releases described in Article IX.B.2 of the Plan, if applicable, all Claims against the Debtors and their Estates in the nature of indemnification, to the extent relating to any Content Cause of Action, shall be contributed and waived, and the Debtors and the Noticing Agent shall be entitled to take all appropriate actions to expunge such Claims (if filed) from the register and otherwise enforce Article IX.A.2 of the Plan without further notice or hearing.

2. Releases

Subject to the submission of a timely ballot opting out of the Opt-Out Release described in paragraph (a) below, and notwithstanding anything contained in the Plan to the contrary, on the entry of the Confirmation Order and to the fullest extent permitted by applicable law, the parties described below shall be deemed to have conclusively, absolutely, unconditionally irrevocably, and forever released and discharged the released parties described below from certain defined Causes of Action.

Additional information concerning the release provisions is provided in Section I.C of this Disclosure Statement.

a. Opt-Out Release

The Plan provides that, notwithstanding anything contained therein to the contrary, on the Effective Date and as of the Effective Date, the Releasing Parties shall be deemed to forever release, waive, and discharge each of the Released Parties from the Released Claims.

“Releasing Parties” means each holder of a Claim or Equity Interest who is entitled to vote to accept or reject the Plan (i.e., Classes 1, 2, 5, and 6), if such holder fails to

"opt out" of the releases provided by the Plan by (i) duly marking its ballot(s) to indicate such holder's refusal to grant the releases provided in Article IX.B of the Plan (whether such holder votes to accept or reject the Plan or abstains from voting), and (ii) timely submitting such completed ballot. For the avoidance of doubt, the Debtors and their Estates are not Releasing Parties. "Released Parties" means, collectively, the Debtors and the current and former Representatives and Related Parties of each of the Debtors (each in their capacities as such). "Released Claims" are any and all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities whatsoever in connection with or in any way relating to the Debtors, the Debtors' Representatives and Related Parties (in their capacity as such), the conduct of the Debtors' businesses, the Chapter 11 Cases, the Disclosure Statement or the Plan (other than the rights of the Debtors, or a creditor holding an Allowed Claim to enforce the obligations under the Confirmation Order and the Plan and the contracts, instruments, releases, and other agreements or documents delivered thereunder), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise, whether for tort, contract, violation of federal or state securities or other law, that are based in whole or part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date. For the avoidance of doubt, the Released Claims shall not include any Causes of Action held by the Debtors or their Estates.

Pursuant to Article IX.B of the Plan, each holder of a Claim in Class 1, 2, 5, or 6 will have granted this release unless it (i) marks its ballot(s) to indicate its refusal to do so and (ii) timely submits its completed ballot. Each such holder may opt in or out of the release regardless of whether it votes to accept or reject the Plan, or abstains from voting, but must timely submit its ballot with its election to opt out of the release. The Debtors and their Representatives and current and former Related Parties are not entitled to opt out of this release. For the avoidance of doubt, the opt-out release is not a release by the Debtors of any Retained Causes of Action described in Section IV.K.8 herein.

b. Release of Content Causes of Action

The Plan provides that on the Confirmation Date, each holder of a Claim or Equity Interest shall forever release all Content Causes of Action, whether known or unknown, foreseen or unforeseen, liquidated or unliquidated, matured or unmatured, existing or hereafter arising. Content Causes of Action are defined to mean any Cause of Action against any of the Debtors' current or former employees, writers, editors, publishers, or independent contractors that wrote, contributed to, approved, or played any role whatsoever in the publication of content of any kind in connection with the publication (in any manner) by any of the Debtors of any news, editorial, commentary, advertisement, or other content of any type, including without limitation any defamation or related Cause of Action alleging gross negligence, recklessness or willful misconduct.

c. Approval and Findings in Confirmation Order

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the releases set forth in III.K.2 of the Plan pursuant to Bankruptcy Rule 9019

and its finding that they are: (a) in the best interests of the Debtors and all holders of Claims; (b) fair, equitable and reasonable; and (c) approved after due notice and opportunity for hearing.

3. Waiver of Limitations on Releases of Unknown Claims

The releases contained in Article IX.B of the Plan shall extend to Released Claims that the parties do not know or expect to exist at the time of the release, which, if known, might have affected the decision to enter into the release and which the Debtors shall be deemed to waive, and shall waive and relinquish to the fullest extent permitted by law, any and all provisions, rights, and benefits conferred by any law of the United States or any state or territory thereof, or principle of common law, which governs or limits a person's release of unknown claims.

The Debtors also acknowledge that they may discover facts in addition to or different from those that they now know or believe to be true with respect to the subject matter of this release, but that it is the intention of the parties to fully, finally, and forever settle and release with prejudice any and all Released Claims, including any and all unknown claims, without regard to the subsequent discovery or existence of additional or different facts. The Debtors expressly agree that any fraudulent inducement or similar claims that could be premised on unknown facts or facts that are subsequently discovered are included within the definition of unknown claims.

4. Exculpation

Notwithstanding anything contained in the Plan to the contrary, effective as of the Effective Date, the Exculpated Parties shall not have or incur any liability for any act or omission taken or not taken between the Petition Date and the Effective Date in connection with, relating to, or arising out of the Chapter 11 Cases, the Sale, the negotiation and Filing of the Disclosure Statement, the Plan or any document implementing the Plan, the Filing of the Chapter 11 Cases, the settlement of Claims or renegotiation of executory contracts and leases, the pursuit of confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be Distributed under the Plan, except for acts or omissions that are the result of willful misconduct, gross negligence, fraud or criminal acts or any obligations that they have under or in connection with the Plan or the transactions contemplated in the Plan, and in all respects shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

5. Injunction

a. Pursuant to Section 1141(d)(3) of the Bankruptcy Code, confirmation of this Plan will not discharge the Debtors; *provided, however*, upon confirmation of the Plan, the occurrence of the Effective Date, and Distributions hereunder, the holders of Claims or Equity Interests may not seek payment or recourse against or otherwise be entitled to any Distribution from the Reorganized Debtor Assets except as expressly provided in this Plan.

b. Except as otherwise expressly provided for in the Plan or in obligations issued pursuant to the Plan, all Entities are permanently enjoined, on and after the Effective Date, on account of any Claim or Equity Interest, from:

(i) commencing or continuing in any manner any action or other proceeding of any kind against any of the Debtors' Estates, the Reorganized Debtors, their successors and assigns, and any of their assets and properties;

(ii) enforcing, attaching, collecting or recovering by any manner or means any judgment, award, decree or order against any Debtor's Estate, the Reorganized Debtors, their successors and assigns, and any of their assets and properties;

(iii) creating, perfecting or enforcing any encumbrance of any kind against any Debtor's Estate, the Reorganized Debtors, their successors and assigns, and any of their assets and properties;

(iv) asserting any right of setoff or subrogation of any kind against any obligation due from any Debtor's Estate, the Reorganized Debtors or their successors and assigns, or against any of their assets and properties, except to the extent a right to setoff or subrogation is asserted with respect to a timely filed proof of Claim; or

(v) commencing or continuing in any manner any action or other proceeding of any kind in respect of any Claim or Equity Interest or Cause of Action released or settled hereunder.

c. From and after the Effective Date, all Entities are permanently enjoined from commencing or continuing in any manner against the Debtors, their Estates, their successors and assigns, and any of their assets and properties, any suit, action or other proceeding, on account of or respecting any claim, Claim, demand, liability, obligation, debt, right, cause of action, interest or remedy released or to be released pursuant to the Plan or the Confirmation Order.

d. From and after the Effective Date, all persons and Entities are permanently enjoined from commencing or continuing in any suit, action, or other proceeding on account of or respecting any claim, Claim, demand, liability, obligation, debt, right, cause of action, interest, or remedy released or to be released pursuant to the Plan or the Confirmation Order.

6. Releases of Liens

Except as otherwise provided in the Plan or in the Confirmation Order, on the Effective Date, to the extent such exist, all mortgages, deeds of trust, liens, pledges or other security interests against property of the Estates shall be fully released and discharged and all of the right, title and interest of any holder of such mortgages, deeds of trust, liens, pledges or other security interest shall revert to the Debtors and the Reorganized Debtors.

7. Substantive Consolidation

The Debtors believe that substantive consolidation in these Chapter 11 Cases is appropriate because the Debtors have historically operated as an integrated business. The Debtors did maintain separate books and records prior to and after the commencement of the Chapter 11 Cases. Nevertheless, the Debtors operated primarily on a consolidated basis, often with one Debtor using the assets of the other Debtor in its operations. For instance, Debtor HIA Media, Inc. (f/k/a Herald Interactive, Inc.) used the content and personnel of HM Media, Inc. in its operations without allocation of costs or expectation of reimbursement to HM Media, Inc. The Debtors also operated with shared executive, financial and administrative staff, and occupied the same space. Most importantly, the Sale was conducted as the sale of substantially all of the assets of all four Debtors, without allocation by any party of the value achieved among the Debtor entities. Accordingly, there is no practical or fair way, other than through after-the-fact estimation without material basis in fact, to allocate the Sale proceeds among distinct Estates. The Debtors believe it would be burdensome and expensive, if not impossible, to disentangle the Debtors' claim obligations or assets in these Chapter 11 Cases; doing so might require retention of separate counsel for each entity and could result in allocation litigation among the entities. The Debtors believe that such allocation efforts would be wasteful and not likely to create material value for any constituent, and that substantive consolidation would otherwise avoid the erosion of cash and other value that would otherwise be made available to holders of General Unsecured Claims of a single estate.

The impact of substantive consolidation, or of attempting to create four distinct estates, on each Debtor's creditors is also speculative. A preliminary analysis and "allocation" of the purchase price under the Sale suggests the possibility that holders of Equity Interests in the Parent might receive a distribution of cash proceeds should the Estates remain separate, before considering the expense of efforts to de-consolidate assets and liabilities as described above. Any such expense, as well as any distribution to holders of Equity Interests, would necessarily and materially diminish distributions to holders of General Unsecured Claims. Accordingly, the Debtors contend that, on balance, the practical necessity of substantive consolidation outweighs the prospective harm (if any) to any particular creditor. The Plan therefore provides for substantive consolidation of the Estates as follows:

a. The Plan shall serve as a motion by the Debtors seeking entry of an order substantively consolidating all of the Estates of all of the Debtors into a single consolidated estate for all purposes associated with confirmation and consummation of the Plan. Intercompany Claims and Intercompany Interests are deemed to be satisfied and resolved by the substantive consolidation provided for herein.

b. The entry of the Confirmation Order shall constitute approval by the Bankruptcy Court of the substantive consolidation of the Debtors and their respective Estates for all purposes relating to the Plan, including for purposes of voting, confirmation and Distributions. If this substantive consolidation is approved, then for all purposes associated with the confirmation and consummation of the Plan, all assets and liabilities of the Debtors shall be treated as though they were merged into a single economic unit, and all guarantees by any Debtor of the obligations of any other Debtor, to the extent such exist, shall be considered eliminated so that any Claim and any guarantee thereof by any other Debtor, as well as any joint and several liability of any Debtor with respect to any other Debtor, shall be treated as one collective obligation of

the Debtors. Moreover, (a) no Distribution shall be made under the Plan on account of any Claim held by any one of the Debtors against any of the other Debtors and such Intercompany Claims will be extinguished, (b) no Distribution shall be made under the Plan on account of any Intercompany Interest held by any one of the Debtors in any of the other Debtors except to the extent necessary to effect the substantive consolidation provided for herein, (c) all guaranties of any one of the Debtors of the obligations of any of the other Debtors, to the extent such exist, shall be eliminated so that any Claim against any one of the Debtors, and any guaranty thereof executed by any of the other Debtors, shall be one obligation of the consolidated Debtors' Estates, and (d) every Claim that is timely Filed or to be Filed in the Chapter 11 Cases of any of the Debtors shall be deemed Filed against the consolidated Estates and shall be one Claim against, and one obligation of, the Estates.

c. In addition, notwithstanding any provision of the Plan to the contrary, any Holder of multiple Allowed Claims against more than one Debtor that arise from the contractual, joint, joint and several, or several liability of such Debtors, the guaranty by one Debtor of another Debtor's obligation or other similar circumstances, shall be entitled to *one* Allowed Claim that, in the aggregate, does not exceed the amount of the underlying Claim giving rise to such multiple Claims. Claims against more than one of the Debtors arising from the same injury, damage, cause of action or common facts shall be Allowed only once as if such Claim were against a single Debtor.

d. Any alleged defaults under any applicable agreement, including executory contracts and unexpired leases, with the Debtors arising from substantive consolidation under the Plan shall be deemed cured as of the Effective Date.

e. The Debtors' consolidated estate shall be administered in and through the Parent's Chapter 11 Case.

8. **Preservation of Rights of Action**

a. **Retained Causes of Action**

Except as otherwise provided in the Plan or the Confirmation Order, or in any contract, instrument, release, or other agreement entered into in connection with the Plan, in accordance with Bankruptcy Code § 1123(b)(3), the Reorganized Debtors shall retain all Causes of Action that the Debtors, Reorganized Debtors, or the Estate may hold against any Person, whether arising before or after the Petition Date. With respect to each Retained Cause of Action, whether currently known or unknown, the Debtors and Reorganized Debtors will review, reconcile, and investigate available claims and defenses.

Pursuant to the Bankruptcy Code, a debtor may seek to recover, through adversary proceedings in bankruptcy court (each such action, an "Avoidance Action"), certain transfers of the debtor's property in respect of antecedent debts to the extent the transferees received more than they would have received on account of such pre-existing debts had the debtor been liquidated under chapter 7 of the Bankruptcy Code. Such transfers include cash

payments, pledges of security interests or other transfers of interests in property. Such transfers must have been made while the debtor was insolvent, and the debtor is rebuttably presumed to have been insolvent during the 90-day period immediately prior to the commencement of its bankruptcy case with respect to all non-insiders and the one-year period prior to commencement of the case with respect to insiders. These provisions of the Bankruptcy Code can be broad in their application because they allow the debtor to recover payments regardless of whether there was any impropriety in such payments, with certain limited exceptions. If the debtor recovers a transfer, the transferee receives a general unsecured claim against the debtor to the extent of the recovery unless the transferee waives and releases such claim.

The Debtors may have other Causes of Action that could have value to the Estates. Any Entity to whom the Debtors have incurred an obligation (whether on account of services, purchase or sale of goods or otherwise), or who has received services from the Debtors or a transfer of money or property of the Debtors, or who has transacted business with the Debtors, or leased property from the Debtors, or published information about the Debtors, should assume that any such obligation, transfer, transaction, or publication may be reviewed by the Debtors and/or Reorganized Debtors and may be the subject of an action, regardless of whether: (i) such Entity has filed a proof of Claim against the Debtors in the Chapter 11 Cases; (ii) the Debtors have objected to any such Entity's proof of Claim; (iii) any such Entity's Claim was included in the Schedules; (iv) any such Entity's scheduled Claim has been identified by the Debtors as disputed, contingent, or unliquidated.

b. Vesting of Causes of Action

(i) Except as otherwise provided in the Plan or Confirmation Order, in accordance with Section 1123(b)(3) of the Bankruptcy Code, any Retained Causes of Action that the Debtors may hold against any Entity shall vest upon the Effective Date in the Reorganized Debtors.

(ii) Except as otherwise provided in the Plan or Confirmation Order, after the Effective Date, the Reorganized Debtors shall have the exclusive right, in consultation with the Consultation Parties, to institute and prosecute any Retained Causes of Action, without further order of the Bankruptcy Court, in any court or other tribunal, including, without limitation, in an adversary proceeding filed in one or more of the Chapter 11 Cases. The Reorganized Debtors shall not settle, compromise, or otherwise resolve any Retained Causes of Action (including but not limited to any Insider Claim) without first consulting with the Consultation Parties and then obtaining approval of the Bankruptcy Court.

(iii) Retained Causes of Action and any recoveries therefrom shall remain the sole property of the Reorganized Debtors (for the sole benefit of the holders of Allowed Claims).

c. Preservation of All Causes of Action not Expressly Settled or Released

(i) Unless a Retained Cause of Action is expressly waived, relinquished, released, compromised or settled in the Plan or any Final Order (including the

Confirmation Order), the Debtors and the Reorganized Debtors expressly reserve such Retained Cause of Action for later adjudication by the Reorganized Debtors (including, without limitation, Retained Causes of Action not specifically identified or described herein or elsewhere or of which the Debtors may presently be unaware or which may arise or exist by reason of additional facts or circumstances unknown to the Debtors at this time or facts or circumstances which may change or be different from those the Debtors now believe to exist) and, therefore, no preclusion doctrine, including, without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, waiver, estoppel (judicial, equitable or otherwise) or laches shall apply to such Retained Causes of Action upon or after the entry of the Confirmation Order or Effective Date based on the Disclosure Statement, Plan or Confirmation Order, except where such Retained Causes of Action have been released in the Plan (including, without limitation, and for the avoidance of doubt, the releases contained in Article IX.B.1 of the Plan) or any other Final Order (including the Confirmation Order). In addition, the Reorganized Debtors expressly reserve the right to pursue or adopt any claims alleged in any lawsuit in which the Debtors are defendants or interested parties, against any Entity, including, without limitation, the plaintiffs or co-defendants in such lawsuits.

(ii) Subject to the immediately preceding paragraph, (W) any Entity to whom the Debtors have incurred an obligation (whether on account of services, purchase or sale of goods or otherwise), (X) any Entity who has received services from the Debtors or a transfer of money or property of the Debtors, (Y) any Entity who has transacted business with the Debtors, or leased property from the Debtors, or (Z) any professional that provided advice relating to advertising and marketing materials should, in each case, assume that any such act, omission, obligation, transfer or transaction may be reviewed by the Reorganized Debtors subsequent to the Effective Date and may be the subject of an action after the Effective Date, regardless of whether: (a) such Entity has filed a proof of Claim against the Debtors in the Chapter 11 Cases; (b) the Debtors or Reorganized Debtors have objected to any such Entity's proof of Claim; (c) any such Entity's Claim was included in the Schedules; (d) the Debtors or Reorganized Debtors have objected to any such Entity's scheduled Claim; or (e) any such Entity's scheduled Claim has been identified by the Debtors or Reorganized Debtors as disputed, contingent or unliquidated.

IV. ALTERNATIVES TO THE PLAN

A. Liquidation Under Chapter 7 of the Bankruptcy Code

If the Plan or any other chapter 11 plan for the Debtors cannot be confirmed under Section 1129(a) of the Bankruptcy Code, the 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 any remaining assets of the Debtors for Distribution to creditors pursuant to chapter 7 of the Bankruptcy Code. If a trustee is appointed and the remaining assets of the Debtors are liquidated under chapter 7 of the Bankruptcy Code, holders of certain Allowed Claims may receive lesser distributions on account of their Allowed Claims and would likely have to wait a longer period of time to receive any such Distributions than they would under the Plan.

