

**THIS IS NOT A SOLICITATION OF ACCEPTANCES OR REJECTIONS OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL THE DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL TO THE BANKRUPTCY COURT BUT HAS NOT YET BEEN APPROVED BY THE BANKRUPTCY COURT AT THIS TIME. THE INFORMATION CONTAINED HEREIN SHOULD NOT BE RELIED UPON FOR ANY PURPOSE BEFORE A DETERMINATION BY THE BANKRUPTCY COURT THAT THIS DISCLOSURE STATEMENT CONTAINS “ADEQUATE INFORMATION” WITHIN THE MEANING OF SECTION 1125 OF THE BANKRUPTCY CODE**

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

In re:	)	Chapter 11
	)	
NV BROADCASTING, LLC, <u>et al.</u> , <sup>1</sup>	)	Case No. 09-12473 (KG)
	)	
Debtors.	)	(Jointly Administered)
	)	
	)	

**DISCLOSURE STATEMENT  
PURSUANT TO SECTION 1125 OF THE BANKRUPTCY  
CODE FOR DEBTORS’ JOINT PLAN OF REORGANIZATION  
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

---

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: NV Broadcasting, LLC (7998); NV Media, LLC (6012); NV Television, LLC (4400); NVT Kansas, Inc. (2060); NVT Birmingham, LLC (1537); NVT Birmingham Licensee, LLC (1535); NVT Mason City, LLC (9043); NVT Mason City Licensee, LLC (6216); NVT Portland, LLC (2561); NVT Portland Licensee, LLC (2797); NVT Hawaii, LLC (2999); NVT Hawaii Licensee, LLC (3178); NVT Wichita, LLC (2123); NVT Wichita Licensee, LLC (2241); NVT Topeka, LLC (1839); NVT Topeka Licensee, LLC (1990); NVT Topeka II, LLC (3337); NVT Topeka II Licensee, LLC (5695); NVT Youngstown, LLC (2962); NVT Youngstown Licensee, LLC (5405); NVT Savannah, LLC (8516); NVT Savannah Licensee, LLC (5428); PBC Television Holdings, LLC (7741); PBC Broadcasting, LLC (0533); PBC Broadcasting of Youngstown, LLC (3833); PBC Broadcasting of Youngstown License, LLC (3779); PBC Broadcasting of Savannah, LLC (8216); and PBC Broadcasting of Savannah License, LLC (8214). The location of the NV Debtors’ corporate headquarters and service address is: 3500 Lenox Road, Suite 640, Atlanta, Georgia 30326. The location of the PBC Debtors’ corporate headquarters and service address is: 11766 Wilshire Blvd, Suite 405, Los Angeles, California 90025.

LOCKE LORD BISSELL & LIDDELL LLP  
111 S. Wacker Drive  
Chicago, Illinois 60606-4410  
Telephone: (312) 443-0700  
Fax: (312) 443-6653

-and-

POLSINELLI SHUGHART PC  
222 Delaware Avenue, Suite 1101  
Wilmington, Delaware 19801  
Telephone: (302) 252-0920  
Fax: (302) 252-0921

Counsel for the NV Debtors

WOMBLE CARLYLE SANDRIDGE & RICE PLLC  
222 Delaware Avenue, 15th Floor  
Wilmington, Delaware 19801  
Telephone: (302) 252-4320  
Fax: (302) 252-4330

Counsel for the PBC Debtors

Dated: \_\_\_\_\_, 2009

## **TABLE OF CONTENTS**

I. INTRODUCTION .....	1
II. SUMMARY OF THE TREATMENT OF CREDITORS AND STOCKHOLDERS UNDER THE PLAN .....	7
A. Summary of Voting Procedures.....	10
B. Recommendation. ....	11
III. OVERVIEW OF CHAPTER 11 PROCESS .....	12
IV. BUSINESS DESCRIPTION AND REASONS FOR CHAPTER 11 .....	12
A. Corporate Structure. ....	12
B. Background. ....	13
C. Prepetition Structure. ....	23
V. EVENTS LEADING TO COMMENCEMENT OF THE REORGANIZATION CASES .....	27
A. Defaults Under the Credit Facilities. ....	27
B. Restructuring Efforts.....	28
C. The Debtors Business Plan. ....	29
VI. SIGNIFICANT EVENTS DURING THE REORGANIZATION CASES.....	31
A. First Day Orders.....	31
B. Debtor in Possession Financing. ....	31
C. The Schedules and Bar Date. ....	32
D. Creditors Committee. ....	32
E. The Debtors' Exclusive Right to File and Solicit Acceptances of a Plan. ....	33
F. Assumption and Rejection of Executory Contracts and Unexpired Leases.....	33
VII. THE PLAN OF REORGANIZATION .....	33
A. Introduction.....	33
B. Summary of the Structure of the Reorganized Debtors On and After the Effective Date. ....	33
C. Classification and Treatment of Claims and Interests Under the Plan. ....	34
1. Unclassified.....	37
2. Classified.....	39
D. Means of Implementation. ....	47
1. Non-Substantive Consolidation. ....	47