The primary reason why creditors would receive less is that in a chapter 7 case, the trustee would be entitled as a commission to up to 3% of all funds disbursed to creditors or

other parties in interest. Moreover, a chapter 7 trustee would not have historical knowledge of the Debtors, which could delay administration and require costs to become familiar with the Debtors' affairs. Those delays, in addition to being generally adverse to the interests of creditors, likely would cause extra administrative expenses to be incurred, including for counsel to such new trustee to educate her or himself of all the relevant background facts. A liquidation analysis demonstrating the potential recoveries to creditors under this Plan as compared to a chapter 7 liquidation is attached hereto as **Exhibit 1**.

B. Alternative Chapter 11 Plan

If the Plan is not confirmed, the Debtors, or any party in interest may attempt to formulate an alternative chapter 11 plan which might provide for the liquidation and Distribution of the Debtors' assets other than as provided in the Plan. However, given that the Plan is an orderly plan of liquidation that seeks to Distribute the Debtors' assets in accordance with the priority scheme set forth in the Bankruptcy Code, the Debtors believe that any alternative chapter 11 plan will be substantially similar to the Plan. Therefore, any attempt to formulate an alternative chapter 11 plan would necessarily delay creditors' receipt of Distributions and, due to the incurrence of additional Administrative Expenses during the period of delay, may provide for smaller Distributions to holders of Allowed Claims than are currently provided for in the Plan. Thus, the Debtors believe that the Plan will enable all creditors to realize the greatest possible recovery on their respective Claims.

V. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion summarizes certain U.S. federal income tax consequences of implementation of the Plan to certain holders of Claims. This discussion is intended for general information purposes only, and is not a complete analysis of all potential U.S. federal income tax consequences that may be relevant to any particular holder.

This discussion is based on the Internal Revenue Code of 1986, as amended (the "**IRC**") and the Treasury Regulations promulgated thereunder, judicial decisions and published administrative rulings, and pronouncements of the IRS, each as in effect on the date hereof. Legislative, judicial, or administrative changes or interpretations enacted or promulgated after the date hereof could alter or modify the discussion set forth below with respect to the U.S. federal income tax consequences of the Plan. Any such changes or interpretations may be retroactive and could significantly affect the U.S. federal income tax consequences described herein.

Except as otherwise set forth herein, this discussion does not address the U.S. federal income tax consequences to holders of Claims that (a) are Unimpaired or otherwise entitled to payment in full in Cash on the Effective Date, or (b) are otherwise not entitled to vote on the Plan. The discussion assumes that each holder of a Claim holds only Claims in a single Class. The U.S. federal income tax consequences of the Plan are complex and are subject to substantial uncertainties. The discussion set forth below of certain U.S. federal income tax consequences of the Plan is not binding upon the IRS. Thus, no assurance can be given that the IRS would not assert, or that a court would not sustain, a position different from any discussed herein, resulting in U.S. federal income tax consequences to the Debtors and/or holders of

Claims that are substantially different from those discussed herein. The Debtors have not requested an opinion of counsel with respect to any of the tax aspects of the Plan, and no opinion is given by this Disclosure Statement.

This discussion does not apply to a Holder of a Claim that is not a "United States person," as such term is defined in the IRC. Moreover, this discussion does not address U.S. federal taxes other than income taxes, nor any state, local, U.S. possession, or non-U.S. tax consequences of the Plan, nor does it purport to address all aspects of U.S. federal income taxation that may be relevant to United States persons in light of their individual circumstances or to United States persons that may be subject to special tax rules, such as persons who are related to the Debtors within the meaning of the IRC, governments or governmental entities, broker-dealers, banks, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, real estate mortgage investment conduits, tax-exempt organizations, pass-through entities, beneficial owners of pass-through entities, Subchapter S corporations, employees of the Debtors, persons who received their Claims as compensation, persons that hold Claims as part of a straddle, hedge, conversion transaction, or other integrated investment, persons using a mark to market method of accounting, and holders of Claims that are themselves in bankruptcy. If a partnership or entity treated as a partnership for U.S. federal income tax purposes holds Claims, the tax treatment of a partner generally will depend on the status of the partner and the activities of the partnership.

THE FOLLOWING SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM. THIS SUMMARY IS LIMITED TO THE U.S. FEDERAL INCOME TAX ISSUES ADDRESSED IN THIS DISCLOSURE STATEMENT. ADDITIONAL ISSUES MAY EXIST THAT ARE NOT ADDRESSED IN THIS SUMMARY AND THAT COULD AFFECT THE U.S. FEDERAL TAX TREATMENT OF CONSUMMATION OF THE PLAN. ALL HOLDERS OF CLAIMS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE FEDERAL, STATE, LOCAL, U.S. POSSESSION INCOME, NON-U.S. INCOME, ESTATE, GIFT, AND OTHER TAX CONSEQUENCES OF THE PLAN.

A. Certain United States Federal Income Tax Consequences to the Debtors Under the Tax Code.

1. Sale of the Debtors' Assets

The Sale was a taxable transaction. Thus, the Debtors must recognize any gain or loss realized on the Sale. To determine the amount of gain or loss realized on the Sale, the total consideration (net of selling expenses) received in the Sale must be allocated among the assets sold in accordance with the IRC. The gain or loss realized with respect to each asset is then determined separately by subtracting the Debtors' tax basis in such asset from the amount of consideration received for such asset. To the extent that the Debtors recognized a net gain for the Sale, such gain may be partially or fully offset by (i) net operating losses ("**NOLs**") that accrue during the taxable year of the Sale, (ii) the Debtors' existing NOLs for prior taxable years, or (iii) capital loss carryforwards from prior years.

a. Cancellation of Indebtedness

A U.S. taxpayer generally must include in gross income the amount of any cancellation of indebtedness (“**COD**”) income recognized during the taxable year. COD income generally equals the excess of the adjusted issue price of the indebtedness discharged over the sum of (i) the amount of cash, (ii) the issue price of any new debt, and (iii) the fair market value of any other property transferred by the debtor in satisfaction of such discharged indebtedness (including stock). COD income also includes any interest that has been previously accrued and deducted but remains unpaid at the time the indebtedness is discharged.

The IRC permits a debtor in bankruptcy to exclude its COD income from gross income if the discharge occurs in a title 11 case. Thus, although the Debtors will realize COD income as a result of the satisfaction of Claims, the Debtors will not be required to recognize any of that COD income.

2. Certain United States Federal Income Tax Consequences to Holders of Allowed Claims

a. General

The U.S. federal income tax consequences to a holder receiving, or entitled to receive, a payment in partial or total satisfaction of a Claim will depend on a number of factors, including the nature of the Claim, the holder's method of tax accounting, and its own particular tax situation.

Because the holders' Claims and tax situations differ, holders should consult their own tax advisors to determine how the Plan affects them for U.S. federal, state, local, and non-U.S. tax purposes, based on their particular tax situations. Among other things, the U.S. federal income tax consequences of a payment to a holder may depend initially on the nature of the original transaction pursuant to which the Claim arose. The U.S. federal income tax consequences of a transfer to a holder may also depend on whether the item to which the payment relates has previously been included in the Holder's gross income or has previously been subject to a loss or a worthless security or bad debt deduction.

A holder receiving a payment pursuant to the Plan in satisfaction of its Claim generally may recognize taxable income or loss measured by the difference between (a) the amount of Cash and the fair market value (if any) of any property received by the holder, and (b) its adjusted tax basis in the Claim. For this purpose, the adjusted tax basis may include amounts previously included in income (less any bad debt or loss deduction) with respect to that item. The character of any income or loss that is recognized will depend upon a number of factors, including the status of the holder, the nature of the Claim in the holder's hands, whether the Claim was purchased at a discount, whether and to what extent the holder has previously claimed a bad debt deduction with respect to the Claim, and the holder's holding period of the Claim. Each holder of the Claim should consult its own tax advisor to determine the character of any

gain or loss recognized by such holder. It is possible that any loss, or a portion of any gain, realized by a holder of a Claim may have to be deferred until all of the distributions to such holder are received.

b. Allocation of Plan Distributions between Principal and Interest

The Plan provides that, to the extent that any Claim entitled to a distribution under the Plan is composed of indebtedness and accrued but unpaid interest on such indebtedness, such distribution will be allocated for U.S. federal income tax purposes first to the principal amount of the Claim and second, to the extent the distribution exceeds the principal amount of the Claim, to the portion of the Claim representing accrued but unpaid interest. A holder generally recognizes a deductible loss to the extent that any accrued interest claimed or amortized original issue discount (“**OID**”) was previously included in income and is not paid in full. Current U.S. federal income tax law is unclear on this point, and no assurance can be given that the IRS will not challenge the Debtors’ position. Holders of Claims are urged to consult their own tax advisors regarding the particular U.S. federal income tax consequences to them of the treatment of accrued but unpaid interest, as well as the character of any loss claimed with respect to accrued but unpaid interest previously included in gross income.

If, contrary to the intended position, such a distribution were treated as allocated first to accrued but unpaid interest, a holder would realize ordinary income with respect to such distribution in an amount equal to the accrued but unpaid interest not already taken into income under the holder’s method of accounting, regardless of whether the holder would otherwise realize a loss as a result of the Plan. A holder should also recognize ordinary income on the exchange (but not in excess of the amount of gain recognized, as described above) to the extent a distribution is received in exchange for market discount not previously taken into account under the holder’s method of accounting.

c. Information Reporting and Backup Withholding

In general, information reporting requirements may apply to distributions or payments under the Plan. Additionally, under the backup withholding rules, a holder of an Allowed Claim may be subject to backup withholding (currently at a rate of 24%) with respect to distributions or payments made pursuant to the Plan unless that holder: (a) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates that fact; or (b) timely provides a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the holder is not subject to backup withholding. Backup withholding is not an additional tax but is, instead, an advance payment that may be refunded or credited against the holder’s U.S. federal income tax liability to the extent it results in an overpayment of tax, provided that the required information is timely provided to the IRS.

The Debtors or the applicable withholding agent will withhold all amounts required by law to be withheld. The Debtors will comply with all applicable reporting requirements of the IRS.

THE UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF UNITED STATES FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF A CLAIM IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS AGAINST THE DEBTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL, U.S. POSSESSION, OR NON-U.S. TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

VI. CONFIRMATION PROCEDURES

A. Confirmation Hearing

The Confirmation Hearing will commence on June 20, 2018 at 10:00 a.m. (prevailing Eastern Time), before The Honorable Laurie Selber Silverstein, United States Bankruptcy Judge, at the United States Bankruptcy Court for the District of Delaware, 824 North Market Street, 6th Floor, Courtroom 2, Wilmington, Delaware 19801. The Confirmation Hearing may be continued from time to time without further notice other than the announcement by the Debtors in open court of the adjourned date(s) at the Confirmation Hearing or any continued hearing or as indicated in any notice filed with the Bankruptcy Court.

The Plan Objection Deadline is 4:00 p.m. (prevailing Eastern Time) on June 12, 2018.

All objections to the Plan (the “**Plan Objections**”) must be Filed with the Bankruptcy Court and served on the Debtors and certain other parties in accordance with the Disclosure Statement Order on or before the Plan Objection Deadline.

THE BANKRUPTCY COURT MIGHT NOT CONSIDER PLAN OBJECTIONS UNLESS THEY ARE TIMELY SERVED AND FILED IN COMPLIANCE WITH THE DISCLOSURE STATEMENT ORDER.

B. Statutory Requirements for Confirmation of the Plan

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies the requirements of Section 1129 of the Bankruptcy Code, including, among other things, the following:

- The Plan complies with the applicable provisions of the Bankruptcy Code.
- The Debtors will have complied with the applicable provisions of the Bankruptcy Code.
- The Plan has been proposed in good faith and not by any means forbidden by law.

- Any payment made or promised under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the case, has been disclosed to the Bankruptcy Court, and any such payment: (1) made before the Confirmation Date is reasonable; or (2) subject to the approval of the Bankruptcy Court as reasonable, if it is to be fixed after the Confirmation Date.
- Either each holder of an Impaired Claim has accepted the Plan, or will receive or retain under the Plan on account of such Claim, property of a value, as of the Effective Date of the Plan, that is not less than the amount that such holder would receive or retain if the Debtors were liquidated on that date under chapter 7 of the Bankruptcy Code, including pursuant to Section 1129(b) of the Bankruptcy Code for Equity Interests deemed to reject the Plan.
- Each Class of Claims or Equity Interests has either voted to accept the Plan or is not Impaired under the Plan, or the Plan can be confirmed without the approval of such Class pursuant to Section 1129(b) of the Bankruptcy Code.
- Except to the extent the holder of a particular Claim will agree to a different treatment of its Claim, the Plan provides that Administrative Claims, Priority Tax Claims, Priority Non-Tax Claims, and Secured Claims are Unimpaired.
- At least one Class of Impaired Claims has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim in that Class.

1. **Best Interests of Creditors Test**

Often called the “best interests” test, Section 1129(a)(7) of the Bankruptcy Code requires that a bankruptcy court find, as a condition to confirmation, that a chapter 11 plan provides, with respect to each class, that each holder of a claim or an equity interest in such class either (a) has accepted the plan or (b) will receive or retain under the plan property with a value, as of the effective date of the plan, that is not less than the amount that such holder would receive or retain if the debtors liquidated under chapter 7 of the Bankruptcy Code. To make these findings, the bankruptcy court usually: (a) estimates the Cash liquidation proceeds that a chapter 7 trustee would generate if each of the debtors’ chapter 11 cases were converted to a chapter 7 case and the assets of such debtor’s estate were liquidated; (b) determines the liquidation Distribution that each non-accepting holder of a claim or an equity interest would receive from such liquidation proceeds under the priority scheme dictated in chapter 7; and (c) compares such holder’s liquidation Distribution to the plan Distribution that such holder would receive if the plan were confirmed.

In chapter 7 cases, unsecured creditors and interest holders of a debtor are paid from available assets generally in the following order, with no junior class receiving any payments until all amounts due to senior classes have been paid fully or any such payment is provided for: (a) holders of secured claims (to the extent of the value of their collateral); (b) holders of priority claims; (c) holders of unsecured claims; (d) holders of debt expressly subordinated by its terms or by order of the bankruptcy court; and (e) holders of equity interests.

The Debtors believe that the value of any Distributions if the Chapter 11 Cases were converted to cases under chapter 7 of the Bankruptcy Code would be less than the value of Distributions under the Plan because, among other reasons, (a) conversion to chapter 7 would require appointment of a chapter 7 trustee, which likely would delay and reduce the present value of Distributions; and (b) the fees and expenses of a chapter 7 trustee and its professionals would likely further reduce Cash available for Distribution. See also Section IV.A., supra.

2. **Feasibility**

Section 1129(a)(11) of the Bankruptcy Code requires that confirmation of a plan not be likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtors or any successor to the Debtors (unless such liquidation or reorganization is proposed in the plan). Because the Plan proposes a liquidation of all of the Debtors’ assets, for purposes of this test, the Debtors have analyzed the ability of the Reorganized Debtors to meet their obligations under the Plan. Given that the Debtors sold their operating business and are no longer operating, there is not anticipated to be any need for further financial reorganization. Moreover, based on the Debtors’ analysis, the Reorganized Debtors will have sufficient assets to accomplish their tasks under the Plan. Therefore, the Debtors believe that the liquidation pursuant to the Plan will meet the feasibility requirements of the Bankruptcy Code.

3. **Acceptance by Impaired Classes**

The Bankruptcy Code requires that, as a condition to confirmation, except as described below, each class of claims or equity interests that is impaired under a plan, accepts the plan.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of claims in that class, but for that purpose counts only those who actually vote to accept or to reject the plan. Thus, a class of claims will have voted to accept the plan only if two-thirds in amount and a majority in number actually voting cast their ballots in favor of acceptance.

Section 1126(d) of the Bankruptcy Code defines acceptance of a plan by a class of impaired interests as acceptance by holders of at least two-thirds in dollar amount of those interests who actually vote to accept or to reject a plan. Thus, a Class of Interests will have voted to accept the Plan only if two-thirds in amount actually voting cast their ballots in favor of acceptance

4. **Confirmation Without Acceptance by All Impaired Classes**

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan even if all impaired classes entitled to vote on the plan have not accepted it; provided, however, that the plan has been accepted by at least one impaired class (without regard to the votes of insiders).⁵ Pursuant to Section 1129(b) of the Bankruptcy Code, notwithstanding an impaired class's rejection or deemed rejection of the plan, such plan will be confirmed, at the plan proponent's request, in a procedure commonly known as a "cram down," so long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each class of claims or equity interests that is impaired under, and has not accepted, the plan. These concepts are described immediately below.

5. **No Unfair Discrimination**

This test applies to classes of claims or equity interests that are of equal priority and are receiving different treatment under the Plan. The test does not require that the treatment be the same or equivalent, but that such treatment be "fair." In general, bankruptcy courts consider whether a plan discriminates unfairly by reviewing its treatment of classes of claims of equal rank (*e.g.*, classes of the same legal character).

The Debtors do not believe that the Plan discriminates unfairly against any Impaired Class of Claims or Equity Interests. The Debtors believe that the Plan and the treatment of all Classes of Claims and Equity Interests satisfy the foregoing requirements for non-consensual confirmation.

⁵ Under the Plan, Classes 1, 2, 5 and 6 are entitled to vote on the Plan. If each of Classes 1, 2, 5 and 6 votes to reject the Plan, the Debtors reserve the right to amend the Plan to the extent necessary to confirm the Plan notwithstanding such rejection.

6. Fair and Equitable Test

This test applies to classes of different priority and status (*e.g.*, secured versus unsecured) and includes the general requirement that no class of claims receive more than one-hundred percent (100%) of the amount of the allowed claims in such class. As to the dissenting class, the test sets different standards depending on the type of claims or equity interests in such class.

Secured Claims: The condition that a plan be “fair and equitable” to a non-accepting class of secured claims includes the requirements that: (1) the holders of such secured claims retain the liens securing such claims to the extent of the allowed amount of the claims, whether the property subject to the liens is retained by the debtor or transferred to another entity under the plan; and (2) each holder of a secured claim in the class receives deferred Cash payments totaling at least the allowed amount of such claim with a present value, as of the effective date of the plan, at least equivalent to the value of the secured claimant’s interest in the debtor’s property subject to the liens. The Plan provides for option (1) and therefore meets this test.

Unsecured Claims: The condition that a plan be “fair and equitable” to a non-accepting class of unsecured claims includes the requirement that either: (1) the plan provides that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (2) the holder of any claim or any equity interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or junior equity interest any property. The Plan provides for option (2) and therefore meets this test.

Equity Interests: The condition that a plan be “fair and equitable” to a non-accepting class of equity interests includes the requirement that either: (1) the plan provides that each holder of an equity interest in that class receives or retains under the plan on account of that equity interest property of a value, as of the effective date of the plan, equal to the greater of: (a) the allowed amount of any fixed liquidation preference to which such holder is entitled; (b) any fixed redemption price to which such holder is entitled; or (c) the value of such interest; or (2) if the class does not receive the amount as required under (1) hereof, no class of equity interests junior to the non-accepting class may receive a Distribution under the plan. The treatment of Equity Interests here meets this test.

VII. CERTAIN RISK FACTORS TO BE CONSIDERED BEFORE VOTING

Holders of Claims in Classes 1, 2, 5 and 6 should read and consider carefully the risk factors below, as well as the other information set forth in the Disclosure Statement, the documents delivered together with this Disclosure Statement, and the documents referred to or incorporated by reference in this Disclosure Statement, before voting to accept or reject the Plan. These factors should not be regarded as constituting the only risks present in connection with the Plan and its implementation.

A. Risk Factors that May Affect the Debtors' Ability to Consummate the Plan

1. Failure to Satisfy Vote Requirement

If votes are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Debtors intend to seek, at the Confirmation Hearing, confirmation of the Plan. In the event that sufficient votes are not received, the Debtors may seek to accomplish an alternative chapter 11 plan or amend the Plan. There can be no assurance the terms of any such alternative chapter 11 plan or amended Plan would be similar or as favorable to the holders of Allowed Claims as those currently proposed in the Plan.

2. Debtors May Not Be Able to Secure Confirmation of the Plan

Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a chapter 11 plan, including, among other requirements, a finding by the bankruptcy court that: (a) such plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-accepting classes; (b) confirmation of such plan is not likely to be followed by a liquidation or a need for further financial reorganization unless such liquidation or reorganization is contemplated by the plan; and (c) the value of distributions to non-accepting holders of claims and equity interests within a particular class under such plan will not be less than the value of distributions such holders would receive if the debtors were liquidated under chapter 7 of the Bankruptcy Code.

As set forth above, the Debtors believe that the Plan satisfies all of the requirements. However, there can be no assurance the Bankruptcy Court will agree. A non-accepting holder of an Allowed Claim might challenge either the adequacy of this Disclosure Statement or whether the Solicitation Procedures and voting results satisfy the requirements of the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determines that the Disclosure Statement, the balloting procedures, and the voting results are appropriate, the Bankruptcy Court could still decline to confirm the Plan if it found that any of the statutory requirements for confirmation have not been met, including the requirement that the terms of the Plan do not "unfairly discriminate" and are "fair and equitable" to non-accepting Classes.

The Debtors, subject to the terms and conditions of the Plan, reserve the right to modify the Plan as necessary for confirmation. Any such modifications could result in a less favorable treatment of any non-accepting Class, as well as of any Classes junior to such non-accepting Class, than the treatment currently provided in the Plan. Such a less favorable treatment could include a Distribution of property to the Class affected by the modification of a lesser value than currently provided in the Plan or no Distribution of property whatsoever under the Plan.

3. Nonconsensual Confirmation

In the event that any impaired class of claims or equity interests does not accept a chapter 11 plan, a bankruptcy court may nevertheless confirm such a plan at the Debtors' request if at least one impaired class has accepted the plan (with such acceptance being determined without including the vote of any "insider" in such class), and, as to each impaired class that has

not accepted the plan, the bankruptcy court determines that the plan “does not discriminate unfairly” and is “fair and equitable” with respect to the dissenting impaired classes.

As indicated above, in the event that the Holders of Claims in Classes 1, 2, 5, and 6 vote to reject the Plan, the Debtors, subject to the terms and conditions of the Plan, reserve the right to modify the Plan and to seek to confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code.

4. The Level of Administrative Claims and Priority Tax Claims Could Make the Plan Lack Feasibility

The Plan sets an Administrative Bar Date and the Bar Date Order set a Governmental Unit Bar Date for Governmental Units to, among other things, file Priority Tax Claims. The Debtors believe that Cash on hand far exceeds the estimated levels of Allowed Administrative Claims and Allowed Priority Tax Claims. However, because the bar dates for such claims have not yet expired, there can be no assurances that they are correct. If unexpected, significant Administrative Claims and Priority Tax Claims are asserted and ultimately Allowed, the Debtors might not have sufficient Cash to pay all such claims, therefore making the Plan lack feasibility or otherwise incapable of becoming effective.

5. Parties-in-Interest May Object to the Debtors’ Classification of Claims and Equity Interests

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests in such class. The Debtors believe that the classification of Claims and Equity Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because the Debtors created four Classes of Claims and Equity Interests, each encompassing Claims or Equity Interests, as applicable, that are substantially similar to the other Claims and Equity Interests in each such Class. Nevertheless, there can be no assurance the Bankruptcy Court will reach the same conclusion.

6. Risk of Non-Occurrence of the Effective Date

Although the Debtors believe that the Effective Date may occur quickly after the Confirmation Date, there can be no assurance as to such timing, or as to whether the Effective Date will, in fact, occur.

B. Risk Factors that may Affect Distributions under the Plan

The estimates of Allowed Claims and recoveries for Holders of Allowed Claims set forth in this Disclosure Statement are based on various assumptions. Should one or more of the underlying assumptions ultimately prove to be incorrect, the actual Allowed amounts of Claims may vary significantly from the estimated Claims contained in this Disclosure Statement. Moreover, the Debtors cannot determine with any certainty at this time the number or amount of Claims that will ultimately be Allowed. Such differences may materially and adversely affect, among other things, the recoveries to Holders of Allowed General Unsecured Claims under the Plan. Below is a description of a number of significant contingencies that could have a material

impact on the recoveries that holders of Allowed General Unsecured Claims will receive under the Plan.

1. Debtors May Object to the Amount or Classification of a Claim

Except as otherwise provided in the Plan, the Debtors reserve the right to object to the amount or classification of any Claim under the Plan. The estimates set forth in this Disclosure Statement cannot be relied on by any holder of a Claim where such Claim is subject to an objection. Any holder of a Claim that is subject to an objection thus may not receive its expected share of the estimated Distributions described in this Disclosure Statement.

2. Potential Priority Claims of Former Employees

At the Closing, the Debtors terminated all but a handful of their workforce. Many of the Debtors' former employees received offers of employment with the Buyer, such that they may not be deemed to have experienced an employment loss. Regardless, some of the Debtors' now-former employees may be entitled to, and have not received, severance payments under the terms of their respective employee contracts. According to the claims register (which the Debtors are still analyzing), such amounts could be in excess of \$7.0 million. Pursuant to section 507(a)(4) of the Bankruptcy Code, to the extent the obligation to pay any such amounts arose in the 180 days leading up to the Petition Date, such payments may be entitled to priority up to \$12,850.00 per employee claim. Moreover, the Debtors have asked the Court for, and received, approval to pay qualifying employees up to \$12,850 in severance, regardless of the period during which payment rights accrued under relevant employment agreements. Because any such priority amounts are required to be paid in full prior to any payment being made to the holders of Allowed General Unsecured Claims, the Allowed amount of such claims entitled to priority treatment under section 507(a)(4) of the Bankruptcy Code (which have not yet been determined) may have a material impact on the amount of funds that are available for Distribution to the Holders of Allowed General Unsecured Claims.

3. Substantial Disputed or Unliquidated Claims

There are numerous other large disputed or unliquidated proofs of Claim, the resolution of which could affect the level of Distributions to creditors. By way of example only, the New England Teamsters & Trucking Industry Pension Fund ("**NETTIPF**") has Filed a \$30,807,600 proof of Claim in each of the Debtors' Chapter 11 Cases. The allowed value of the claim will be based on an actuarial valuation of amounts due to NETTIPF beneficiaries over time. The Debtors have not yet concluded their own actuarial valuation, but even a slight difference in actuarial calculations could result in a significant alteration to the value of the NETTIPF Claim. In the event that the Debtors were to dispute the NETTIPF Claim, any material alteration to the claim prior to allowance may have a material impact on the amount of funds that are available for Distribution to the Holders of Allowed General Unsecured Claims. For the avoidance of doubt, this example should not be construed in any way as supporting an objection to the NETTIPF Claim or otherwise indicating the Debtors' intent to object to such Claim.

4. **Potential Tax Refund**

The Debtors believe that they are entitled to a tax refund, but the amount and timing of any such refund cannot be stated with certainty.

C. Disclosure Statement Disclaimer

1. **Information Contained Herein is for Soliciting Votes**

The information contained in this Disclosure Statement is for the purposes of soliciting acceptances of the Plan and may not be relied upon for any other purposes.

2. **No Legal or Tax Advice is Provided to You by this Disclosure Statement**

This Disclosure Statement is not legal advice to you. The contents of this Disclosure Statement should not be construed as legal, business, or tax advice. Each holder of a Claim or an Equity Interest should consult his or her own legal counsel and accountant with regard to any legal, tax, and other matters concerning his or her Claim or Equity Interest. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan or object to confirmation of the Plan.

3. **No Admissions Made**

The information and statements contained in this Disclosure Statement will neither (a) constitute an admission of any fact or liability by any Entity (including, without limitation, the Debtors) nor (b) be deemed evidence of the tax or other legal effects of the Plan on the Debtors, holders of Allowed Claims or Equity Interests, or any other parties-in-interest.

4. **Failure to Identify Claims, Litigation Claims or Projected Objections**

No reliance should be placed on the fact that a particular Claim, litigation Claim or projected objection to a particular Claim is, or is not, identified in this Disclosure Statement. The Debtors and/or Reorganized Debtors may seek to investigate Claims, File and prosecute objections to Claims, and/or bring Causes of Action irrespective of whether the Disclosure Statement identifies such Claims, Causes of Action, or objections to Claims.

5. **No Waiver of Right to Object or Right to Recover Transfers and Assets**

The vote by a holder of an Allowed Claim for or against the Plan does not constitute a waiver or release of any Claims or rights of the Debtors or the Reorganized Debtors to object to that holder's Allowed Claim, or to bring Causes of Action, or recover any preferential, fraudulent, or other voidable transfer of assets, regardless of whether any Claims or Causes of Action of the Debtors or their respective Estates are specifically or generally identified herein.

6. **Information was Provided by the Debtors and was Relied upon by the Debtors' Advisors**

Counsel to and other advisors retained by the Debtors have relied upon information provided by the Debtors in connection with the preparation of this Disclosure Statement. Although counsel to and other advisors retained by the Debtors have performed certain limited due diligence in connection with the preparation of this Disclosure Statement, they have not verified independently the information contained herein.

7. **Potential Exists for Inaccuracies, and the Debtors have no Duty to Update**

The Debtors make the statements contained in this Disclosure Statement as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has not been a change in the information set forth herein since that date. While the Debtors have used their reasonable business judgment to ensure the accuracy of all of the information provided in this Disclosure Statement and in the Plan, the Debtors nonetheless cannot, and do not, confirm the current accuracy of all statements appearing in this Disclosure Statement. Further, although the Debtors may subsequently update the information in this Disclosure Statement, the Debtors have no affirmative duty to do so unless ordered to do so by the Bankruptcy Court.

VIII. SOLICITATION AND VOTING PROCEDURES

On [●], 2018, the Bankruptcy Court entered the Disclosure Statement Order approving the adequacy of the Disclosure Statement and approving certain procedures for the solicitation and tabulation of votes on the Plan (the “**Solicitation Procedures**”). In addition to approving the Solicitation Procedures, the Disclosure Statement Order established certain dates and deadlines, including the date of the hearing on confirmation of the Plan (the “**Confirmation Hearing**”), the deadline for parties to object to confirmation (the “**Plan Objection Deadline**”), the record date for purposes of determining which creditors are entitled to receive Solicitation Packages and, where applicable, vote on the Plan (the “**Voting Record Date**”), and the date by which ballots must be properly executed, completed, and delivered to Epiq Bankruptcy Solutions, LLC (the “**Voting Agent**”) to be counted as votes to accept or reject the Plan (the “**Voting Deadline**”). The Disclosure Statement Order also approved the form of ballot and certain confirmation-related notices. The Disclosure Statement Order and the Solicitation Procedures should be read in conjunction with the Disclosure Statement.

The discussion of the Solicitation Procedures herein is qualified in its entirety by the actual terms of the Solicitation Procedures that are set forth in the Disclosure Statement Order.

1. **Distribution of the Solicitation Materials**

Pursuant to the Disclosure Statement Order, holders of Claims in Classes 1, 2, 5, and 6, which are entitled to vote on the Plan, will receive the following (collectively, the **“Solicitation Package”**):

- A disc containing the Disclosure Statement, the Plan and the Disclosure Statement Order in PDF format;
- a notice containing, among other things, the Voting Deadline, the date and time of the Confirmation Hearing and the Plan Objection Deadline (the **“Confirmation Hearing Notice”**); and
- a ballot.

In addition, the Debtors will cause all of the materials in the Solicitation Package (except ballots): to be served on: (i) the U.S. Trustee; (ii) the Internal Revenue Service; and (iii) all Entities requesting notice pursuant to Bankruptcy Rule 2002 as of the Voting Record Date.

Finally, the Debtors will cause the Confirmation Hearing Notice to be served on: (i) state and local taxing authorities in which the Debtors did business, (ii) holders of Claims or Equity Interests that are not entitled to vote on the Plan; (iii) all counterparties to executory contracts and leases with the Debtors; and (iv) all persons or entities listed on the Debtors’ creditor mailing matrix.

2. **Voting Instructions and General Tabulation Procedures**

a. **Voting Record Dates**

The Bankruptcy Court has approved May 15, 2018, as the Voting Record Date. Only holders of Claims in Classes 1, 2, 5, and 6 as of the Voting Record Date are eligible to vote on the Plan.

b. **Voting Deadline**

The Bankruptcy Court has approved June 12, 2018 at 4:00 p.m. (prevailing Pacific Time), as the Voting Deadline. The Debtors may extend the Voting Deadline in accordance with the Disclosure Statement Order.

Subject to the tabulation procedures approved by the Disclosure Statement Order, any ballot that is timely and properly submitted will be counted and will be deemed to be cast as an acceptance, rejection or abstention, as the case may be, of the Plan.

FOR ANSWERS TO ANY QUESTIONS REGARDING THE SOLICITATION PROCEDURES, INCLUDING COMPLETING AND SUBMITTING A

BALLOT, PARTIES SUBMIT INQUIRIES EPIQ BANKRUPTCY SOLUTIONS, LLC, THE VOTING AGENT, AT <http://dm.epiq11.com/#/case/HER/info>.

To obtain an additional copy of the Plan, the Disclosure Statement, the Plan Supplement, or other Solicitation Package materials (except ballots), please refer to the Debtors' notice website at <http://dm.epiq11.com/#/case/HER/info> or request a copy from Epiq, by writing to HMH Media, Inc., c/o Epiq Bankruptcy Solutions, LLC, P.O. Box 4419, Beaverton, OR 97076-4419.

IX. CONCLUSION

THE DEBTORS BELIEVE THAT THE PLAN COMPLIES IN ALL RESPECTS WITH CHAPTER 11 OF THE BANKRUPTCY CODE.

THE DEBTORS RECOMMEND THAT THE HOLDERS OF CLAIMS IN CLASS 1, CLASS 2, CLASS 5 AND CLASS 6 VOTE TO ACCEPT THE PLAN.

[SIGNATURES FOLLOW]

Dated: May 14, 2018
Boston, Massachusetts

HMH MEDIA, INC.

By: /s/ Patrick J. Purcell
PATRICK J. PURCELL, PRESIDENT

HM MEDIA, INC.

By: /s/ Patrick J. Purcell
PATRICK J. PURCELL, PRESIDENT

BH MEDIA, INC.

By: /s/ Patrick J. Purcell
PATRICK J. PURCELL, PRESIDENT

HIA MEDIA, INC.

By: /s/ Patrick J. Purcell
PATRICK J. PURCELL, PRESIDENT

EXHIBIT A

PLAN

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

In re:

HMH MEDIA, INC., *et al.*,

Debtors.¹

Chapter 11

Case No. 17-12881 (LSS)

(Jointly Administered)

**DEBTORS' SECOND AMENDED PLAN OF LIQUIDATION UNDER CHAPTER 11 OF THE
BANKRUPTCY CODE**

BROWN RUDNICK LLP

William R. Baldiga (admitted *pro hac vice*)

Sunni P. Beville (admitted *pro hac vice*)

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--and--

MORRIS NICHOLS ARSHT & TUNNELL LLP

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Wilmington, DE 19801

Telephone: (302) 658-9200

Co-Counsel to the Debtors and Debtors-in-Possession

Dated: May 14, 2018

Boston, Massachusetts

¹ The Debtors in these Chapter 11 Cases and the last four digits of each Debtor's taxpayer identification number are as follows: HMH Media, Inc. (5048); HM Media, Inc. (1468); BH Media, Inc. (5341) and HIA Media, Inc. (2359).

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² Additional exhibits to this Plan may be included with the Plan Supplement, which will be Filed in substantially final form with the Bankruptcy Court no later than ten (10) calendar days prior to the deadline to vote to accept or reject the Plan. The Plan Supplement shall be available for inspection (i) at the Office of the Clerk of the Bankruptcy Court, or (ii) at <http://www.pacer.gov>, or (iii) from the Noticing Agent website at <http://dm.epiq11.com/#/case/HER/info>, or (iv) additionally, interested parties can obtain copies by contacting Debtors' counsel once they are filed. The Debtors, in consultation with the Consultation Parties, reserve the right to modify, amend, supplement, restate or withdraw the Plan Supplement after it is Filed.

DEBTORS' PLAN OF LIQUIDATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

Pursuant to title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.*, the Debtors, as plan proponents, hereby respectfully propose the following plan of liquidation under chapter 11 of the Bankruptcy Code.

ARTICLE I.

DEFINED TERMS AND RULES OF INTERPRETATION

A. *Defined Terms*

Unless the context otherwise requires, the following terms shall have the following meanings when used in capitalized form herein:

1. “*Administrative Bar Date*” means the date determined pursuant to Article IV.E of the Plan.
2. “*Administrative Claims*” means Claims that have been timely filed before the Administrative Bar Date, pursuant to the deadline and procedure set forth herein (except as otherwise provided herein or by a separate order of the Bankruptcy Court), for costs and expenses of administration under Sections 503(b), 507(b) or 1114(e)(2) of the Bankruptcy Code, including, without limitation: (a) the actual and necessary costs and expenses incurred after the Petition Date and prior to the Effective Date of preserving the Estates and operating the businesses of the Debtors and Reorganized Debtors (such as wages, salaries or commissions for services and payments for goods and other services); and (b) all fees and charges assessed against the Estates under 28 U.S.C. § 1930; *provided, however*, that the U.S. Trustee shall not be required to file a request for payment of fees and charges assessed against the Estates under 28 U.S.C. § 1930 before the Administrative Bar Date; *provided, further*, that all requests of Governmental Units for payment of Administrative Tax Claims shall not be subject to the Administrative Bar Date. As used herein, the term “Administrative Claims” shall exclude Professional Compensation Claims.
3. “*Administrative Tax Claims*” means Administrative Claims by a Governmental Unit for taxes under Section 503(b)(1)(B), (C) or (D) (and for interest and/or penalties related to such taxes) for any tax year or period, all or any portion of which occurs or falls within the period from and including the Petition Date through and including the Effective Date.
4. “*Affiliate*” has the meaning set forth in Section 101(2) of the Bankruptcy Code.
5. “*AIG*” means, collectively, AIG Specialty Insurance Company, American Home Assurance Company, The Insurance Company of the State of Pennsylvania, National Union Fire Insurance Company of Pittsburgh, Pa., and certain other entities related to AIG Property Casualty Inc. that provide or provided insurance, insurance services and/or surety bonds to the Debtors as described in the AIG Claims. For notice and payment purposes, AIG means Nat. Union Fire Ins. Co. of Pittsburgh, Pa., c/o AIG Property Casualty, Inc., Attn: Kevin J. Lerner, 80 Pine Street, 13th Floor, New York, NY 10005.
6. “*AIG Insurance Policies*” means workers compensation insurance policy nos. 00003171317, 00000170911, 00001163258, 00001362598, 00003471151, 00003474781, 00003474782, 00005275125, 00005275126, 00005277104, 00005211837, 00005279366, 00005213094, 00006610041, and 00002118010 issued by AIG to the Debtors.
7. “*AIG Remainder Claim*” means the amount remaining, if any, after satisfaction of the AIG Claims pursuant to the treatment specified in Article III.B.2.v. For the avoidance of doubt, the AIG Remainder Claim is a General Unsecured Claim and is not a Secured Claim.
8. “*AIG Claims*” means the Secured Claims of AIG, Claim Nos. 10003-10008 in the Chapter 11 Cases, as such AIG Claims may be amended, modified, altered, superseded, or consolidated.