2.	Intercompany Claims. ....	47
3.	Summary of Post-Effective Date Structure of the Debtors. ....	48
4.	New Corporate Structure of Reorganized Debtors. ....	48
5.	Authorization of Plan Securities by Reorganized NV Debtors. ....	48
6.	Authorization of Plan Securities by Reorganized PBC Debtors. ....	49
7.	Transfer of NVT License Holdings Membership Interests. ....	50
8.	Transfer of the Reorganized PBC Broadcasting Membership Interests. ....	50
9.	Further Restructuring Transactions. ....	50
10.	Joint Sales Agreement, Shared Services Agreement, Local Marketing Agreement, and Options Agreements. ....	51
11.	Incurrence of New Indebtedness – the Exit Secured Term Loan. ....	51
12.	Cancellation of Existing Securities and Agreement. ....	52
13.	Reorganized Debtors’ Boards of Directors. ....	53
14.	Officers of the Reorganized Debtors. ....	53
15.	New Employment Agreements. ....	53
16.	Termination of Overhead Agreement and Guaranty. ....	54
17.	Corporate Action and New Organizational Documents. ....	54
18.	Post Effective Date Fees and Expenses ....	54
19.	Preservation of Causes of Action. ....	54
E.	Securities to Be Issued Under the Plan. ....	55
F.	Securities Law Matters. ....	55
1.	Issuance and Resale of New Securities Under the Plan. ....	56
G.	Plan Provisions Governing Distributions. ....	57
1.	Record Date for Distributions. ....	57
2.	Date of Distributions. ....	58
3.	Subsequent Distributions. ....	58
4.	Setoffs. ....	58
5.	Delivery of Distributions. ....	58
6.	Manner of Payment Under the Plan. ....	59
7.	Fractional Distributions. ....	59
8.	Withholding and Reporting Requirements. ....	59
9.	Time Bar to Cash Payments. ....	59
10.	Transactions on Business Days. ....	60
11.	Allocation of Distributions. ....	60
12.	Disbursing Agent. ....	60
13.	Rights and Powers of Disbursing Agent. ....	60
H.	Procedures for Treating Disputed Claims. ....	61
1.	No Distribution Pending Allowance. ....	61
2.	Resolution of Disputed Claims. ....	61
3.	Estimation of Claims. ....	61
4.	Allowance of Disputed Claims. ....	62
I.	Provisions Governing Executory Contracts and Unexpired Leases. ....	62
1.	General Treatment. ....	62

2.	Cure of Defaults.....	63
3.	Rejection Claims.....	63
J.	Conditions Precedent to Occurrence of Effective Date. ....	63
1.	Conditions Precedent to Confirmation.....	63
2.	Conditions Precedent to the Occurrence of the Effective Date. ....	64
3.	Waiver of Conditions.....	65
4.	Effect of Failure of Conditions. ....	65
K.	Effect of Confirmation. ....	66
1.	Vesting of Assets. ....	66
2.	Binding Effect.....	66
3.	Discharge of Claims and Termination of Interests. ....	66
4.	Release and Discharge of Debtors. ....	66
5.	Terms of Injunctions or Stays. ....	67
6.	Indemnification Obligations. ....	67
7.	Director and Officer Liability Policy.....	67
8.	Injunction Against Interference with the Plan. ....	67
9.	Exculpation. ....	68
10.	Limited Releases. ....	68
11.	Avoidance Actions.....	69
L.	Retention of Jurisdiction.....	69
M.	Miscellaneous Provisions.....	70
VIII.	PROJECTIONS AND VALUATION ANALYSIS .....	71
A.	Projected Financial Statements.....	71
B.	Valuation.....	73
1.	Valuation Methodology. ....	76
IX.	CERTAIN FACTORS TO BE CONSIDERED .....	79
A.	Certain Reorganization Considerations. ....	79
B.	Risks Relating to the Plan Securities. ....	80
1.	Variances from Projected Financial Information.....	80
2.	Lack of Trading Market. ....	81
3.	Restrictions on Transfer. ....	81
C.	Competition in the Broadcasting Industry. ....	81
D.	Government Regulation. ....	82
E.	Reliance on Key Personnel. ....	83
F.	Liquidity and Capital Resources. ....	83
G.	Additional Factors to Be Considered.....	83
1.	The Debtors Have No Duty to Update.....	83
2.	No Representations Outside This Disclosure Statement Are Authorized.....	84

3.	Projections and Other Forward Looking Statements Are Not Assured, and Actual Results Will Vary. ....	84
4.	Claims Could Be More Than Projected. ....	84
5.	No Legal or Tax Advice Is Provided to You By This Disclosure Statement.....	84
6.	No Admission Made. ....	85
X.	VOTING PROCEDURES AND REQUIREMENTS.....	85
A.	Vote Required for Acceptance by a Class. ....	85
B.	Classes Not Entitled to Vote. ....	85
C.	Voting. ....	86
XI.	CONFIRMATION OF THE PLAN OF REORGANIZATION.....	87
A.	Confirmation Hearing. ....	87
B.	Requirements for Confirmation of the Plan of Reorganization. ....	87
1.	Requirements of Section 1129(a) of the Bankruptcy Code. ....	87
2.	Requirements of Section 1129(b) of the Bankruptcy Code. ....	91
XII.	ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN OF REORGANIZATION.....	92
A.	Liquidation Under Chapter 7. ....	92
B.	Alternative Plan of Reorganization.....	93
XIII.	CERTAIN US FEDERAL INCOME TAX CONSIDERATIONS.....	93
XIV.	CONCLUSION.....	103