9. “*AIG Insurance Program*” means the certain insurance coverages provided to the Debtors and other non-Debtor insured parties by AIG and identified at paragraph 2 of the addendum to AIG Claim No. 10005, including, without limitation, auto liability, commercial umbrella liability, D&O Insurance Policies, fidelity, group accident and health, AIG Insurance Policies or other workers compensation, and other services pursuant to various insurance policies and other agreements. For the avoidance of doubt, the term “AIG Insurance Program” is intended to include all such coverages and services and all obligations of AIG forming the basis for the AIG Claims.

10. “*Allowed*” means, with respect to any Claim, except as otherwise provided herein: (a) a Claim that has been scheduled by the Debtors in their Schedules as other than disputed, contingent or unliquidated; (b) a proof of Claim that has been filed and as to which the Debtors, the Reorganized Debtors, or other parties-in-interest have not Filed an objection by the applicable Claims Objection Bar Date; (c) a Claim that either is not Disputed or has been allowed by a Final Order; (d) a Claim that is allowed: (i) in any stipulation with the Debtors or the Reorganized Debtors, as applicable, of amount and nature executed prior to or following the entry of the Confirmation Order and, if necessary, approved by the Bankruptcy Court; or (ii) in or pursuant to any contract, instrument, indenture or other agreement entered into or assumed in connection herewith; (e) a Claim that is allowed pursuant to the terms hereof; (f) a Claim that is estimated pursuant to Section 502(c) of the Bankruptcy Code, unless otherwise and explicitly provided by order of the Bankruptcy Court; or (g) a Disputed Claim as to which a proof of Claim has been timely Filed and as to which no objection has been Filed by the Claims Objection Bar Date.

11. “*Asset Purchase Agreement*” means that certain *Asset Purchase Agreement* dated as of February 13, 2018, made by and among the Debtors, the Purchaser, and the Guarantor, as amended (including ancillary documents).

12. “*Avoidance Actions*” means any and all avoidance, recovery, subordination or other actions or remedies that may be brought on behalf of the Debtors or the Reorganized Debtors or their Estates under the Bankruptcy Code or applicable non-bankruptcy law, including, without limitation, actions or remedies under Sections 510, 542, 543, 544, 545, 547, 548, 549, 550, 551, 552, and 553 of the Bankruptcy Code.

13. “*Bank Secured Claim*” means the Secured Claim of Citizens Bank, N.A., Claim No. 131 in Case No. 17-12882 (LSS), as such Bank Secured Claim may be amended, modified, altered, or superseded.

14. “*Bankruptcy Code*” means title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.*, as amended from time to time.

15. “*Bankruptcy Court*” means the United States Bankruptcy Court for the District of Delaware.

16. “*Bankruptcy Rules*” means the Federal Rules of Bankruptcy Procedure, the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware, and general orders and chambers procedures of the Bankruptcy Court, each as applicable to the Chapter 11 Cases and as amended from time to time.

17. “*Business Day*” means any day, other than a Saturday, Sunday or “legal holiday” (as that term is defined in Fed. R. Bankr. P. 9006(a)).

18. “*Cash*” means legal tender of the United States of America or the equivalent thereof.

19. “*Causes of Action*” means all claims, actions, causes of action, choses in action, Avoidance Actions, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, remedies, rights of set-off, third-party claims, subrogation claims, contribution claims, reimbursement claims, indemnity claims, counterclaims and crossclaims that are or may be pending on the Effective or instituted after the Effective Date against any Entity, based in law or equity, whether direct, indirect, derivative or otherwise and whether asserted or unasserted as of the Effective Date.

20. “*Chapter 11 Cases*” means the chapter 11 cases commenced when the Debtors each filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code on the Petition Date, which are jointly administered under case number 17-12881 (LSS).

21. “*Claim*” means a “claim” (as that term is defined in Section 101(5) of the Bankruptcy Code) against a Debtor.

22. “*Claims Objection Bar Date*” means the bar date for objecting to proofs of claim, which shall be one-hundred eighty (180) days after the Effective Date; *provided, however*, that the Reorganized Debtors may seek by motion additional extensions of this date from the Bankruptcy Court.

23. “*Claims Register*” means the official claims registers in the Debtors’ Chapter 11 Cases maintained by the Noticing Agent on behalf of the Clerk of the Bankruptcy Court.

24. “*Class*” means a category of holders of Claims or Equity Interests as set forth in Article III hereof pursuant to Section 1122(a) of the Bankruptcy Code.

25. “*Confirmation Date*” means the date on which the Confirmation Order is entered by the Bankruptcy Court.

26. “*Confirmation Order*” means the order of the Bankruptcy Court confirming the Plan pursuant to Section 1129 of the Bankruptcy Code.

27. “*Consultation Parties*” means, in each case collectively, and unless otherwise agreed to by any such Consultation Party via counsel of record in these Chapter 11 Cases, (a) the Communications Workers of America, The Newspaper Guild of Greater Boston, Local 31032, New York Typographical Union, Local 14156, The Newspaper Guild International Pension Fund, The Newspaper Guild International Pension Plan, and TNG-CWA Adjustable Pension Plan; (b) the CWA/ITU Negotiated Pension Plan; (c) Teamsters Local Union No. 25 and the New England Teamsters and Trucking Industry Pension Fund; and (d) the Boston Globe.

28. “*Content Cause of Action*” means any Cause of Action against any of the Debtors’ current or former employees, writers, editors, publishers, or independent contractors that wrote, contributed to, approved, or played any role whatsoever in the publication of content of any kind in connection with the publication (in any manner) by any of the Debtors of any news, editorial, commentary, advertisement, or other content of any type, including without limitation any defamation or related Cause of Action alleging gross negligence, recklessness or willful misconduct.

29. “*D&O Insurance Policies*” means all primary and excess insurance policies that provide coverage for liability related to the actions or omissions of the Debtors’ directors and officers, and, if applicable, “tail” or “runoff” coverage for such policies, including without limitation the policy provided by AIG under insurance policy no. 00015844563.

30. “*Debtors*” or “*Debtors in Possession*” means, collectively, the above-captioned debtors and debtors in possession specifically identified on the cover page to this Plan and as defined in footnote 1 above.

31. “*Debtor Boards of Directors*” means those individuals appointed in accordance with the Debtor Organizational Documents to serve as members of the respective boards of directors for each of the Debtors.

32. “*Debtor Organizational Documents*” means the applicable bylaws, charter documents, certificates of incorporation, and related documents regarding the corporate existence and governance of the Debtors.

33. “*Debtor Privilege*” means any attorney-client privilege, work product protection, joint interest privilege or other privilege or immunity attaching to any documents or communications (in any form, including, without limitation, written, electronic or oral) held by the Debtors.

34. “*Disclosure Statement Order*” means the order approving the Disclosure Statement, which was entered by the Bankruptcy Court on _____ [D.I. ____].

35. “*Disclosure Statement*” means the *Disclosure Statement for the Debtors’ Plan of Liquidation Under Chapter 11 of the Bankruptcy Code*, dated as of _____, prepared and distributed in accordance with the Bankruptcy Code, Bankruptcy Rules and any other applicable law, and approved by the Bankruptcy Court in the Disclosure Statement Order, as it is amended, supplemented or modified from time to time.

36. “*Disputed*” means, with respect to any Claim, any Claim: (a) listed on the Schedules as unliquidated, disputed or contingent, unless a proof of Claim has been timely filed; (b) as to which the Debtors or the Reorganized Debtors have interposed a timely objection or request for estimation in accordance with the Bankruptcy Code and the Bankruptcy Rules; or (c) as otherwise disputed by the Debtors or the Reorganized Debtors in accordance with applicable law, which objection, request for estimation or dispute has not been withdrawn or determined by a Final Order.

37. “*Distributions*” means the distributions of Cash to be made in accordance with the Plan.

38. “*Distribution Date*” means the Initial Distribution Date and any Subsequent Distribution Date.

39. “*Effective Date*” means the date established pursuant to Article VIII.B of the Plan.

40. “*Entity*” has the meaning set forth in Section 101(15) of the Bankruptcy Code.

41. “*Equity Interest*” means any equity interest in a Debtor that existed immediately prior to the Petition Date, including, without limitation: (a) any common equity interest in a Debtor that existed immediately prior to the Petition Date, including, without limitation, all issued, unissued, authorized or outstanding shares of common stock, together with any warrants, options or legal, contractual or equitable rights to purchase or acquire such interests at any time; (b) any preferred equity interest in a Debtor that existed immediately prior to the Petition Date, including, without limitation, all issued, unissued, authorized or outstanding shares of preferred stock; and, as to any of the foregoing, (c) any warrants, options or legal, contractual or equitable rights to purchase or acquire such interests.

42. “*Estate*” means the estate of each Debtor created on the Petition Date by Section 541 of the Bankruptcy Code.

43. “*Exculpated Parties*” means, collectively, the Debtors, the Debtors’ officers and directors, and the Debtors’ professionals retained under Section 327 of the Bankruptcy Code (each in their capacities as such) that served in such capacities at any time between the Petition Date and the Effective Date.

44. “*File*” or “*Filed*” means, with respect to any pleading, entered on the docket of the Chapter 11 Cases and properly served in accordance with the Bankruptcy Rules.

45. “*Final Certification*” means a Filing by the Reorganized Debtor with the Bankruptcy Court (a) certifying that all distributions on Allowed Claims have been made, and (b) certifying that the Reorganized Debtors’ duties have all been completed.

46. “*Final Order*” means an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction with respect to the subject matter, which has not been reversed, stayed, modified or amended, and as to which the time to appeal, petition for certiorari or move for reargument or rehearing has expired and no appeal or petition for certiorari has been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been or may be filed has been resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought or has otherwise been dismissed with prejudice.

47. “*General Bar Date Order*” means the *Order (I) Establishing Bar Dates for Filing Proofs of Claim, (II) Approving Proof of Claim Form, Bar Date Notices, and Mailing Procedures; (III) Implementing Uniform Procedures Regarding 503(b)(9) Claims; and (IV) Providing Certain Supplemental Relief*, entered by the Bankruptcy Court on January 26, 2018 [D.I. 201].

48. “*General Bar Date*” means March 2, 2018 at 4:00 p.m. (Prevailing Eastern Time), as established in the General Bar Date Order.

49. “*General Unsecured Claims*” means Claims against any Debtor that are not Secured Claims, Administrative Claims, Priority Claims, Intercompany Claims, Severance Claims, or Equity Interests.

50. “*Governmental Unit Bar Date*” means June 6, 2018 at 4:00 p.m. (Prevailing Eastern Time), as established in the General Bar Date Order for each and every Governmental Unit.

51. “*Governmental Unit*” has the meaning set forth in Section 101(27) of the Bankruptcy Code.
52. “*Guarantor*” means MediaNews Group, Inc.
53. “*Guild Plan*” means the Boston Herald, Inc. Guild Retirement Plan, as described and governed by the 2016 Amendment and Restatement of such Guild Plan.
54. “*Guild Plan Administrator*” means the Plan Administrator of the Guild Plan.
55. “*Guild Plan Retirement Board*” means the Retirement Board of the Guild Plan.
56. “*Holders*” means holders of Allowed Claims entitled to receive Distributions from the Reorganized Debtors under the Plan, whether or not such Claims were Allowed Claims on the Effective Date.
57. “*Impaired*” means, with respect to a Claim, Equity Interest, or Class of Claims or Equity Interests, “impaired” within the meaning of Sections 1123(a)(4) and 1124 of the Bankruptcy Code.
58. “*Independent Director*” means Stephen S. Gray, in his capacity as an independent member of the Debtor Boards of Directors and Reorganized Debtor Boards pursuant to the terms of his appointment and the *Order Approving Motion of Debtors and Debtors in Possession for Order Authorizing Entry Into Agreement Appointing an Independent Director* [D.I. ___].
59. “*Initial Distribution Date*” means the date on which the Reorganized Debtors shall make their initial Distribution, which shall be a date selected by the Reorganized Debtors.
60. “*Insider*” means an “insider” (as that term is defined in Section 101(31) of the Bankruptcy Code) of a Debtor.
61. “*Insider Claims*” means (1) any and all Claims asserted against the Debtors by Insiders, and (2) any Causes of Action held by the Debtors and their Estates against Insiders.
62. “*Intercompany Claims*” means Claims held by a Debtor against another Debtor.
63. “*Intercompany Interest*” means any Equity Interest of a Debtor that is held by another Debtor, including (a) all issued, unissued, authorized or outstanding shares of stock together with any warrants, options or contractual rights to purchase or acquire such Equity Interests at any time and all rights arising with respect thereto and (b) partnership, limited liability company or similar interests in a Debtor.
64. “*Letter of Credit*” means that certain Irrevocable Transferable Standby Letter of Credit Number S907926 dated January 10, 2011, as amended.
65. “*Letter of Credit Arrangement*” means the letter of credit arrangement between Citizens Bank, N.A. and Debtor Herald Media, Inc. as evidenced by the Letter of Credit Documents.
66. “*Letter of Credit Documents*” means (i) that certain Application and Agreement for Standby Letter of Credit dated December 12, 2010 executed and delivered by Debtor Herald Media, Inc. to Citizens Bank, N.A.; (ii) that certain Pledge Agreement dated as of June 16, 2016 by and between Citizens and Debtor Herald Media, Inc.; and (iii) the Letter of Credit; as such documents may be altered, amended, modified, supplemented, or extended from time to time.
67. “*Letter of Credit Events of Default*” means any Event of Default as defined within any of the Letter of Credit Documents.
68. “*Letter of Credit Expiration Date*” means the earliest of (x) December 31, 2019; or (y) the provision of notice of termination by the Reorganized Debtors; or (z) the date of Filing of the Final Certification.
69. “*Noticing Agent*” means Epiq Bankruptcy Solutions, LLC

70. “*Other Secured Claim*” means any Secured Claim that is not the Bank Secured Claim or AIG Claims.

71. “*Parent*” means Debtor Herald Media Holdings, Inc., as may be re-named from time to time.

72. “*Petition Date*” means December 8, 2017, the date on which the Debtors Filed the Chapter 11 Cases.

73. “*Plan*” means this plan of liquidation under chapter 11 of the Bankruptcy Code, either in its present form or as it may be altered, amended, modified or supplemented from time to time in accordance with the Bankruptcy Code, the Bankruptcy Rules or herewith, as the case may be, and the Plan Supplement, which is incorporated herein by reference.

74. “*Plan Supplement*” means the compilation of documents and forms of documents, schedules and exhibits to the Plan, as the same may be altered, amended, modified, or supplemented from time to time.

75. “*Priority Claims*” means Priority Non-Tax Claims, Priority Tax Claims, and all Severance Claims excluding Severance Remainder Claims.

76. “*Priority Non-Tax Claims*” means Claims or portions thereof entitled to priority in payment pursuant to the Wage Order or Sections 507(a)(4), 507(a)(5), 507(a)(7) or 507(a)(9) of the Bankruptcy Code, in any case to the greatest extent permitted, but excluding Severance Claims.

77. “*Priority Tax Claims*” means Claims of Governmental Units of the kind specified in Section 507(a)(8) of the Bankruptcy Code.

78. “*Pro Rata*” means the ratio of the amount of an Allowed Claim in a particular Class to the aggregate amount of all Allowed Claims in such Class.

79. “*Professional*” means (a) any Entity employed pursuant to a Final Order in accordance with Sections 327, 328, or 1103 of the Bankruptcy Code, and to be compensated for services rendered and expenses incurred pursuant to Sections 327, 328, 329, 330, or 331 of the Bankruptcy Code; and (b) ordinary course Professionals that were retained pursuant to the *Order Authorizing the Retention and Employment of Professionals Used in the Ordinary Course of Business Nunc Pro Tunc to the Petition Date* [D.I. 138].

80. “*Professional Compensation Claim*” means a Claim of a Professional for professional services rendered or costs incurred on or after the Petition Date. For the avoidance of doubt, Professional Compensation Claims may include Claims of Professionals for services estimated to be provided through and including the Effective Date.

81. “*Professional Claims Bar Date*” means 5:00 p.m. (Prevailing Eastern Time) on the date that is the first Business Day after the date that is forty-five (45) days after the Effective Date.

82. “*PTO Cash Payment*” means the amount earmarked for the payment of amounts due to the Debtors’ employees in respect of allowed claims for accrued severance and paid time off as described in the *Debtors’ Motion to Administer Settlement Distributions* [D.I. 268] and authorized by the Court with the *Order Approving Debtors’ Motion to Administer Settlement Distributions* [D.I. 293].

83. “*PTO Cash Payment Remainder*” means the amount of the PTO Cash Payment remaining after satisfaction of total accrued paid time off owed by the Debtors to their employees from the PTO Cash Payment.

84. “*Purchaser*” means MNG-BH Acquisition LLC.

85. “*Ratable Proportion*” means, with reference to any Distribution on account of any Allowed Claim in any Class, the ratio (expressed as a percentage) that the amount of the Allowed Claim bears to the aggregate amount of all Allowed and Disputed Claims in that Class.

86. “*Record Date*” means the record date for determining the entitlement of Holders to receive Distributions under the Plan on account of Allowed Claims. The Record Date shall be, with respect to any Distribution Date, the date that is one (1) month prior to such Distribution Date.

87. “*Related Parties*” means, with respect to any party, its affiliates, its and its affiliates’ predecessors, successors and assigns, subsidiaries, managed accounts or funds, current and former directors, principals, managers, officers, and equity interest holders (whether such interests are held directly or indirectly), equity interest holders’ spouses, trusts, assigns, heirs, beneficiaries, members, partners, current and former employees, advisors, accountants, representatives, attorneys, and other professionals, each in their capacity as such.

88. “*Released Claims*” means any and all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities whatsoever in connection with or in any way relating to the Debtors, the Debtors’ Representatives and Related Parties (in their capacity as such), the conduct of the Debtors’ businesses, the Chapter 11 Cases, the Disclosure Statement or the Plan (other than the rights of the Debtors, or a creditor holding an Allowed Claim to enforce the obligations under the Confirmation Order and the Plan and the contracts, instruments, releases, and other agreements or documents delivered thereunder), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise, whether for tort, contract, violation of federal or state securities or other law, that are based in whole or part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date. For the avoidance of doubt, the Released Claims shall not include any Causes of Action held by the Debtors or their Estates.

89. “*Released Parties*” means, collectively, the Debtors and the current and former Representatives and Related Parties of each of the Debtors (each in their capacities as such).

90. “*Releasing Parties*” means each holder of a Claim or Equity Interest who is entitled to vote to accept or reject the Plan, if such holder fails to “opt out” of the releases provided by the Plan by (i) duly marking its ballot(s) to indicate such holder’s refusal to grant the releases provided in Article IX.B (whether such holder votes to accept or reject the Plan or abstains from voting), and (ii) timely submitting such completed ballot. For the avoidance of doubt, the Debtors and their Estates are not Releasing Parties.

91. “*Reorganized Debtor Administrative and Priority Claims Reserve*” means the reserve to be established and maintained by the Reorganized Debtors and funded with such Cash, as determined and provided by the Debtors before the Effective Date, for the payment of accrued but unpaid U.S. Trustee Fees and Administrative, Priority, and Professional Compensation Claims that are Allowed after the Effective Date to the extent that such Claims have not been paid in full on or before the Effective Date.

92. “*Reorganized Debtor Assets*” means all assets and properties of every kind, nature, character and description (whether real, personal, or mixed, whether tangible and intangible, including contract rights, wherever situated and by whomever possessed), operated, owned or leased by the Debtors as of the Effective Date and that constitute property of the Estate within the purview of Bankruptcy Code Section 541 including, without limitation, (a) all Cash on hand; (b) all proceeds of the Sale; (c) all rights under (i) the Asset Purchase Agreement and payments owing to the Debtors thereunder, (ii) the Sale Order, and (iii) any other order of the Bankruptcy Court; (d) all Retained Causes of Action; (e) all tax refunds; (f) all assets not sold pursuant to the Asset Purchase Agreement; (g) all Debtor Privileges; and (h) all of the Debtors’ books and records.

93. “*Reorganized Debtor Boards*” means, for each Debtor, the Debtor Boards of Directors, on and after the Effective Date.

94. “*Reorganized Debtor Disputed Claims Reserve*” means the reserve fund created pursuant to Article V.B.1 of the Plan.

95. “*Reorganized Debtor Expenses*” means the overhead and other operating expenses of the Reorganized Debtors, including, but not limited to, the fees and expenses of the Reorganized Debtors and the reasonable fees and expenses of professionals retained by the Reorganized Debtors.

96. “*Reorganized Debtor Operational Reserve*” means the reserve established by the Reorganized Debtors to hold the amount of Cash or other Reorganized Debtor Assets deemed necessary to satisfy their anticipated future Reorganized Debtor Expenses.

97. “*Reorganized Debtor Fund*” means the fund to be established on the Effective Date pursuant to Article IV.B of the Plan to, among other things, hold the Reorganized Debtor Assets, less Reorganized Debtor Expenses as incurred and as reserved for in the Reorganized Debtor Operational Reserve, to be utilized for distributions on account of Allowed Claims and Allowed Interests in accordance with the terms of the Plan, less any amounts set aside in the Reorganized Debtor Disputed Claims Reserve; *provided, however*, that any surplus amounts in the Reorganized Debtor Operational Reserve and any Disputed Claims Reserve shall be applied to the Reorganized Debtor Fund.

98. “*Reorganized Debtors*” means the Debtors, on and after the Effective Date.

99. “*Representatives*” means, with regard to any Entity, its officers, managers, directors, current and former employees, advisors, attorneys, professionals, accountants, investment bankers, financial advisors, consultants and agents, each in their capacities as such. For purposes of this definition, the term “manager” shall mean the manager of a board of managers of a limited liability company.

100. “*Retained Causes of Action*” mean all Causes of Action of the Debtors, the Debtors-in-Possession, the Reorganized Debtors, other than those Causes of Action that are released, compromised or settled pursuant to Article IX hereof, including but not limited to avoidance actions under Sections 541-562 of the Bankruptcy Code, recovery of deposits and/or cash collateral, and actions for breach of contract, and all Purchased Avoidance Actions (as defined in the Asset Purchase Agreement).

101. “*Sale*” means the sale of substantially all of the Debtors’ operating assets to the Purchaser pursuant to the Asset Purchase Agreement and the Sale Order.

102. “*Sale Closing Date*” means March 19, 2018.

103. “*Sale Order*” means the Order (A) *Authorizing the Sale of Substantially All of the Debtors’ Assets Free and Clear of Liens, Claims, Encumbrances, and Other Interests*; (B) *Authorizing and Approving the Debtors’ Performance Under the Asset Purchase Agreement*; (C) *Approving the Assumption and Assignment of Certain of the Debtors’ Executory Contracts and Unexpired Leases Related Thereto*; and (D) *Granting Related Relief*, entered by the Bankruptcy Court on February 16, 2018 [D.I. 253], which approved the Sale.

104. “*Schedules*” means the schedules of assets and liabilities, schedules of executory contracts and statements of financial affairs Filed on January 8, 2018, as may be amended.

105. “*Secured Claim*” means a Claim that is secured (i) by a lien that is valid, perfected and enforceable under the Bankruptcy Code or applicable non-bankruptcy law or by reason of a Final Order; or (ii) as a result of rights of setoff under Section 553 of the Bankruptcy Code, but in any event only to the extent of the value, determined in accordance with Section 506(a) of the Bankruptcy Code, of the holder’s interest in the Estate’s interest in such property or to the extent of the amount subject to such setoff, as the case may be.

106. “*Severance Claims*” means Claims arising from the Debtors’ severance obligations to employees on account of the termination of their employment by the Debtors, whether arising under any employment agreement, collective bargaining agreement, or applicable law.

107. “*Severance Remainder Claims*” means Allowed Severance Claims to the extent such Allowed Severance Claims cannot be satisfied entirely pursuant to the treatment specified in Article III.B.5.b.i.

108. “*Subsequent Distribution Date*” means the date(s) following the Initial Distribution Date on which the Reorganized Debtors shall make one or more Distribution(s), which date(s) shall be selected by the Reorganized Debtors in their business judgment.

109. “*U.S. Trustee*” means the Office of the United States Trustee for the District of Delaware.

110. “*Unimpaired*” means, with respect to a Claim, Equity Interest, or Class of Claims or Equity Interests, not “impaired” within the meaning of Sections 1123(a)(4) and 1124 of the Bankruptcy Code.

111. “Wage Order” means the *Final Order Authorizing (I) Payment of Pre Petition Employee Wages, Salaries, and Other Compensation; (II) Reimbursement of Pre-Petition Employee Business Expenses; (III) Payment of Pre-Petition Tax and Other Withholdings to Third Parties; (IV) Contributions to Pre-Petition Employee Health and Other Benefit Programs and Continuation of Such Programs; (V) Payment of Workers’ Compensation Obligations and Other Insurance Premiums; and (B) Granting Related Relief*, entered by the Bankruptcy Court on January 5, 2018 [D.I. 139], which permits the Debtors to pay all wages, salaries, and benefits (including but not limited to severance) that arose or accrued prior to the Petition Date provided that no payments to any individual employee on account of such wages, salaries, and benefits shall exceed \$12,850 in aggregate.

B. Rules of Interpretation

1. For purposes herein: (a) in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine or neutral gender shall include the masculine, feminine and the neutral gender; (b) any reference herein to a contract, instrument, release, or other agreement or document being in a particular form or on particular terms and conditions means that the referenced document shall be substantially in that form or substantially on those terms and conditions; (c) any reference herein to an existing document or exhibit having been Filed or to be Filed shall mean that document or exhibit, as it may thereafter be amended, modified or supplemented; (d) unless otherwise specified, all references herein to “Articles” are references to Articles hereof or hereto; (e) the words “herein,” “hereof” and “hereto” refer to the Plan in its entirety rather than to a particular portion of the Plan; (f) captions and headings of Articles are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation hereof; (g) the rules of construction set forth in Section 102 of the Bankruptcy Code shall apply; and (h) any term used in capitalized form herein that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be.

2. The provisions of Fed. R. Bankr. P. 9006(a) shall apply in computing any period of time prescribed or allowed hereby.

3. All references herein to monetary figures shall refer to currency of the United States of America, unless otherwise expressly provided.

4. To the extent of any inconsistency between this Plan and the Disclosure Statement filed in connection herewith, the Plan Supplement or any component thereof, or the Debtor Organizational Documents, the Plan shall control.

C. Exhibits

All exhibits to this Plan will be included with the Plan Supplement, which will be Filed in substantially final form with the Bankruptcy Court no later than ten (10) calendar days prior to the deadline to vote to accept or reject the Plan. The Plan Supplement shall be available for inspection (i) at the Office of the Clerk of the Bankruptcy Court, or (ii) at <http://www.pacer.gov>, or (iii) from the Noticing Agent website at <http://dm.epiq11.com/#/case/HER/info>, or (iv) additionally, interested parties may also obtain a copy of the Plan Supplement (including all exhibits contained therein), once filed, from the Debtors by a written request sent to the following address:

Brown Rudnick LLP
One Financial Center
Boston, MA 02111
Attn: Carol Ennis, Paralegal

ARTICLE II.

ADMINISTRATIVE AND PRIORITY CLAIMS

A. *Administrative Claims*

Subject to the provisions of Sections 328, 330(a), and 331 of the Bankruptcy Code, the Debtors or the Reorganized Debtors, as applicable, shall pay each holder of an Allowed Administrative Claim the full unpaid amount of such Allowed Administrative Claim in Cash: (i) on the Effective Date or as soon as practicable thereafter (or, if not then due, when such Allowed Administrative Claim is due or as soon as practicable thereafter); (ii) if such Claim is Allowed after the Effective Date, on the date such Claim is Allowed or as soon as practicable thereafter (or, if not then due, when such Allowed Administrative Claim is due); (iii) at such time and upon such terms as may be agreed upon by such holder and the Debtors or the Reorganized Debtors, as applicable; or (iv) at such time and upon such terms as set forth in an order of the Bankruptcy Court; *provided, however*, that the U.S. Trustee shall not be required to file a request for payment of fees and charges assessed against the Estates under 28 U.S.C. §1930 before the applicable Administrative Bar Date; *provided, further*, that all requests of Governmental Units for payment of Administrative Tax Claims shall not be subject to the applicable Administrative Bar Date.

B. *Professional Compensation Claims*

1. The Bankruptcy Court shall fix in the Confirmation Order a deadline for filing all Professional Compensation Claims with respect to services provided prior to the Effective Date, which deadline may be extended for one or more Professionals by agreement of the Reorganized Debtors. Any Professional Compensation Claim not Filed by the Professional Compensation Claims Bar Date shall be deemed disallowed under this Plan and shall be forever barred against the Estates, the Reorganized Debtors, or any of the Reorganized Debtor Assets or property, and the holder thereof shall be enjoined from commencing or continuing any action, employment of process or act to collect, offset, recoup or recover such Claim. Subject to the provisions of Sections 328, 330(a), and 331 of the Bankruptcy Code, the Reorganized Debtors shall pay each holder of an Allowed Professional Compensation Claim the full unpaid amount of such Allowed Professional Compensation Claim in Cash no later than five (5) Business Days after the date that such Claim is Allowed by order entered by the Bankruptcy Court, notwithstanding any pending appeal or request for stay or reconsideration of such order.

2. From and after the Effective Date, (a) the Reorganized Debtors shall, in the ordinary course of business and without any further notice or application to or action, order, or approval of the Bankruptcy Court, pay in Cash the reasonable legal, professional, or other fees and expenses related to the implementation of the Plan incurred on or after the Effective Date by the Reorganized Debtors. Upon the Effective Date, any requirement that Professionals comply with sections 327 through 331, 363, and 1103 of the Bankruptcy Code and Local Bankruptcy Rules, or the any order of the Bankruptcy Court in seeking retention or compensation for services rendered after such date shall terminate, and the Reorganized Debtors may employ and pay any Professional in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Court.

C. *Priority Tax Claims*

Except to the extent that a holder of an Allowed Priority Tax Claim against a Debtor agrees to a different treatment, the Debtors or the Reorganized Debtors, as applicable, shall pay each holder of an Allowed Priority Tax Claim the full unpaid amount of such Allowed Priority Tax Claim in Cash, on the latest of (i) the Effective Date, (ii) the date such Allowed Priority Tax Claim becomes Allowed and (iii) the date such Allowed Priority Tax Claim is payable under applicable non-bankruptcy law.

ARTICLE III.**CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS****A. Summary**

1. In accordance with Section 1123(a)(1) of the Bankruptcy Code, the Debtors have not classified Administrative Claims and Priority Tax Claims, as described in Article II. Accordingly, except for Administrative Claims and Priority Tax Claims, all Claims against and Equity Interests in a particular Debtor are placed in Classes as set forth below.

2. The following table classifies Claims against and Equity Interests in each Debtor for all purposes, including voting, confirmation and Distribution pursuant hereto and pursuant to Sections 1122 and 1123(a)(1) of the Bankruptcy Code. The Plan deems a Claim or Equity Interest to be classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of such Claim or Equity Interest qualifies within the description of such different Class. A Claim or Equity Interest is in a particular Class only to the extent that any such Claim or Equity Interest is Allowed in that Class and has not been paid or otherwise settled prior to the Effective Date.

<u>Class</u>	<u>Claim</u>	<u>Status</u>	<u>Voting Rights</u>
1	Bank Secured Claim	Impaired	Entitled to Vote
2	AIG Claims	Impaired	Entitled to Vote
3	Other Secured Claims	Unimpaired	Deemed to Accept
4	Priority Non-Tax Claims	Unimpaired	Deemed to Accept
5	Severance Claims	Impaired	Entitled to Vote
6	General Unsecured Claims	Impaired	Entitled to Vote
7	Equity Interests in the Parent	Impaired	Deemed to Reject

B. Classification and Treatment of Claims and Equity Interests**1. Bank Secured Claim (Class 1)**

(a) *Classification:* Class 1 consists of the Bank Secured Claim.

(b) *Treatment:* The Bank Secured Claim shall be treated as follows:

- (i) The expiration of the Letter of Credit shall be extended to the Letter of Credit Expiration Date;
- (ii) There shall be deemed to have been waived or cured any and all Letter of Credit Events of Default that may have occurred prior to the Effective Date, including but not limited to any Letter of Credit Event of Default that may be deemed to have occurred as a result of the Debtors' insolvency and/or the filing of the Chapter 11 Cases;
- (iii) The Debtors shall pay to Citizens Bank, N.A. on the Effective Date, in consideration of the extension and waiver provided in paragraphs (i) and (ii) above, the sum of \$5,000; and
- (iv) The terms of the Letter of Credit Documents and Letter of Credit Arrangement shall remain otherwise unaltered.

(c) *Voting:* Class 1 is Impaired, and Citizens Bank, N.A. is entitled to vote to accept or reject the Plan.

2. AIG Claims (Class 2)

(a) *Classification*: Class 2 consists of the AIG Claims.

(b) *Treatment*: The AIG Claims shall be treated as follows:

(i) The Debtors shall maintain the Letter of Credit as provided in Article III.B.1 herein;

(ii) AIG shall continue to administer and make all appropriate payments in respect of the AIG Insurance Policies and shall continue to provide all insurance coverages and services that would be required by the AIG Insurance Program for the benefit of the Debtors and any non-Debtor insured parties notwithstanding the filing of these Chapter 11 Cases, and any default on any component of the AIG Insurance Program that may be deemed to have arisen under any component of the AIG Insurance Program as a result of the filing of or otherwise during these Chapter 11 Cases is deemed waived;

(iii) Beginning on the earlier of (a) October 31, 2018 or (b) the issuance by the Debtors of any notice or request for termination of the Letter of Credit, (x) the Debtors shall obtain an actuarial valuation of the Debtors' liabilities to AIG as described in the AIG Claims, (y) the Debtors and AIG shall confer to determine the fair value of such liabilities, and (z) in the event the Debtors and AIG are unable to agree on the fair value of the AIG Claims, they shall request adjudication of the value of the AIG Claims by the Bankruptcy Court;

(iv) On the later of (a) the Letter of Credit Expiration Date or (b) a date that is no more than ten (10) Business Days after the value of the AIG Claims is determined pursuant to Article III.B.2.iii above, the Debtors shall pay to AIG Cash in the amount of the AIG Claims, in an amount not to exceed \$159,119.00;

(v) Any remaining amount due in respect of the AIG Claims shall be the AIG Remainder Claim and shall be treated in accordance with Article III.B.6 below; and

(vi) The Debtors shall pay to AIG on the Effective Date, in consideration of its provision of services and good faith commitment to negotiate valuation of the AIG Claims pursuant to paragraphs (i) through (iii) above, the sum of \$5,000.

(c) *Voting*: Class 2 is Impaired, and AIG is entitled to vote to accept or reject the Plan.

3. Other Secured Claims (Class 3)

(a) *Classification*: Class 3 consists of Other Secured Claims.

(b) *Treatment*: Unless otherwise mutually agreed upon by the holder of an Allowed Other Secured Claim and the Debtors or Reorganized Debtors, as applicable, on the later of the Effective Date and the date such Other Secured Claim becomes Allowed, or as soon thereafter as is practicable, the Reorganized Debtors shall, at the Reorganized Debtors' sole and exclusive election, in full and final satisfaction of such Other Secured Claim, one of the following:

(i) Deliver to the holder of such Claim the collateral securing such Allowed Other Secured Claim;

(ii) Pay to the holder of such Claim Cash in an amount equal to the value of such collateral; or

(iii) Provide such other treatment that renders such Allowed Other Secured Claim Unimpaired.

(c) *Voting:* Class 3 is Unimpaired, and each holder of an Other Secured Claim is conclusively deemed to have accepted the Plan and, therefore, is not entitled to vote on the Plan.

4. Priority Non-Tax Claims (Class 4)

(a) *Classification:* Class 4 consists of Priority Non-Tax Claims.

(b) *Treatment:* Unless otherwise mutually agreed upon by the holder of an Allowed Priority Non-Tax Claim and the Debtors or Reorganized Debtors, as applicable, on the later of the Effective Date and the date such Allowed Priority Non-Tax Claim becomes Allowed, or as soon thereafter as is practicable but in no event later than sixty (60) days after the later of the Effective Date or the date such Allowed Priority Non-Tax Claim becomes Allowed, the Reorganized Debtors shall pay to each holder of an Allowed Priority Non-Tax Claim the full amount of such Allowed Priority Non-Tax Claim in Cash in full and final satisfaction of such Allowed Priority Non-Tax Claim.

(c) *Voting:* Class 4 is Unimpaired, and each holder of a Priority Non-Tax Claim is conclusively deemed to have accepted the Plan and, therefore, is not entitled to vote on the Plan.

5. Severance Claims (Class 5)

(a) *Classification:* Class 5 consists of Severance Claims.