## I. INTRODUCTION

NV Broadcasting, LLC, and its related debtors (collectively, the “**NV Debtors**”) and PBC Television Holdings, LLC (“**PBC Holdings**”) and its related debtors (the “**PBC Debtors**” and, collectively with the NV Debtors, the “**Debtors**”) as debtors and debtors in possession in the reorganization cases (the “**Reorganization Cases**”) under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”), jointly submit this Disclosure Statement pursuant to section 1125 of the Bankruptcy Code to the holders of Claims against the Debtors in connection with the solicitation of acceptances of the Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, dated July 31, 2009, as the same may be modified and/or amended from time to time (the “**Plan**”), filed contemporaneously herewith by the Debtors with the Bankruptcy Court, a copy of which is attached hereto as **Exhibit 1**. Unless otherwise defined herein, all of the capitalized terms used herein shall have the meanings ascribed to such terms in the Plan.

Attached as Exhibits to this Disclosure Statement are copies of the following documents:

- The Plan (Exhibit 1);
- Disclosure Statement Order (Exhibit 2)
- Restructuring Plan Support Agreement (Exhibit 3)
- Corporate Structure of the NV Debtors (Exhibit 4);
- Corporate Structure of the PBC Debtors (Exhibit 5);
- Projections (Exhibit 6);
- Historical Financial Information (Exhibit 7);
- Liquidation Analysis (Exhibit 8);
- Biographical information regarding the management of the Reorganized Debtors (Exhibit 9).

The purpose of the Disclosure Statement is to provide sufficient information to enable the creditors of the Debtors who are entitled to vote on the Plan to make an informed decision on whether to accept or reject the Plan. This Disclosure Statement describes, among other things:

- the Debtors’ business (Section IV);
- the reasons the Debtors commenced their Reorganization Cases (Section V);

- significant events during the Reorganization Cases (Section VI);
- the Plan, including, among other things, the classification and treatment of Claims and Interests under the Plan, means of implementing the Plan, the terms of the securities to be issued under the Plan, how distributions under the Plan will be made and the manner in which Disputed Claims are resolved, and securities law issues (Section VII);
- certain factors affecting the Debtors (Section IX);
- voting procedures and requirements (Section X);
- the procedure for confirming the Plan (Section XI);
- alternatives to confirmation of the Plan (Section XII); and
- certain tax law issues (Section XIII).

Additional copies of this Disclosure Statement are available upon request made to the Debtors' Voting Agent, at the following address:

<p>If by regular mail:</p> <p>NV Broadcasting, LLC c/o BMC Group Inc. PO Box 3020 Chanhassen, MN 55317-3020</p>	<p>If by overnight or hand delivery:</p> <p>NV Broadcasting, LLC c/o BMC Group Inc. 18750 Lake Drive East Chanhassen, MN 55317</p>
<p>Tel.: (888) 909-0100</p>	

A Ballot to accept or reject the Plan is enclosed with the Disclosure Statement submitted to the holders of Claims that are entitled to vote to accept or reject the Plan, as explained below.

After notice and a hearing, the Bankruptcy Court entered an order (the "**Disclosure Statement Order**") on \_\_\_\_\_, 2009 approving this Disclosure Statement as containing adequate information of a kind and in sufficient detail to enable hypothetical, reasonable investors typical of the Debtors' creditors to make an informed judgment whether to accept or reject the Plan. APPROVAL OF THIS DISCLOSURE



STATEMENT DOES NOT, HOWEVER, CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT AS TO THE FAIRNESS OR MERITS OF THE PLAN.

The Disclosure Statement Order, a copy of which is attached as **Exhibit 2** to this Disclosure Statement, sets forth in detail the deadlines, procedures, and instructions for voting to accept or reject the Plan and for filing objections to confirmation of the Plan, the record date for voting purposes, and the applicable standards for tabulating Ballots. Detailed voting instructions are also set forth on each Ballot. Each holder of a Claim entitled to vote on the Plan should read the Disclosure Statement, the Plan, and the instructions accompanying the Ballot in their entirety before voting on the Plan. These documents contain, among other things, important information concerning the classification of Claims and Interests for voting purposes and the tabulation of votes. No solicitation of votes to accept the Plan may be made except pursuant to section 1125 of the Bankruptcy Code.

**WHO IS ENTITLED TO VOTE:** Pursuant to the Disclosure Statement Order, the Bankruptcy Court has established \_\_\_\_\_, 2009 (the “**Voting Record Date**”) as the record date for determining the holders of Claims entitled to vote to accept or reject the Plan. Holders of First Lien Loan Claims (Class 1) and Second Lien Loan Claims (Class 7) as of the Voting Record Date are entitled to vote on the Plan and a Ballot for acceptance or rejection of the Plan is enclosed with the Disclosure Statement submitted to the holders of Claims in these classes that are entitled to vote. Holders of Secured Tax Claims (Class 2), Other Secured Claims (Class 3), Priority Non-Tax Claims (Class 4), NV General Unsecured Trade Claims (Class 5), and PBC General Unsecured Trade Claims (Class 6) are conclusively presumed to accept the Plan and are not entitled to vote. Holders of Mezzanine Loan Claims (Class 8), HBK Loan Claim (Class 9), Rejection Damages Claims (Class 10), Litigation Claims (Class 11), Securities Claims (Class 12), Subordinated Claims (Class 13), and Interests (Class 14) are deemed to reject the Plan and are not entitled to vote.

The Debtors are commencing this solicitation after extensive negotiations with UBS AG, Stamford Branch (“**UBS**” or the “**Administrative Agent**”), in its capacity as administrative agent and collateral agent for the financial institutions that are party to the Prepetition New Vision First Lien Credit Agreement and the Prepetition PBC First Lien Credit Agreement, both of which are defined in section IV.C.1 below. The Administrative Agent has been represented by Paul, Hastings, Janofsky & Walker LLP (“**Paul Hastings**”), as legal advisor. As a result of the negotiations between the Debtors and UBS, prior to the commencement of the Reorganization Cases, the Debtors entered into the Restructuring Plan Support Agreement dated as of July 10, 2009 as may be further amended from time to time (the “**First Lien Restructuring Plan Support Agreement**”) with the Administrative Agent and approximately 95.238% of the First Lien Lenders holding approximately 98.079% of the total First Lien Loan Claims. After subsequent negotiations with the Second Lien Lenders, the Debtors entered into the Second Lien Restructuring Plan Support Agreement dated July 10, 2009, as may be further amended from time to time (the “**Second Lien Restructuring Plan Support Agreement**”) and, together with the First Lien Restructuring Plan Support Agreement, the

**“Restructuring Plan Support Agreements”**) with the Second Lien Agent and approximately 97.143% of the Second Lien Lenders holding approximately 94.407% of the total Second Lien Loan Claims. Pursuant to the terms of the Restructuring Plan Support Agreements, copies of which are annexed hereto as **Exhibit 3**, including the amendments thereto, the Administrative Agent and the First Lien Lenders who executed the First Lien Restructuring Plan Support Agreement, and the Second Lien Administrative Agent and the Second Lien Lenders who executed the Second Lien Restructuring Plan Support Agreement, have agreed to vote to accept the Plan. Thus, Holders of 95.238% of the First Lien Loan Claims (Class 1) holding approximately 98.079% of the total First Lien Loan Claims have agreed to vote in favor of the Plan. Similarly, Holders of 97.143% of the Second Lien Loan Claims (Class 7) holding approximately 94.407% of the total Second Lien Loan Claims agreed to vote in favor of the Plan. The performance of the Administrative Agent, the Second Lien Administrative Agent, the First Lien Lenders, and the Second Lien Lenders under the Restructuring Plan Support Agreements is subject to numerous conditions contained therein.

The Debtors’ financial advisor, Moelis & Company LLC (**“Moelis”**), has conducted a valuation of the Debtors and their subsidiaries using widely-accepted valuation methodologies (as more fully set forth in Section VIII). This valuation has produced a range of the equity value for the Reorganized Debtors of between \$74.5 million and \$109.5 million, which is less than the total aggregate amount of the First Lien Loan Claims that are secured by substantially all of the assets of all of the Debtors, except for NV Media, LLC and NVT Kansas, Inc., and which must be satisfied in full before any distribution may be made to the Debtors’ unsecured creditors or holders of membership interests in the Debtors. Based on the Debtors’ estimate, the valuation required to provide a distribution to holders of any claims subordinate to the First Lien Loan Claims, according to the absolute priority rule, would need to be in excess of the full amount of the First Lien Loan Claims, which are approximately \$274,021,842 plus postpetition interest on the First Lien Loan Claims and amounts projected under the Exit Secured Term Loan assuming an Effective Date of October 1, 2009.

Because the holders of the First Lien Loan Claims have liens against substantially all of the assets of the Debtors (except NV Media, LLC and NVT Kansas, Inc.) and such assets are worth less than the aggregate amount of the First Lien Loan Claims, the holders of the First Lien Loan Claims are entitled to receive the entire economic value of the Debtors. Despite the fact that the holders of First Lien Loan Claims, in the aggregate, are undersecured and entitled to the entire economic value of the Debtors, the First Lien Lenders have agreed in the Restructuring Plan Support Agreements to support the Plan, which provides that Class 5 NV General Unsecured Trade Claims and Class 6 PBC General Unsecured Trade Claims shall be Reinstated as an obligation of the Reorganized NV Debtors, or otherwise be treated in a manner so that such claims are rendered Unimpaired pursuant to section 1125 of the Bankruptcy Code (as discussed below) and a partial recovery to holders of Class 7 Second Lien Loan Claims (as defined below).