(b) *Treatment:* Severance Claims shall be treated as follows:

(i) On the later of the Effective Date and the date such Allowed Severance Claim becomes Allowed, or as soon thereafter as is practicable but in no event later than sixty (60) days after the later of the Effective Date or the date such Allowed Severance Claim becomes Allowed, the Reorganized Debtors shall pay to such holder of an Allowed Severance Claim (subject to reserves for possible later distributions on account of other Severance Claims), first (A) from the PTO Cash Payment Remainder, the pro rata share of such Allowed Severance Claim of the PTO Cash Payment Remainder; and then (B) from the Reorganized Debtor Administrative and Priority Claims Reserve, the full amount of such Allowed Severance Claim, in either case and in the aggregate solely, and to the greatest permissible extent, that the Holder of such Severance Claim is entitled to payment of their respective Severance Claim pursuant to section 507(a)(4) of the Bankruptcy Code or the Wage Order; and

(ii) Any remaining amount due in respect of a Severance Claim shall be a Severance Remainder Claim and shall be treated in accordance with Article III.B.6 below.

(c) *Voting:* Class 5 is Impaired, and holders of Severance Claims are entitled to vote to accept or reject the Plan.

6. General Unsecured Claims (Class 6)

(a) *Classification:* Class 6 consists of General Unsecured Claims.

(b) *Treatment:* On or as soon as practicable after the Initial Distribution Date and/or any Subsequent Distribution Date, the Reorganized Debtors shall pay each holder of an Allowed General Unsecured Claim, in full and final satisfaction of such Allowed General Unsecured Claim, its Pro Rata share of the Reorganized Debtor Fund.

(c) *Voting:* Class 6 is Impaired, and holders of General Unsecured Claims are entitled to vote to accept or reject the Plan.

7. Equity Interests in the Parent (Class 7)

(a) *Classification*: Class 7 consists of Equity Interests in the Parent.

(b) *Treatment*: Each holder of an Equity Interest in the Parent shall retain such Equity Interest, but shall not receive any property or interest in property on account of such Equity Interest.

(c) *Voting*: Class 7 is impaired by the Plan. Because no distributions will be made to any holder of Equity Interests, Class 7 shall be deemed to have voted to reject the Plan.

C. *Elimination of Vacant Classes*

Any Class of Claims or Equity Interests that does not contain, as of the Confirmation Date, a Holder of an Allowed Claim or Equity Interest, or a Holder of a Claim temporarily allowed under Bankruptcy Rule 3018, shall be deemed deleted from the Plan for all purposes, including for purposes of determining acceptance of the Plan by such Class under Section 1129(a)(8) of the Bankruptcy Code.

D. *Allocation of Distributions Between Principal and Interest*

For Distributions in respect of Allowed General Unsecured Claims, to the extent that any such Claim entitled to a Distribution under the Plan is comprised of indebtedness and accrued but unpaid interest thereon, such Distribution shall be allocated to the principal amount (as determined for federal income tax purposes) of the Claim first, and then to accrued but unpaid interest.

E. *Special Provision Governing Unimpaired Claims*

Except as otherwise provided in the Plan, nothing under the Plan shall affect the Reorganized Debtors' right in respect of any Unimpaired Claim, including, without limitation, all rights in respect of legal and equitable defenses to or setoffs or recoupments against any such Unimpaired Claim.

F. *Non-Consensual Confirmation*

The Debtors reserve the right to seek confirmation of the Plan under Section 1129(b) of the Bankruptcy Code. To the extent that any Class votes to reject the Plan, the Debtors further reserve the right to modify the Plan in accordance with Article XI.B.

ARTICLE IV.

MEANS FOR IMPLEMENTATION OF THE PLAN

A. *The Reorganized Debtors*

1. From and after the Effective Date, the Reorganized Debtors shall continue in existence for purposes of (a) winding down the Debtors' businesses and affairs as expeditiously and efficaciously as possible, (b) resolving all Claims, (c) making distributions on all Allowed Claims in accordance with the Plan, (d) administering the Reorganized Debtor Assets, (e) filing appropriate tax returns for the Debtors and Reorganized Debtors, as necessary, (f) succeeding to the Debtors' rights, responsibilities, and obligations with respect to employment agreements and employee-related benefits plans, to the extent not terminated by the Debtors or assumed by the Purchaser prior to the Effective Date, and including the Debtors' and the Reorganized Debtors' rights to amend, modify, or terminate agreements and benefits at any time under all applicable law, (g) dissolving the Debtors and the Reorganized Debtors in accordance with the Plan, and (h) administering the Plan in an efficacious manner, with no objective to continue or engage in the conduct of a trade or business.

2. In addition, from and after the Effective Date through and including the date of Filing of the Final Certification, the Reorganized Debtors shall continue in existence for purposes of (a) filing the final monthly report (for the month in which the Effective Date occurs) and any subsequent quarterly reports required under the U.S. Trustee guidelines, and paying all U.S. Trustee Fees from the Effective Date through the date of Filing of the Final Certification, (b) maintaining, transferring, or terminating any and/or all insurance policies as deemed necessary by

the Reorganized Debtors in accordance with the terms of the Plan, and (c) maintaining the Reorganized Debtors' books and records.

3. On the Effective Date, and in accordance with and pursuant to the terms of the Plan, all of the Debtors' and their Estates' rights, title, and interests in the Reorganized Debtor Assets shall be automatically deemed vested in the Reorganized Debtors, notwithstanding any prohibition on assignment under non-bankruptcy law. The Reorganized Debtors will hold the Reorganized Debtor Assets for the benefit of the Holders of Allowed Claims. The Reorganized Debtors shall administer any of the Debtor's rights, responsibilities, and obligations with respect to employment agreements and employee-related benefits plans, to the extent not terminated by the Debtors or assumed by the Purchaser prior to the Effective Date, and including the Debtors' and the Reorganized Debtors' rights to amend, modify, or terminate agreements and benefits at any time under all applicable law; provided, however, that any Claims arising from the Debtors' terminations of employees and/or benefit plans shall be subject to resolution and distribution by the Reorganized Debtors, solely to the extent that any beneficiary with respect to the foregoing plans and agreements has timely filed a Proof of Claim or request for payment of an Administrative Claim in accordance with the Plan and prior Orders of the Court.

4. The Plan shall be considered a motion pursuant to Sections 105, 363, 365, and 1141 of the Bankruptcy Code for such relief, and the Confirmation Order shall be considered an order granting such relief. As of the Effective Date, all Reorganized Debtor Assets vested in the Reorganized Debtors shall be free and clear of all Liens, Claims, and Interests, except as otherwise specifically provided in the Plan or in the Confirmation Order. Upon the transfer by the Debtors of the Reorganized Debtor Assets to the Reorganized Debtors, the Debtors' Estates will have no reversionary or further interest in or with respect to any Reorganized Debtor Assets or the Reorganized Debtor. Any distributions to be made under the Plan from the Reorganized Debtor Assets shall be made by the Reorganized Debtors. The Reorganized Debtors shall be responsible for filing all applicable tax returns and paying all taxes (including any withholding taxes) that it may be required to file and/or pay, arising from or relating to the Reorganized Debtors, from the Reorganized Debtor Assets.

5. In connection with the Reorganized Debtor Assets, all Debtor Privileges shall likewise automatically vest in the Reorganized Debtors and their Representatives, including but not limited to any member of the Reorganized Debtor Boards and any Representative thereof, and the same shall not operate as a waiver or other impairment of other privileges possessed or retained by the Debtors.

B. *Powers and Duties of the Reorganized Debtors*

1. From and after the Effective Date, the Reorganized Debtor Boards and any officers of the Reorganized Debtors shall have the fiduciary duties imposed under applicable law, subject to the provisions of the Plan and all Debtor Organizational Documents. The powers of the Reorganized Debtors shall include any and all powers previously held by the Debtors or their Estates, as limited by the terms of the Plan and including but not limited to authority to implement the Plan and to administer and distribute the Reorganized Debtor Assets and wind down the business and affairs of the Debtors and the Reorganized Debtors, including (a) liquidating, receiving, holding, and investing, supervising, and protecting the Reorganized Debtor Assets, (b) taking all steps to execute all instruments and documents necessary to effectuate the distributions to be made under the Plan from the Reorganized Debtor Assets, (c) resolving all Claims, (d) selecting dates for the Initial Distribution Date and each Subsequent Distribution Date and making distributions from the Reorganized Debtor Assets as contemplated under the Plan, (e) establishing and maintaining bank accounts in the name of the Reorganized Debtors, including the Administrative and Priority Claims Reserve, (f) employing, retaining, terminating, or replacing Professionals to represent them with respect to their responsibilities or otherwise effectuating the Plan to the extent necessary, (g) paying all reasonable costs, fees, expenses, debts, charges, employee wages, and liabilities of the Reorganized Debtors, (h) maintaining, transferring, or terminating the Reorganized Debtors' insurance policies, as deemed necessary by the Reorganized Debtors, in accordance with the terms of the Plan, (i) administering and paying taxes of the Reorganized Debtors, including filing tax returns, (j) representing the interests of the Reorganized Debtors or the Estates before any taxing authority in all matters, including any action, suit, proceeding or audit, and (k) exercising such other powers as may be vested in it pursuant to Order of the Bankruptcy Court or pursuant to the Plan, or as it reasonably deems to be necessary and proper to carry out the provisions of the Plan. The powers, authority, responsibilities, and duties of the Reorganized Debtors will be governed by the Plan and the Confirmation Order.

2. From and after the Effective Date, the Independent Director shall continue to have the sole rights, responsibilities and authority to evaluate, investigate, if appropriate prosecute, and resolve the Insider Claims, subject to the approval of the Bankruptcy Court and consultation with the Consultation Parties in accordance with Articles VI.B and IX.H.1.b hereof.

C. Funding of the Reorganized Debtors

1. On the Effective Date, the Debtors shall fund, and the Reorganized Debtors shall establish and thereafter maintain, the Reorganized Debtor Administrative and Priority Claims Reserve, which funds shall vest in the Reorganized Debtors free and clear of all Liens, Claims, encumbrances, charges, and other interests, except as otherwise specifically provided in the Plan and Confirmation Order. Funds in the Reorganized Debtor Administrative and Priority Claims Reserve shall be used by the Reorganized Debtors only for the payment of U.S. Trustee Fees and Allowed Administrative, Priority, and Professional Compensation Claims, to the extent that such Allowed Claims have not been paid in full on or prior to the Effective Date. To the extent not otherwise provided herein or ordered by the Bankruptcy Court, the Reorganized Debtors shall estimate appropriate reserves of Cash to be set aside in order to pay or reserve for Disputed Administrative, Priority, and Professional Compensation Claims. Any amounts set aside to pay or reserve for Disputed Administrative, Priority, and Professional Compensation Claims shall include the amounts needed to fund the ongoing costs and expenses of such reserve, including, without limitation, taxes in respect of Disputed Administrative, Priority, and Professional Compensation Claims, if any. Any amounts remaining in the Reorganized Debtor Administrative and Priority Claims Reserve after payment of all Allowed Administrative, Priority, and Professional Compensation Claims and U.S. Trustee Fees shall become part of the Reorganized Debtor Fund.

2. On the Effective Date, the Debtors shall fund, and the Reorganized Debtors shall establish and thereafter maintain, the Reorganized Debtor Fund, the Reorganized Debtor Operational Reserve, and the Reorganized Debtor Disputed Claims Reserve, which funds shall vest in the Reorganized Debtors free and clear of all Liens, Claims, encumbrances, charges, and other interests, except as otherwise specifically provided in the Plan and Confirmation Order. Funds in the Reorganized Debtor Fund shall be used by the Reorganized Debtors only for the payment of Class 6 Claims Allowed after the Effective Date to the extent that such Allowed Claims have not been paid in full on or prior to the Effective Date. Funds in the Reorganized Debtor Operational Reserve shall be used to satisfy the Reorganized Debtor Expenses, provided that any amounts remaining after satisfaction thereof shall become part of the Reorganized Debtor Fund. Funds in the Reorganized Debtor Disputed Claims Reserve shall be used as provided in Article V of the Plan.

D. Operations of the Debtors Between the Confirmation Date and the Effective Date

The Debtors shall continue to operate as Debtors in Possession during the period from the Confirmation Date through and until the Effective Date.

E. Establishment of the Administrative Bar Date

1. The Administrative Bar Date shall be thirty (30) days after the Effective Date.

2. Except as otherwise provided in the Plan or the Confirmation Order, on or before 5:00 p.m. (Prevailing Eastern Time) on the Administrative Bar Date, as applicable, each holder of an Administrative Claim (to the extent such holder has not previously been paid) must File with the Bankruptcy Court a request for payment of such Administrative Claim.

3. Any holder of an Administrative Claim that is required to File a request for payment of such Administrative Claim that does not File such request with the Bankruptcy Court by the Administrative Bar Date, shall be forever barred, estopped, and enjoined from asserting such Administrative Claim against the Debtors, and such Administrative Claim shall be deemed released and discharged as of the Effective Date.

F. *Term of Injunctions or Stays*

Unless otherwise provided, all injunctions or stays provided for in the Chapter 11 Cases pursuant to Sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect to the extent and for the duration provided in Section 362(c) of the Bankruptcy Code.

G. *Sale Order; Asset Purchase Agreement*

Notwithstanding anything in the Plan or the Confirmation Order to the contrary, nothing in the Plan or the Confirmation Order shall, or shall be deemed to, amend, modify, or waive any term or condition of the Sale Order, the Asset Purchase Agreement, or otherwise limit, alter, or impair any of the rights or remedies of the Purchaser under any of the foregoing.

H. *Wind Down*

1. On the Effective Date, the members of the Debtor Boards of Directors shall be deemed to have become members of the Reorganized Debtor Boards, and all persons who are then officers and employees of the Debtors shall be deemed to have become officers and/or employees of the Reorganized Debtors. From and after the Effective Date, the Reorganized Debtor Boards and the officers of the Reorganized Debtors shall have such duties imposed on them by applicable Delaware law and the Debtor Organizational Documents.

2. On and after the Effective Date, the Reorganized Debtors shall be authorized to implement the Plan and any applicable Orders of the Bankruptcy Court, and shall take such actions as the Reorganized Debtors may determine to be necessary or desirable to carry out the purposes of the Plan.

3. On or after the Filing of the Final Certification, the affairs of the Reorganized Debtors may be wound up and the Reorganized Debtors may be dissolved at any time without the need for any further action or approval or filings with the secretary of state of other governmental official or authorities in the Reorganized Debtors' state of incorporation; provided, however, that the entry of the Final Decree in this Case shall effect such dissolution of all remaining Reorganized Debtors to the extent permissible under applicable law.

I. *Corporate Action; Effectuating Documents and Transactions*

1. Upon the Effective Date, by virtue of entry of the Confirmation Order, all actions contemplated by the Plan shall be deemed authorized, approved, and, to the extent taken prior to the Effective Date, ratified without any requirement for further action by Holders, holders of Equity Interests in the Debtors, the Debtors, or any other Entity or Person. All matters provided for in the Plan involving the corporate actions of the Debtors, and any corporate action thereafter required by the Debtors in connection therewith, shall be deemed to have occurred and shall be in effect, without any requirement of further action by the Debtors or the Debtors' Estates.

2. The Reorganized Debtors are authorized to and may issue, execute, deliver, file, or record such contracts, securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan, without the need for any approvals, authorization, or consents except for those expressly required pursuant to the Plan. The Reorganized Debtors shall be authorized to execute, deliver, File, or record such contracts, instruments, and other agreements or documents and take such other actions as they may deem necessary or appropriate in their reasonable discretion to implement the provisions of this Article IV.I.

3. After the Effective Date, any provision of the Debtor Organizational Documents granting indemnification of the Debtors' officers, directors, and employees at the election of the Debtors shall be amended to provide such indemnification on a mandatory basis by the Reorganized Debtors.

4. After the Effective Date, the Guild Plan Retirement Board shall be dissolved and the Reorganized Debtors shall be the Guild Plan Administrator.

5. Notwithstanding any provision to the contrary in this Plan, including in this Article IV.I, the Debtors and the Reorganized Debtors shall not issue non-voting equity securities.

6. The authorizations and approvals contemplated by this Article IV.I shall be effective notwithstanding any requirements under applicable non-bankruptcy law.

J. *Final Certification and Case Closing*

1. As soon as practicable after the Effective Date, the Reorganized Debtors are authorized to and shall submit an order to the Bankruptcy Court under certification of counsel that is in form and substance acceptable to the U.S. Trustee that closes each of the Chapter 11 Cases except the Parent's Chapter 11 Case. The Debtors' consolidated estate shall be administered through the Parent's Chapter 11 Case pursuant to Article IX.G hereof.

2. When all Disputed Claims have become Allowed or disallowed, the Reorganized Debtors have made distributions on all Allowed Claims, and all of the Reorganized Debtors' duties otherwise completed, the Reorganized Debtors shall file the Final Certification and seek authority from the Bankruptcy Court to close the Parent's Chapter 11 case in accordance with the Bankruptcy Code and the Bankruptcy Rules.

ARTICLE V.

PROVISIONS GOVERNING DISTRIBUTIONS

A. *Initial Distribution Date*

On the Initial Distribution Date or as soon thereafter as is reasonably practicable, the Reorganized Debtors shall make, or shall make adequate reserves for, the Distributions required to be made under the Plan.

B. *Reorganized Debtor Disputed Claims Reserve*

1. Establishment of Reorganized Debtor Disputed Claims Reserve

On the Initial Distribution Date, and after making all Distributions required to be made on such date under the Plan, the Reorganized Debtors shall establish a separate Reorganized Debtor Disputed Claims Reserve for Disputed Claims, which Reorganized Debtor Disputed Claims Reserve shall be administered by the Reorganized Debtors. The Reorganized Debtors shall reserve in Cash or other property, for Distribution on account of each Disputed Claim, the Pro Rata amount that such Disputed Claim would be entitled to receive under the Plan if it were to become an Allowed Claim in its respective Class (or such lesser amount as may be determined by the Reorganized Debtors and the holder of such Disputed Claim or by the Bankruptcy Court in accordance with Article VI.C hereof).

2. Maintenance of Reorganized Debtor Disputed Claims Reserves

The Reorganized Debtors shall hold property in the Reorganized Debtor Disputed Claims Reserves in trust for the benefit of the holders of Disputed Claims ultimately determined to be Allowed. The Reorganized Debtor Disputed Claims Reserve shall be closed and extinguished by the Reorganized Debtors when all Distributions and other dispositions of Cash or other property required to be made hereunder will have been made in accordance with the terms of the Plan. Upon closure of the Reorganized Debtor Disputed Claims Reserve, all Cash or other property held in the Disputed Claims Reserve shall revert in and become the property of the Reorganized Debtors. All funds or other property that vest or revert in the Reorganized Debtors pursuant to this paragraph shall be (a) used to pay the fees and expenses of the Reorganized Debtors in accordance with the Plan, and (b) thereafter distributed to holders of Allowed Claims in accordance with the Plan.

C. *Subsequent Distributions*

1. Any Distribution that is not made on the Initial Distribution Date or on any Subsequent Distribution Date because the Claim that would have been entitled to receive that Distribution is not an Allowed Claim on such date, shall be held by the Reorganized Debtors in the Reorganized Debtor Disputed Claims Reserve pursuant to Article V.B and Distributed (in full, in the case of Administrative Expense Claims and Priority Claims; and up to its Ratable Proportion on account of its Allowed Claim with respect to the Claims in Classes 2, 5, and 6) on the first Subsequent Distribution Date after such Claim is Allowed. No interest shall accrue or be paid on the unpaid amount of any Distribution paid on a Subsequent Distribution Date in accordance with this Article V.C.