If the Bankruptcy Court were to determine that the holders of the First Lien Loan Claims are oversecured, then the excess value over and above the Allowed amount of

such First Lien Loan Claims would be used to pay to the holders of such Claims postpetition interest. Therefore, the Bankruptcy Court would have to conclude that the Moelis valuation materially understates the value of the Debtors in order for Holders of claims subordinate to the First Lien Loan Claims, under the absolute priority rule, to have an entitlement to a distribution from the Debtors pursuant to the Bankruptcy Code.

FOR A DESCRIPTION OF THE PLAN AND VARIOUS RISKS AND OTHER FACTORS PERTAINING TO THE PLAN, PLEASE SEE SECTION VII.C. OF THE DISCLOSURE STATEMENT, ENTITLED “CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN,” AND SECTION IX OF THE DISCLOSURE STATEMENT, ENTITLED “CERTAIN FACTORS TO BE CONSIDERED.”

THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN DOCUMENTS RELATING TO THE PLAN, CERTAIN EVENTS EXPECTED TO OCCUR IN THE REORGANIZATION CASES, AND CERTAIN FINANCIAL INFORMATION. ALTHOUGH THE DEBTORS BELIEVE THAT THE SUMMARIES OF THE PLAN AND RELATED DOCUMENT SUMMARIES ARE FAIR AND ACCURATE, SUCH SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS’ MANAGEMENT, EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED.

**THE DEBTORS HAVE NOT COMPLETED AN OUTSIDE AUDIT SINCE DECEMBER 31, 2007. NONE OF THE PROJECTIONS CONTAINED HEREIN, HOWEVER, WERE AUDITED OR REVIEWED BY THE DEBTORS’ CERTIFIED PUBLIC ACCOUNTANTS OR PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.**

**THE DEBTORS CANNOT ENSURE THAT A LIQUID MARKET WILL DEVELOP FOR THE NEW MEMBERSHIP INTERESTS OR WARRANTS OR THAT HOLDERS OF NEW MEMBERSHIP INTERESTS AND WARRANTS WILL BE ABLE TO SELL SUCH NEW MEMBERSHIP INTERESTS OR WARRANTS AT ANY PARTICULAR TIME AND RECEIVE A FAVORABLE PRICE PURSUANT TO SUCH SALE. THERE WILL BE NO PUBLIC MARKET FOR THE NEW MEMBERSHIP INTERESTS OR WARRANTS.**

The summaries of the Plan and other documents related to the restructuring of the Debtors are qualified in their entirety by the Plan, its exhibits, and the documents and exhibits contained in the Plan Supplement. If there is any inconsistency between the Plan and the descriptions in the Disclosure Statement, the terms of the Plan will govern. The Plan Supplement will be filed with the Bankruptcy Court on August 25, 2009. The financial and other information included in this Disclosure Statement are for purposes of

soliciting acceptances of the Plan and are being communicated for settlement purposes only.

The Debtors' legal advisor is Locke Lord Bissell & Liddell, LLP; their financial advisor is Moelis & Company LLC. They can be contacted at:

Locke Lord Bissell & Liddell, LLP 111 S. Wacker Drive Chicago, Illinois 60606-4410 (312) 443-0700 Attention: David W. Wirt Aaron C. Smith	Moelis & Company LLC 1999 Avenue of the Stars, 19th Floor Los Angeles, California 90067 Tel: (310) 443-2300 Attention: John Momtazee
--	--

The PBC Debtors' financial advisor is also Moelis & Company LLC, and their legal advisor is Womble Carlyle Sandridge & Rice PLLC, who can be contacted at:

Womble Carlyle Sandridge & Rice PLLC  
222 Delaware Avenue, 15th Floor  
Wilmington, Delaware 19801  
Telephone: (302) 252-4320  
Fax: (302) 252-4330  
Attention: Francis A. Monaco, Jr.

The following table summarizes the treatment of Claims and Interests under the Plan. This table identifies the Claims against and Interests in the Debtors in their respective Classes and summarizes the treatment for each Class under the Plan. The table also identifies which Classes are entitled to vote on the Plan, based upon the rules set forth in the Bankruptcy Code. Finally, the table provides an estimated recovery for each Class. For a complete explanation, please refer to the discussion in Section VII below, entitled "THE PLAN OF REORGANIZATION," and to the Plan itself.

**IRS CIRCULAR NOTICE:** TO INSURE COMPLIANCE WITH IRS CIRCULAR 230, HOLDERS OF CLAIMS AND INTERESTS ARE HEREBY NOTIFIED THAT: (I) ANY DISCUSSION OF FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY HOLDERS OF CLAIMS OR INTERESTS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE INTERNAL REVENUE CODE; (II) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE DEBTORS OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (III) HOLDERS OF CLAIMS AND INTERESTS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

## II. SUMMARY OF THE TREATMENT OF CREDITORS AND STOCKHOLDERS UNDER THE PLAN

Class	Description	Treatment of Allowed Interest	Estimated Allowed Amount <sup>2</sup>	Estimated Recovery as of Effective Date <sup>3</sup>	Entitled to Vote
--	DIP Claims	Paid in Cash and in full from the proceeds of the Exit Secured Term Loan in accordance with the terms of the DIP Order and the DIP Credit Agreement.	\$27,772,139	100%	n/a
--	Administrative Expenses	Except to the extent that a Holder of an Allowed Administrative Expense agrees to a different treatment, paid in full in Cash; provided, however, that Allowed Administrative Expenses incurred in the ordinary course of business shall be paid in the ordinary course of business.	\$19,082,631	100%	n/a
--	Compensation and Reimbursement Claims of Professionals	Paid in full, in Cash, in accordance with the Order allowing such Claim, except with respect to Claims asserted pursuant to section 503(b)(3) as set forth in section 2.3 of the Plan.	\$5,445,695	100%	n/a
--	Priority Tax Claims	Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a different treatment, each Holder of an Allowed Priority Tax Claim receives, at the option of the Affected Debtor, (a) Cash or (b) commencing on the first anniversary of the Effective Date and continuing on each anniversary thereafter over a period not exceeding five years after the Petition Date, equal annual Cash payments in an aggregate amount equal to such Allowed Priority Tax Claim, together with interest at the applicable rate under non-bankruptcy law, subject to the sole option of the Affected Debtor, to prepay the entire amount of the Allowed Priority Tax Claim at any time, or (c) upon such other terms determined by the Bankruptcy Court to provide the	\$26,501	100%	n/a

<sup>2</sup> The Estimated Allowed Amounts set forth in this Disclosure Statement are only approximate amounts and, thus, are subject to change. Moreover, all such amounts exclude postpetition interest, if any.

<sup>3</sup> The Estimated Recovery as of the Effective Date, for purposes of the estimated recovery to Holders of First Lien Loan Claims and Second Lien Loan Claims, assumes, based on the valuation performed by Moelis, a mid-point equity value of the Reorganized Debtors of approximately \$92 million, and does not give effect to the dilutive impact of any options, warrants, or equity to be granted as part of Management Equity, or Warrants granted to the Second Lien Lenders. For a complete discussion of Moelis' valuation of the Reorganized Debtors, and the limitations and risk factors involved with this valuation, please see section VIII.B of this Disclosure Statement.

		Holder of such Allowed Priority Tax Claim deferred Cash payments having a value, as of the Effective Date, equal to such Allowed Priority Tax Claim.			
1	First Lien Loan Claims	Impaired; on the Effective Date, the Holders of First Lien Loan Claims will receive a Transfer of their Ratable Portion of one hundred percent (100%) of the NVT Holdings Membership Interests, subject to dilution for (a) Management Compensation Dilution, and (b) the Second Lien Equity.	\$274,021,842	33%	Yes
2	Secured Tax Claims	Unimpaired; except to the extent that a Holder of an Allowed Secured Tax Claim has agreed to a different treatment, each Holder of an Allowed Secured Tax Claim receives, at the option of the Affected Debtor, either: (i) the Collateral securing the Allowed Secured Tax Claim; (ii) Cash; (iii) commencing on the first anniversary of the Effective Date and continuing on each anniversary thereafter over a period not exceeding five years after the Petition Date, equal annual Cash payments in an aggregate amount equal to such Allowed Secured Tax Claim, together with interest, subject to the sole option of the Affected Debtor to prepay the entire amount of the Allowed Secured Tax Claim at any time, or (iv) upon such other terms determined by the Bankruptcy Court.	\$0.00	100%	Yes
3	Other Secured Claims	Unimpaired; at the sole option of the Affected Debtor, (a) each Allowed Other Secured Claim shall be Reinstated, or (b) each Holder of an Allowed Other Secured Claim shall receive, in full satisfaction of such claim, either (i) Cash, including any interest required to be paid pursuant to section 506(b) of the Bankruptcy Code, (ii) the proceeds of the sale or disposition of the collateral securing such Other Secured Claim to the extent of the value of the Holder's secured interest in such collateral, (iii) the collateral securing such Other Secured Claim and any interest on such Claim required to be paid pursuant to section 506(b) of the Bankruptcy Code, or (iv) such other distribution as is necessary to satisfy the requirements of section 1129 of the Bankruptcy Code.	\$665,630	100%	No (deemed to accept)
4	Priority Non-Tax Claims	Unimpaired; paid Cash in an amount equal to such Allowed Claim or otherwise receives treatment consistent with the provisions of section 1129(a)(9) of the Bankruptcy	\$0.00	100%	No (deemed to accept)