2. To the extent any holder of an Allowed General Unsecured Claim that received a Distribution on account of such Claim on the Initial Distribution Date or any Subsequent Distribution Date is entitled to receive an additional Distribution on account of such Claim for any reason, including due to an increase in the Ratable Proportion of such Claim or additional assets becoming part of the Reorganized Debtor Fund, the Reorganized Debtors shall, in their discretion, make such additional Distribution to such holder on any Subsequent Distribution Date.

D. *Record Date for Distributions*

Except as otherwise provided in a Final Order of the Court, the transferees of Claims that are transferred pursuant to Bankruptcy Rule 3001 on or prior to the Record Date will be treated as the holders of those Claims for all purposes, notwithstanding that any period provided by Bankruptcy Rule 3001 for objecting to the transfer may not have expired by the Record Date. The Reorganized Debtors shall have no obligation to recognize any transfer of any Claim occurring after the Record Date. In making any Distribution with respect to any Claim, the Reorganized Debtors shall be entitled instead to recognize and deal with, for all purposes hereunder, only the Entity that is listed on the proof of Claim Filed with respect thereto or on the Schedules as the holder thereof as of the close of business on the Record Date and upon such other evidence or record of transfer or assignment that are actually known to the Reorganized Debtors as of the Record Date.

E. *Delivery of Distributions*

1. General Provisions; Undeliverable Distributions

Subject to Bankruptcy Rule 9010 and except as otherwise provided herein, Distributions to the holders of Allowed Claims shall be made by the Reorganized Debtors or their designee, assuming the availability of funds and the economic feasibility of such Distributions, at (a) the address of each holder as set forth in the Schedules, unless superseded by the address set forth on proofs of Claim Filed by such holder or (b) the last known address of such holder if no proof of Claim is Filed or if the Debtors have been notified in writing of a change of address. If any Distribution is returned as undeliverable, the Reorganized Debtors may, in their discretion, make reasonable efforts to determine the current address of the holder of the Claim with respect to which the Distribution was made as the Reorganized Debtors deems appropriate, but no Distribution to any such holder shall be made unless and until the Reorganized Debtors have determined the then-current address of such holder, at which time the Distribution to such holder shall be made to the holder without interest. Amounts in respect of any undeliverable Distributions made by the Reorganized Debtors shall be returned to, and held by, the Reorganized Debtors until the Distributions are claimed or are deemed to be unclaimed property under Section 347(b) of the Bankruptcy Code, as set forth below in Article V.E.3. The Reorganized Debtors shall have the discretion to determine how to make Distributions in the most efficient and cost-effective manner possible; *provided, however*, that their discretion may not be exercised in a manner inconsistent with any express requirements of the Plan.

2. Minimum Distributions

Notwithstanding anything herein to the contrary, if a Distribution to be made to a holder of an Allowed Claim on the Initial Distribution Date or any subsequent date for Distributions would be \$5.00 or less in the aggregate, no such Distribution will be made to that holder unless a request therefor is made in writing to the Reorganized Debtors.

3. Unclaimed Property

Except with respect to property not Distributed because it is being held in the Reorganized Debtor Disputed Claims Reserve, Distributions that are not claimed by the expiration of six (6) months from the date of the relevant Distribution shall be deemed to be unclaimed property under Section 347(b) of the Bankruptcy Code and shall vest or revert in the Reorganized Debtors, and the Claims with respect to which those Distributions are made shall be automatically cancelled. After the expiration of that six month period, the claim of any Entity to those Distributions shall be discharged and forever barred. Nothing contained in the Plan shall require the Reorganized Debtors to attempt to locate any holder of an Allowed Claim. All funds or other property that vest or revert in the Reorganized Debtors pursuant to this paragraph shall be (a) used to pay the fees and expenses of the Reorganized Debtors as and to the extent set forth in the Plan, and (b) thereafter distributed to holders of Allowed Claims in accordance with the

Plan. In the event the Reorganized Debtors hold Reorganized Debtor Assets after all Reorganized Debtor expenses are paid and all economically feasible Distributions are made, such remaining Reorganized Debtor Assets shall be liquidated to Cash and distributed to a charitable organization of the Reorganized Debtors' choice, assuming such distribution is economically feasible. Neither unclaimed property nor any Reorganized Debtor Assets, shall escheat to any federal, state or local government or other entity.

F. *Manner of Cash Payments Under the Plan*

Cash payments made pursuant to the Plan shall be in United States dollars by checks drawn on a domestic bank selected by the Reorganized Debtors or by wire transfer from a domestic bank, at the option of the Reorganized Debtors.

G. *Time Bar to Cash Payments by Check*

Checks issued by the Reorganized Debtors on account of Allowed Claims shall be null and void if not negotiated within ninety (90) days after the date of issuance thereof. Requests for the reissuance of any check that becomes null and void pursuant to this Article V.I. shall be made directly to the Reorganized Debtors by the holder of the Allowed Claim to whom the check was originally issued. Any Claim in respect of such voided check shall be made in writing on or before the later of six (6) months from the Effective Date or ninety (90) days after the date of issuance thereof. After that date, all Claims in respect of void checks shall be discharged and forever barred and the proceeds of those checks shall revert in and become the property of the Reorganized Debtors as unclaimed property in accordance with Section 347(b) of the Bankruptcy Code and be distributed as provided in Article V.E.3.

H. *Limitations on Funding of Reorganized Debtor Disputed Claims Reserves*

Except as expressly set forth in the Plan, neither the Debtors nor the Reorganized Debtors shall have any duty to fund the Reorganized Debtor Disputed Claims Reserve.

I. *Compliance with Tax Requirements*

In connection with making Distributions under this Plan, to the extent applicable, the Reorganized Debtors shall comply with all tax withholding and reporting requirements imposed on it by any Governmental Unit, and all Distributions pursuant to this Plan shall be subject to such withholding and reporting requirements. The Reorganized Debtors may withhold the entire Distribution due to any holder of an Allowed Claim until such time as such holder provides the necessary information to comply with any withholding requirements of any Governmental Unit. Any property so withheld will then be paid by the Reorganized Debtors to the appropriate authority. If the holder of an Allowed Claim fails to provide the information necessary to comply with any withholding requirements of any Governmental Unit within six months from the date of first notification to the holder of the need for such information or for the Cash necessary to comply with any applicable withholding requirements, then such holder's Distribution shall be treated as an undeliverable Distribution in accordance with Article V.E.1.

J. *Postpetition Interest on Claims*

Except as specifically provided for in the Plan or the Confirmation Order, interest shall not accrue on Claims and no holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim. Except as expressly provided herein or in a Final Order of the Court, no prepetition Claim shall be Allowed to the extent that it is for postpetition interest or other similar charges.

K. *No Distribution in Excess of Allowed Amount of Claim*

Notwithstanding anything to the contrary contained in the Plan, no holder of an Allowed Claim shall receive in respect of that Claim any Distribution in excess of the Allowed amount of that Claim.

L. *Setoff and Recoupment*

The Reorganized Debtors may, but shall not be required to, setoff against, or recoup from, any Claim and the Distributions to be made pursuant to the Plan in respect thereof, any claims or defenses of any nature whatsoever that any of the Debtors, the Estates or the Reorganized 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 the Debtors, the Estates or the Reorganized Debtors of any right of setoff or recoupment that any of them may have against the holder of any Claim.

ARTICLE VI.

DISPUTED CLAIMS

A. *No Distribution Pending Allowance*

Notwithstanding any other provision of the Plan, the Reorganized Debtors shall not Distribute any Cash or other property on account of any Disputed Claim unless and until such Claim becomes Allowed.

B. *Resolution of Disputed Claims*

1. Subject to paragraph (2) below, unless otherwise ordered by the Bankruptcy Court after notice and a hearing, the Reorganized Debtors shall have the right, but not to the exclusion of all others, to make, File, prosecute, settle, compromise, withdraw or resolve in any manner approved by the Bankruptcy Court, objections to Claims. From and after the Confirmation Date, all objections with respect to Disputed Claims shall be litigated to a Final Order except to the extent the objector elects to withdraw any such objection or the objector and the claimant elect to compromise, settle or otherwise resolve any such objection, in which event they may settle, compromise or otherwise resolve any Disputed Claim without approval of the Bankruptcy Court, *provided that* approval of the Bankruptcy Court and consultation with the Consultation Parties shall be required to settle, compromise, or otherwise resolve any Insider Claims.

2. The Debtors and the Reorganized Debtors shall have the exclusive right, after consultation with the Consultation Parties, to settle Insider Claims; provided, however, that any such settlement shall be subject to approval of the Bankruptcy Court, and that any party may object to an Insider Claim.

C. *Estimation of Claims*

At any time, (a) prior to the Effective Date, the Debtors, and (b) subsequent to the Effective Date, the Reorganized Debtors may request that the Bankruptcy Court estimate any Claim to the extent permitted by Section 502(c) of the Bankruptcy Code.

D. *Disallowance of Claims*

Any Claims held by Entities from which property is recoverable under Section 542, 543, 550 or 553 of the Bankruptcy Code or that is a transferee of a transfer avoidable under Section 522(f), 522(h), 544, 545, 547, 548, 549 or 724(a) of the Bankruptcy Code, provided that such Cause of Action is a Retained Cause of Action, shall be deemed disallowed pursuant to Section 502(d) of the Bankruptcy Code, and holders of such Claims may not receive any distributions on account of such Claims until such time as such Causes of Action against that Entity have been settled or a Bankruptcy Court order with respect thereto has been entered and all sums due, if any, to the Debtors by that Entity have been turned over or paid to the Debtors.

E. *Adjustment to Claims Without Objection*

Any Claim that has been paid or satisfied, amended, or superseded may be marked as satisfied, adjusted or expunged on the Claims Register by the Noticing Agent at the direction of the Debtors or the Reorganized Debtors, as applicable, without a Claims objection having to be Filed and without any further notice to or action, order or approval of the Bankruptcy Court.

F. *Amendments to Claims or Interests*

After the Confirmation Date, a Claim or Interest may not be filed or amended without the authorization of the Bankruptcy Court and, even with such Bankruptcy Court authorization, may be amended by the holder of such

Claim or Interest solely to decrease, but not to increase, unless otherwise provided by the Bankruptcy Court, the amount, number or priority of the same.

EXCEPT AS PROVIDED HEREIN OR OTHERWISE AGREED, ANY AND ALL HOLDERS OF PROOFS OF CLAIM FILED AFTER THE APPLICABLE BAR DATE SHALL NOT BE TREATED AS CREDITORS FOR PURPOSES OF VOTING AND DISTRIBUTION PURSUANT TO BANKRUPTCY RULE 3003(c)(2) AND PURSUANT TO THE GENERAL BAR DATE ORDER, UNLESS ON OR BEFORE THE CONFIRMATION HEARING SUCH LATE CLAIM HAS BEEN DEEMED TIMELY FILED BY A FINAL ORDER.

ARTICLE VII.

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. *Rejection of Executory Contracts and Unexpired Leases*

1. On the Effective Date, except as otherwise provided herein, each executory contract or unexpired lease not previously rejected, assumed, or assumed and assigned, shall be deemed automatically rejected pursuant to sections 365 and 1123 of the Bankruptcy Code, unless such executory contract or unexpired lease: (a) is specifically described in the Plan or Plan Supplement as to be assumed in connection with Confirmation of the Plan; (b) is subject as of the Confirmation Date to a pending motion to assume or assume and assign; (c) has been assumed or assumed and assigned to a third party; (d) is a contract, instrument, release, indenture, or other agreement or document entered into in connection with the Plan or the Sale; or (e) is an insurance policy (including but not limited to any AIG Insurance Program, AIG Insurance Policies, and any D&O Insurance Policies) to be transferred to or vested in the Reorganized Debtors. Entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such assumptions, assignments, and rejections pursuant to sections 365(a) and 1123 of the Bankruptcy Code.

2. Notwithstanding anything contained in the Plan to the contrary, in the event of a dispute as to whether a contract is executory or a lease is unexpired, the rights of the Debtors or the Reorganized Debtors, as applicable, to move to assume or reject such contract or lease shall be extended until the date that is thirty (30) days after entry of a Final Order by the Bankruptcy Court determining that the contract is executory or the lease is unexpired.

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

Claims created by the rejection of executory contracts and unexpired leases must be filed pursuant to the terms of the General Bar Date Order and the Rejection Bar Date as defined therein. Any Claims arising from the rejection of an executory contract or unexpired lease for which proofs of Claim are not timely filed pursuant to the General Bar Date Order within that time period will be forever barred from assertion against the Debtors, the Estates, their successors and assigns, and their assets and properties, unless otherwise ordered by the Bankruptcy Court or as otherwise provided herein. All such Claims shall, as of the Effective Date, be subject to the permanent injunction set forth in Article IX.D. Unless otherwise ordered by the Bankruptcy Court, all such Claims that are timely filed as provided herein shall be treated as General Unsecured Claims under the Plan and shall be subject to the provisions of Article III of the Plan.

C. *Debtors' Insurance Policies*

Nothing in the Plan or the Confirmation Order alters the rights and obligations of the Debtors (and their Estates) and the Debtors' insurers (and third-party claims administrators) under the Debtors' insurance policies (as described in Article VII.A.1 above, including but not limited to any AIG Insurance Program, AIG Insurance Policies and D&O Insurance Policies) or modifies the coverage or benefits provided thereunder or the terms or conditions thereof or diminishes or impairs the enforceability of the Debtors' insurance policies.

ARTICLE VIII.

CONDITIONS PRECEDENT TO THE EFFECTIVE DATE

A. *Conditions Precedent to the Effective Date*

The following are conditions precedent to the Effective Date that must be satisfied or waived:

1. The Confirmation Order has become a Final Order.
2. The Confirmation Order shall be in full force and effect.

3. Notwithstanding the foregoing, the Debtors reserve the right to waive the occurrence of any condition precedent to the Effective Date or to modify any of the foregoing conditions precedent. Any such waiver of a condition precedent set forth in this Article may be effected at any time, without notice, without leave or order of the Bankruptcy Court, and without any formal action other than proceeding to consummate the Plan. Any actions required to be taken on the Effective Date shall take place and shall be deemed to have occurred simultaneously, and no such action shall be deemed to have occurred prior to the taking of any other such action.

B. *Establishing the Effective Date*

The calendar date to serve as the Effective Date shall be a Business Day of, on or promptly following the satisfaction or waiver of all conditions to the Effective Date, which date will be selected by the Debtors. On or within two (2) Business Days of the Effective Date, the Debtors shall file and serve a notice of occurrence of the Effective Date. Such notice shall contain, among other things, the Administrative Bar Date and the Professional Claims Bar Date.

ARTICLE IX.

RELEASE, INJUNCTIVE AND RELATED PROVISIONS

A. *Compromise and Settlement*

1. Pursuant to Section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the Distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims and Equity Interests. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all Claims and Equity Interests, as well as a finding by the Bankruptcy Court that such compromise or settlement is fair, equitable, reasonable and in the best interests of the Debtors, the Estates and holders of Claims and Equity Interests.

2. In consideration for the granting of the releases described in Article IX.B.2, if applicable, all Claims against the Debtors and their Estates in the nature of indemnification, to the extent relating to any Content Cause of Action, shall be contributed and waived, and the Debtors and the Noticing Agent shall be entitled to take all appropriate actions to expunge such Claims (if filed) from the register and otherwise enforce this Article IX.A.2 without further notice or hearing.

B. *Releases and Related Matters*

1. Notwithstanding anything contained herein to the contrary, on the Effective Date and as of the Effective Date, the Releasing Parties shall be deemed to forever release, waive, and discharge each of the Released Parties from the Released Claims.

2. Notwithstanding anything contained herein or in Article IX.B.1 to the contrary, on the Confirmation Date, all Content Causes of Action, whether known or unknown, foreseen or unforeseen, liquidated or unliquidated, matured or unmatured, existing or hereafter arising shall be forever released.

3. Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the releases set forth in this Article IX.B pursuant to Bankruptcy Rule 9019 and its finding that they are: (a) in the best interests of the Debtors and all holders of Claims; (b) fair, equitable and reasonable; and (c) approved after due notice and opportunity for hearing.

C. *Waiver of Limitations on Releases of Unknown Claims*

1. The releases contained in Article IX.B shall extend to Released Claims that the parties do not know or expect to exist at the time of the release, which, if known, might have affected the decision to enter into the release and which the Debtors shall be deemed to waive, and shall waive and relinquish to the fullest extent permitted by law, any and all provisions, rights, and benefits conferred by any law of the United States or any state or territory thereof, or principle of common law, which governs or limits a person's release of unknown claims

2. The Debtors also acknowledge that they may discover facts in addition to or different from those that they now know or believe to be true with respect to the subject matter of this release, but that it is the intention of the parties to fully, finally, and forever settle and release with prejudice any and all Released Claims, including any and all unknown claims, without regard to the subsequent discovery or existence of additional or different facts. The Debtors expressly agree that any fraudulent inducement or similar claims that could be premised on unknown facts or facts that are subsequently discovered are included within the definition of unknown claims.

D. *Exculpation*

Notwithstanding anything contained in the Plan to the contrary, effective as of the Effective Date, the Exculpated Parties shall not have or incur any liability for any act or omission taken or not taken between the Petition Date and the Effective Date in connection with, relating to, or arising out of the Chapter 11 Cases, the Sale, the negotiation and Filing of the Disclosure Statement, the Plan or any document implementing the Plan, the Filing of the Chapter 11 Cases, the settlement of Claims or renegotiation of executory contracts and leases, the pursuit of confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be Distributed under the Plan, except for acts or omissions that are the result of willful misconduct, gross negligence, fraud or criminal acts or any obligations that they have under or in connection with the Plan or the transactions contemplated in the Plan, and in all respects shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

E. *Injunction*

1. Pursuant to Section 1141(d)(3) of the Bankruptcy Code, confirmation of this Plan will not discharge the Debtors; *provided, however*, upon confirmation of the Plan, the occurrence of the Effective Date, and Distributions hereunder, the holders of Claims or Equity Interests may not seek payment or recourse against or otherwise be entitled to any Distribution from the Reorganized Debtor Assets except as expressly provided in this Plan.

2. Except as otherwise expressly provided for in the Plan or in obligations issued pursuant to the Plan, all Entities are permanently enjoined, on and after the Effective Date, on account of any Claim or Equity Interest, from:

(a) commencing or continuing in any manner any action or other proceeding of any kind against any of the Debtors' Estates, the Reorganized Debtors, their successors and assigns, and any of their assets and properties;

(b) enforcing, attaching, collecting or recovering by any manner or means any judgment, award, decree or order against any Debtor's Estate, the Reorganized Debtors, their successors and assigns, and any of their assets and properties;

(c) creating, perfecting or enforcing any encumbrance of any kind against any Debtor's Estate, the Reorganized Debtors, their successors and assigns, and any of their assets and properties;

(d) asserting any right of setoff or subrogation of any kind against any obligation due from any Debtor's Estate, the Reorganized Debtors or their successors and assigns, or against any of their assets and properties, except to the extent a right to setoff or subrogation is asserted with respect to a timely filed proof of Claim; or

(e) commencing or continuing in any manner any action or other proceeding of any kind in respect of any Claim or Equity Interest or Cause of Action released or settled hereunder.