		Code.			
5	NV General Unsecured Trade Claims	Unimpaired; each Allowed NV General Unsecured Trade Claim shall (a) be Reinstated as an obligation of NVT Networks; (b) receive such treatment as to which NVT Networks shall have agreed to in writing; or (c) be treated in any other manner so that such NV General Unsecured Trade Claim shall otherwise be rendered Unimpaired pursuant to section 1124 of the Bankruptcy Code.	\$9,719,803 <sup>4</sup>	100%	No (deemed to accept)
6	PBC General Unsecured Trade Claims	Unimpaired; each Allowed PBC General Unsecured Trade Claim shall (a) be Reinstated as an obligation of the PBC Broadcasting; (b) receive such treatment as to which PBC Broadcasting shall have agreed to in writing; or (c) be treated in any other manner so that such PBC General Unsecured Trade Claim shall otherwise be rendered Unimpaired pursuant to section 1124 of the Bankruptcy Code.	\$600,850 <sup>5</sup>	100%	No (deemed to accept)
7	Second Lien Loan Claims	Impaired; on the Effective Date, the Holders of the Second Lien Loan Claims who (a) vote to accept the Plan will each receive a Transfer by the Disbursing Agent of its Ratable Portion of the Second Lien Equity, and (b) vote to reject the Plan will each receive no Transfers of property on account of such Holder's Second Lien Loan Claim and the aggregate amount of Second Lien Equity to be Transferred under the Plan will be reduced by the percentage determined by dividing (x) the aggregate face amount of the Rejecting Second Lien Claims by (y) the total Second Lien Loan Claims. Second Lien Equity means (a) three percent (3%) of the NVT Holdings Membership Interests, and (b) the Class A Warrants and the Class B Warrants.	\$94,972,735	3%	Yes
8	Mezzanine Loan Claims	Impaired; no distribution.	\$26,254,977	0%	No (deemed to reject)

<sup>4</sup> The Estimated Allowed Amount of NV General Unsecured Trade Claims may be reduced as a result of the Debtors' assumption or rejection of any Executory Contracts that give rise to any portion of the NV General Unsecured Trade Claims. As further described in footnote 6, the Debtors have not determined which, if any, of their Executory Contracts they will assume or reject. Accordingly, the Estimated Allowed Amount of NV General Unsecured Trade Claims described in this Disclosure Statement represents the Debtors' estimate of the maximum amount of Allowed NV General Unsecured Trade Claims.

<sup>5</sup> The Estimated Allowed Amount of PBC General Unsecured Trade Claims may be reduced as a result of the Debtors' assumption or rejection of any Executory Contracts that give rise to any portion of the PBC General Unsecured Trade Claims. As further described in footnote 6, the Debtors have not determined which, if any, of their Executory Contracts they will assume or reject. Accordingly, the Estimated Allowed Amount of PBC General Unsecured Trade Claims described in this Disclosure Statement represents the Debtors' estimate of the maximum amount of Allowed PBC General Unsecured Trade Claims.

9	HBK Loan Claim	Impaired; no distribution.	\$13,389,520	0%	No (deemed to reject)
10	Rejection Damages Claims	Impaired; no distribution.	\$0.00 to \$4,000,000 <sup>6</sup>	0%	No (deemed to reject)
11	Litigation Claims	Impaired; no distribution.	\$300,000	0%	No (deemed to reject)
12	Securities Claims	Impaired; no distribution.	\$0.00	0%	No (deemed to reject)
13	Subordinated Claims	Impaired; no distribution.	\$0.00	0%	No (deemed to reject)
14	Interests	Impaired; no distribution..	n/a	0%	No (deemed to reject)

**A. Summary of Voting Procedures.**

This Disclosure Statement and the Plan are the only materials creditors should use to determine whether to vote to accept or reject the Plan.

**The LAST DAY to vote to accept or reject the Plan is \_\_\_\_\_, 2009.**

To be counted, your Ballot must be properly completed in accordance with the instructions on the Ballot and actually received by the Voting Agent, BMC Group, Inc. (i) if sent via regular mail at NV Broadcasting, LLC, c/o BMC Group Inc., PO Box 3020 Chanhassen, MN 55317-3020 or, (ii) if sent by overnight courier or by hand delivery, at NV Broadcasting, LLC c/o BMC Group Inc., 18750 Lake Drive East Chanhassen, MN 55317 by 4:00 p.m. Eastern Time on \_\_\_\_\_, 2009 (the "Voting Deadline"). Ballots received after that time will NOT be counted.

**Any properly executed, timely received Ballot that does not indicate either an acceptance or rejection of the Plan will NOT be counted. Any properly executed, timely received Ballot that indicates both acceptance and rejection of the Plan will NOT be counted. BALLOTS SHOULD NOT BE DELIVERED DIRECTLY TO THE DEBTORS, THE COURT, OR COUNSEL TO THE DEBTORS.**

**The Voting Record Date for determining which creditors may vote on the Plan is \_\_\_\_\_, 2009.**

The Bankruptcy Code provides that only creditors who vote on the Plan will be counted for purposes of determining whether the requisite acceptances have been

<sup>6</sup> The Debtors are currently in discussions with various nondebtor parties to Executory Contracts. As of the date of this Disclosure Statement, the Debtors have not determined which, if any, of their Executory Contracts they will reject. The Debtors estimate, however, that the Rejection Damages Claims will not exceed \$4,000,000.



attained. Failure to timely deliver a properly completed Ballot by the Voting Deadline will constitute an abstention and, thus, will not be counted as either an acceptance or a rejection. Unless otherwise noted herein, any improperly completed or late Ballot will not be counted.

If you are entitled to vote to accept or reject the Plan, a Ballot is enclosed for voting purposes. Please vote and return your Ballot(s) in accordance with the instructions set forth herein and in the Ballots.

If you are a holder of a Claim entitled to vote on the Plan and did not receive a Ballot, received a damaged Ballot, or lost your Ballot, or if you have any questions concerning the procedures for voting on the Plan, please call the Voting Agent, BMC Group, Inc., at (888) 909-0100.