3. From and after the Effective Date, all Entities are permanently enjoined from commencing or continuing in any manner against the Debtors, their Estates, their successors and assigns, and any of their assets and properties, any suit, action or other proceeding, on account of or respecting any claim, Claim, demand, liability, obligation, debt, right, cause of action, interest or remedy released or to be released pursuant to the Plan or the Confirmation Order.

4. From and after the Effective Date, all persons and Entities are permanently enjoined from commencing or continuing in any suit, action, or other proceeding on account of or respecting any claim, Claim, demand, liability, obligation, debt, right, cause of action, interest, or remedy released or to be released pursuant to the Plan or the Confirmation Order.

F. *Releases of Liens*

Except as otherwise provided in the Plan or in the Confirmation Order, on the Effective Date, to the extent such exist, all mortgages, deeds of trust, liens, pledges or other security interests against property of the Estates shall be fully released and discharged and all of the right, title and interest of any holder of such mortgages, deeds of trust, liens, pledges or other security interest shall revert to the Debtors and the Reorganized Debtors.

G. *Substantive Consolidation*

1. The Plan shall serve as a motion by the Debtors seeking entry of an order substantively consolidating all of the Estates of all of the Debtors into a single consolidated estate for all purposes associated with confirmation and consummation of the Plan. Intercompany Claims and Intercompany Interests are deemed to be satisfied and resolved by the substantive consolidation provided for herein.

2. The entry of the Confirmation Order shall constitute approval by the Bankruptcy Court of the substantive consolidation of the Debtors and their respective Estates for all purposes relating to the Plan, including for purposes of voting, confirmation and Distributions. If this substantive consolidation is approved, then for all purposes associated with the confirmation and consummation of the Plan, all assets and liabilities of the Debtors shall be treated as though they were merged into a single economic unit, and all guarantees by any Debtor of the obligations of any other Debtor, to the extent such exist, shall be considered eliminated so that any Claim and any guarantee thereof by any other Debtor, as well as any joint and several liability of any Debtor with respect to any other Debtor, shall be treated as one collective obligation of the Debtors. Moreover, (a) no Distribution shall be made under the Plan on account of any Claim held by any one of the Debtors against any of the other Debtors and such Intercompany Claims will be extinguished, (b) no Distribution shall be made under the Plan on account of any Intercompany Interest held by any one of the Debtors in any of the other Debtors except to the extent necessary to effect the substantive consolidation provided for herein, (c) all guaranties of any one of the Debtors of the obligations of any of the other Debtors, to the extent such exist, shall be eliminated so that any Claim against any one of the Debtors, and any guaranty thereof executed by any of the other Debtors, shall be one obligation of the consolidated Debtors' Estates, and (d) every Claim that is timely Filed or to be Filed in the Chapter 11 Cases of any of the Debtors

shall be deemed Filed against the consolidated Estates and shall be one Claim against, and one obligation of, the Estates.

3. In addition, notwithstanding any provision of the Plan to the contrary, any Holder of multiple Allowed Claims against more than one Debtor that arise from the contractual, joint, joint and several, or several liability of such Debtors, the guaranty by one Debtor of another Debtor's obligation or other similar circumstances, shall be entitled to *one* Allowed Claim that, in the aggregate, does not exceed the amount of the underlying Claim giving rise to such multiple Claims. Claims against more than one of the Debtors arising from the same injury, damage, cause of action or common facts shall be Allowed only once as if such Claim were against a single Debtor.

4. Any alleged defaults under any applicable agreement, including executory contracts and unexpired leases, with the Debtors arising from substantive consolidation under the Plan shall be deemed cured as of the Effective Date.

5. The Debtors' consolidated estate shall be administered in and through the Parent's Chapter 11 Case.

H. *Preservation of Rights of Action*

1. Vesting of Causes of Action

(a) Except as otherwise provided in the Plan or Confirmation Order, in accordance with Section 1123(b)(3) of the Bankruptcy Code, any Retained Causes of Action that the Debtors may hold against any Entity shall vest upon the Effective Date in the Reorganized Debtors.

(b) Except as otherwise provided in the Plan or Confirmation Order, after the Effective Date, the Reorganized Debtors shall have the exclusive right, in consultation with the Consultation Parties, to institute and prosecute any Retained Causes of Action, without further order of the Bankruptcy Court, in any court or other tribunal, including, without limitation, in an adversary proceeding filed in one or more of the Chapter 11 Cases. The Reorganized Debtors shall not settle, compromise, or otherwise resolve any Retained Causes of Action (including but not limited to any Insider Claim) without first consulting with the Consultation Parties and then obtaining approval of the Bankruptcy Court.

(c) Retained Causes of Action and any recoveries therefrom shall remain the sole property of the Reorganized Debtors (for the sole benefit of the holders of Allowed Claims).

2. Preservation of All Retained Causes of Action Not Expressly Settled or Released

(a) Unless a Retained Cause of Action is expressly waived, relinquished, released, compromised or settled in the Plan or any Final Order (including the Confirmation Order), the Debtors and the Reorganized Debtors expressly reserve such Retained Cause of Action for later adjudication by the Reorganized Debtors (including, without limitation, Retained Causes of Action not specifically identified or described herein or elsewhere or of which the Debtors may presently be unaware or which may arise or exist by reason of additional facts or circumstances unknown to the Debtors at this time or facts or circumstances which may change or be different from those the Debtors now believe to exist) and, therefore, no preclusion doctrine, including, without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, waiver, estoppel (judicial, equitable or otherwise) or laches shall apply to such Retained Causes of Action upon or after the entry of the Confirmation Order or Effective Date based on the Disclosure Statement, Plan or Confirmation Order, except where such Retained Causes of Action have been released in the Plan (including, without limitation, and for the avoidance of doubt, the releases contained in Article IX.B.1) or any other Final Order (including the Confirmation Order). In addition, the Reorganized Debtors expressly reserve the right to pursue or adopt any claims alleged in any lawsuit in which the Debtors are defendants or interested parties, against any Entity, including, without limitation, the plaintiffs or co-defendants in such lawsuits.

(b) Subject to the immediately preceding paragraph, (i) any Entity to whom the Debtors have incurred an obligation (whether on account of services, purchase or sale of goods or otherwise), (ii) any Entity who has received services from the Debtors or a transfer of money or property of the Debtors, (iii) any Entity who has transacted business with the Debtors, or leased property from the Debtors, or (iv) any professional that provided advice relating to advertising and marketing materials should, in each case, assume that any such act, omission, obligation, transfer or transaction may be reviewed by the Reorganized Debtors subsequent to the Effective Date and may be the subject of an action after the Effective Date, regardless of whether: (A) such Entity has filed a proof of Claim against the Debtors in the Chapter 11 Cases; (B) the Debtors or Reorganized Debtors have objected to any such Entity's proof of Claim; (C) any such Entity's Claim was included in the Schedules; (D) the Debtors or Reorganized Debtors have objected to any such Entity's scheduled Claim; or (E) any such Entity's scheduled Claim has been identified by the Debtors or Reorganized Debtors as disputed, contingent or unliquidated.

ARTICLE X.

RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall, after the Effective Date, retain such jurisdiction over the Chapter 11 Cases and all Entities with respect to all matters related to the Chapter 11 Cases, the Debtors and the Plan as is legally permissible, including, without limitation, jurisdiction to:

1. allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim or Equity Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the allowance or priority of Claims or Equity Interests;
2. grant or deny any applications for allowance of compensation or reimbursement of expenses authorized pursuant to the Bankruptcy Code or the Plan, for periods ending on or before the Effective Date;
3. resolve any matters related to the assumption, assignment or rejection of any executory contract or unexpired lease to which a Debtor is party or with respect to which a Debtor may be liable and to hear, determine and, if necessary, liquidate any Claims arising therefrom, including those matters related to any amendment to the Plan after the Effective Date pursuant to Article XI.B;
4. ensure that Distributions to holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;
5. decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters and grant or deny any applications involving a Debtor that may be pending on the Effective Date or instituted by the Reorganized Debtors after the Effective Date, including but not limited to any Retained Causes of Action; *provided, however*, that the Reorganized Debtors shall reserve the right to commence actions in all appropriate jurisdictions;
6. enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all other contracts, instruments, releases, indentures and other agreements or documents adopted in connection with the Plan, Plan Supplement or the Disclosure Statement;
7. resolve any cases, controversies, suits or disputes that may arise in connection with the Effective Date, interpretation or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan;
8. issue and enforce injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Entity with the Effective Date or enforcement of the Plan, except as otherwise provided in the Plan;
9. enforce Article IX.B hereof;

10. enforce the Injunction set forth in Article IX.D hereof;
11. resolve any cases, controversies, suits or disputes with respect to the releases, injunction and other provisions contained in Article IX, and enter such orders as may be necessary or appropriate to implement or enforce all such releases, injunctions and other provisions;
12. enter and implement such orders as necessary or appropriate if the Confirmation Order is modified, stayed, reversed, revoked or vacated;
13. resolve any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document adopted in connection with the Plan or the Disclosure Statement;
14. resolve any disputes and determine any other matters that may arise in connection with or related to the Sale Order or any contract, instrument, release, indenture or other agreement or document created or implemented in connection with the Sale Order;
15. hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code; and
16. enter an order and/or the decree contemplated in Fed. R. Bankr. P. 3022 concluding the Chapter 11 Cases.

ARTICLE XI.

MISCELLANEOUS PROVISIONS

A. *Payment of Statutory Fees*

All fees due and payable pursuant to 28 U.S.C. § 1930 prior to the Effective Date shall be paid by the Debtors on the Effective Date. After the Effective Date, the Reorganized Debtors shall pay any and all such fees when due and payable, and the Reorganized Debtors shall file with the Bankruptcy Court quarterly reports in a form reasonably acceptable to the U.S. Trustee. Notwithstanding the substantive consolidation of the Debtors provided for in the Plan, each and every one of the Debtors shall remain obligated to pay quarterly fees to the U.S. Trustee until the earliest of that particular Debtor's case being closed, dismissed or converted to a case under chapter 7 of the Bankruptcy Code.

B. *Modification of Plan*

Subject to the limitations contained in the Plan: (1) the Debtors reserve the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules, to amend or modify the Plan prior to the entry of the Confirmation Order, including amendments or modifications to satisfy Section 1129(b) of the Bankruptcy Code; and (2) after the entry of the Confirmation Order, the Debtors or the Reorganized Debtors, as the case may be, may amend or modify the Plan, in accordance with Section 1127(b) of the Bankruptcy Code, or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan.

C. *Revocation of Plan*

The Debtors reserve the right to revoke or withdraw the Plan prior to the entry of the Confirmation Order and to File subsequent chapter 11 plans. If the Debtors revoke or withdraw the Plan or if entry of the Confirmation Order or the Effective Date does not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan, rejection of executory contracts or leases effected by the Plan, and any document or agreement executed pursuant hereto shall be deemed null and void; and (3) nothing contained in the Plan shall: (a) constitute a waiver or release of any claims by or against, or any Equity Interests in, such Debtor or any other Entity; (b) prejudice in any manner the rights of the Debtors or any other Entity; or (c) constitute an admission of any sort by the Debtors or any other Entity.

D. *Successors and Assigns*

The rights, benefits and obligations of any Entity named or referred to herein shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such Entity.

E. *Governing Law*

Except to the extent that the Bankruptcy Code or Bankruptcy Rules apply, and subject to the provisions of any contract, instrument, release, indenture or other agreement or document entered into in connection herewith, the rights and obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without giving effect to the principles of conflict of laws thereof.

F. *Reservation of Rights*

Except as expressly set forth herein, the Plan shall have no force or effect unless and until the Bankruptcy Court enters the Confirmation Order. Neither the filing of the Plan, any statement or provision contained herein, nor the taking of any action by a Debtor or any Entity with respect to the Plan shall be or shall be deemed to be an admission or waiver of any rights of: (1) any Debtor with respect to the holders of Claims or Equity Interests or other parties-in-interest; or (2) any holder of a Claim or other party-in-interest prior to the Effective Date.

G. *Section 1146 Exemption*

Pursuant to Section 1146(a) of the Bankruptcy Code, any transfers of property pursuant hereto shall not be subject to any stamp tax or other similar tax or governmental assessment in the United States, and the Confirmation Order shall direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation instruments or other documents pursuant to such transfers of property without the payment of any such tax or governmental assessment.

H. *Section 1125(e) Good Faith Compliance*

The Debtors and each of their respective Representatives shall be deemed to have acted in “good faith” under Section 1125(e) of the Bankruptcy Code.

I. *Further Assurances*

The Debtors, the Reorganized Debtors, all holders of Claims receiving Distributions hereunder, the holders of Equity Interests in the Debtors and all other parties in interest shall, from time to time, prepare, execute and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan or the Confirmation Order.

J. *Service of Documents*

Any pleading, notice or other document required by the Plan to be served on or delivered to the Debtors shall be sent by first class U.S. mail, postage prepaid as follows:

Brown Rudnick LLP
One Financial Center
Boston, Massachusetts 02111
Attn: Sunni P. Beville, Esq.

K. *Filing of Additional Documents*

On or before the Effective Date, the Debtors may File with the Bankruptcy Court all agreements and other documents that may be necessary or appropriate to effectuate and further evidence the terms and conditions hereof.

L. *No Stay of Confirmation Order*

The Confirmation Order shall contain a waiver of any stay of enforcement otherwise applicable, including pursuant to Fed. R. Bankr. P. 3020(e) and 7062.

M. *Aid and Recognition*

The Debtors or Reorganized Debtors, as the case may be, shall, as needed to effect the terms hereof, request the aid and recognition of any court or judicial, regulatory or administrative body in any other nation or state.

* * * * *

Dated: May 14, 2018
Boston, Massachusetts

HMH MEDIA, INC.

By: /s/ Patrick J. Purcell
PATRICK J. PURCELL, PRESIDENT

HM MEDIA, INC.

By: /s/ Patrick J. Purcell
PATRICK J. PURCELL, PRESIDENT

BH MEDIA, INC.

By: /s/ Patrick J. Purcell
PATRICK J. PURCELL, PRESIDENT

HIA MEDIA, INC.

By: /s/ Patrick J. Purcell
PATRICK J. PURCELL, PRESIDENT

63045002 v1

EXHIBIT B

LIQUIDATION ANALYSIS

63045005 v1

In re HHM Holdings Inc.
Lead Case No. 17-12881 (LSS)

Illustrative Comparative Recovery Analysis: Chapter 11 / Chapter 7
Projected as at June 30, 2018

	Low	Amount Recovered Average	High	Comments
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ASSETS AND DISPOSITION THROUGH PROJECTED DATE

Assets

Unrestricted Cash	\$10,400,000.00	\$10,400,000.00	\$10,400,000.00	
Cash Collateral	\$169,119.00	\$169,119.00	\$169,119.00	Cash collateral held by Citizens Bank + Amounts escrowed by AIG
Other Contingent Assets	\$0.00	\$14,000.00	\$50,000.00	Including potential litigation recoveries + projected tax refund

Total Assets on Filing Date of Disclosure Statement	\$10,569,119.00	\$10,583,119.00	\$10,619,119.00	
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Less:

Accrued, Unpaid Chapter 11 Administrative Claims	\$850,000.00	\$750,000.00	\$650,000.00	Accrued post-petition wage/benefit/pension claims, taxes
Pre-June 30 Wind Down Expenses	\$350,000.00	\$250,000.00	\$200,000.00	
Professional Compensation	\$1,950,000.00	\$1,800,000.00	\$1,650,000.00	Estimated professional fees
Accrued US Trustee Fees	\$110,000.00	\$100,000.00	\$90,000.00	
Priority Tax Claims	\$500,000.00	\$150,000.00	\$0.00	
Bank Secured Claim	\$5,000.00	\$5,000.00	\$5,000.00	
AIG Secured Claims	\$65,000.00	\$45,000.00	\$25,000.00	Net of Cash Collateral
Other Secured Claims	\$150,000.00	\$0.00	\$0.00	
Priority Non-Tax Claims	\$250,000.00	\$75,000.00	\$25,000.00	
Priority Severance Claims	\$1,200,000.00	\$375,000.00	\$150,000.00	
Total Priority & Admin Claims	\$5,450,000.00	\$3,650,000.00	\$2,795,000.00	

Total Remaining on Projection Date	\$5,119,119.00	\$7,033,119.00	\$7,824,119.00	
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LIQUIDATION EXPENSES: CHAPTER 7 VS. CHAPTER 11

	Chapter 7	Chapter 11	
Post-June 30 Wind Down Expenses	\$100,000.00	\$100,000.00	
Post-June 30 Professional Fees	\$500,000.00	\$250,000.00	
Trustee Commission	\$192,993.57	\$0.00	3% blended commission assuming average recovery
Total Liquidation Expenses	\$792,993.57	\$350,000.00	

GENERAL UNSECURED CLAIMS AND PROJECTED DISTRIBUTION PERCENTAGE

Total Estimated General Unsecured Claims	\$88,474,028.00	\$88,120,000.00	\$53,350,000.00
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	Ch 7	Ch 11	Ch 7	Ch 11	Ch 7	Ch 11
Estimated General Unsecured Creditor Recovery	4.89%	5.39%	9.16%	9.81%	13.18%	14.01%

The determination of the costs of, and hypothetical proceeds from, the liquidation of the Debtors' assets is an uncertain process involving the extensive use of estimates and assumptions that, although considered reasonable by the Debtors based upon their business judgment and input from advisors, are inherently subject to significant business and legal uncertainties and contingencies beyond the control of the Debtors, their management, and their advisors. Inevitably, some assumptions in this Liquidation Analysis will not materialize, and unanticipated events and circumstances will effect the ultimate results of any liquidation. The Liquidation Analysis was prepared for the sole purpose of generating a reasonable good-faith estimate of the proceeds that may be generated if the Debtors' assets are liquidated in accordance with the Plan or Chapter 7 of the Bankruptcy Code. The Liquidation Analysis is not intended and should not be used for any other purpose. Neither the Debtors nor their advisors make any representation or warranty that the actual results would or would not approximate the estimates and assumptions represented herein. Actual results could vary materially.

In preparing the Liquidation Analysis, the Debtors estimated Allowed Claims based upon a review of Claims listed on the Debtors' Schedules and Proofs of Claim Filed to date. In addition, the Liquidation Analysis includes estimates for Claims not currently asserted in the Chapter 11 Cases, but which could be asserted and Allowed. To date, the Bankruptcy Court has not estimated or otherwise fixed the total amount of Allowed Claims used for purposes of preparing this Liquidation Analysis. Therefore, the Debtors' estimates of Allowed Claims set forth in the Liquidation Analysis should not be relied on for any other purpose. Nothing contained in the Liquidation Analysis is intended to be or constitutes a concession or admission of the Debtors. The actual amount of Allowed Claims in the Chapter 11 Cases could materially differ from the estimated amounts set forth in the Liquidation Analysis.