Any voter that has delivered a valid Ballot may withdraw its vote by delivering a written notice of withdrawal to the Voting Agent before the Voting Deadline. Any holder that has delivered a valid Ballot may change its vote by delivering to the Voting Agent a properly completed subsequent Ballot so as to be received before the Voting Deadline.

For detailed voting instructions, see the instructions on your Ballot. For a further discussion of voting on the Plan, see Section X below, entitled “VOTING PROCEDURES AND REQUIREMENTS.”

**B. Recommendation.**

The Plan was developed over several months and through extensive negotiations among the Debtors, the Administrative Agent, and the First Lien Steering Committee, and subsequent negotiations with the Second Lien Administrative Agent. The Debtors believe that approval of the Plan is the Debtors’ best chance to successfully reorganize, emerge from chapter 11, and return the Debtors to profitability and provides the best recoveries possible for holders of Claims against and Interests in the Debtors.

<p><b>RECOMMENDATION:</b> The Debtors urge creditors to vote to accept the Plan.</p>
--

**THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION. NOR HAS THE COMMISSION PASSED ON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREWITH. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

### III. OVERVIEW OF CHAPTER 11 PROCESS

Chapter 11 is the primary business reorganization chapter of the Bankruptcy Code. Under chapter 11 of the Bankruptcy Code, a debtor is authorized to reorganize its business for the benefit of itself and all economic parties in interest. While permitting rehabilitation of a debtor, chapter 11 also promotes equality of treatment of similarly situated claims and similarly situated equity interests with respect to the distribution of a debtor's assets.

The commencement of a chapter 11 case creates an estate that is comprised of all of the legal and equitable interests of the debtor as of the filing date. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession."

The consummation of a plan of reorganization is the principal objective of a chapter 11 reorganization case. A plan of reorganization sets forth the means for satisfying claims against and equity interests in a debtor. Confirmation of a plan of reorganization by the bankruptcy court makes the plan binding upon a debtor, any issuer of securities under the plan, any person acquiring property under the plan, and any creditor of, or holder of an equity interest in, a debtor. Subject to certain limited exceptions, the confirmation order discharges a debtor from any debt that arose prior to the date of confirmation of the plan and substitutes therefor the obligations specified under the confirmed plan.

In order to solicit acceptances of a proposed plan, however, section 1126 of the Bankruptcy Code requires a debtor and any other plan proponents to conduct such solicitation, pursuant to a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment about the plan. The Bankruptcy Court has scheduled a hearing on the adequacy of the information provided in this Disclosure Statement for [\_\_\_\_\_, 2009] at \_\_:00 a.m. (Eastern Time).

### IV. BUSINESS DESCRIPTION AND REASONS FOR CHAPTER 11

#### A. Corporate Structure.

New Vision Television, LLC ("New Vision Television"),<sup>7</sup> who is not a debtor in the above-captioned cases, owns approximately 84.2% of the equity of NV Media, LLC ("NV Media"), and NVT Kansas, Inc. ("NV Kansas") owns approximately 15.8% of the equity of NV Media. NV Media, in turn, owns 100% of the issued and outstanding

---

<sup>7</sup> HBK NV LLC, an affiliate of HBK Investments, LP, owns approximately 97% of the equity of New Vision Television. The remaining 3% of the equity of New Vision Television is owned by certain management of the NV Debtors and an independent director of New Vision Television.

limited liability company units of its direct subsidiary, NV Television, LLC (“**NV Television**”). NV Television, in turn, has a wholly-owned subsidiary, NV Broadcasting, LLC (“**NV Broadcasting**”), who has nine wholly-owned subsidiaries: (i) NVT Birmingham, LLC; (ii) NVT Mason City, LLC; (iii) NVT Portland, LLC; (iv) NVT Hawaii, LLC; (v) NVT Wichita, LLC; (vi) NVT Topeka, LLC; (vii) NVT Topeka II, LLC; (viii) NVT Youngstown, LLC; and (ix) NVT Savannah, LLC (individually, an “**NV Operating Subsidiary**,” and collectively, the “**NV Operating Subsidiaries**”). Each of the NV Operating Subsidiaries, in turn, has its own wholly-owned subsidiary: (i) NVT Birmingham Licensee, LLC; (ii) NVT Mason City Licensee, LLC; (iii) NVT Portland Licensee, LLC; (iv) NVT Hawaii Licensee, LLC; (v) NVT Wichita Licensee, LLC; (vi) NVT Topeka Licensee, LLC; (vii) NVT Topeka II Licensee, LLC; (viii) NVT Youngstown Licensee, LLC; and (ix) NVT Savannah Licensee, LLC, respectively (individually, an “**NV License Holding Subsidiary**,” and collectively, the “**NV License Holding Subsidiaries**”). Each NV License Holding Subsidiary holds, as its sole asset, the Federal Communications Commission (“**FCC**”) broadcast license(s) for the operation of its respective Stations (as defined below). NV Media, NV Kansas, NV Television, NV Broadcasting, the NV Operating Subsidiaries, and the NV License Holding Subsidiaries comprise all of the NV Debtors. The corporate structure of the NV Debtors, as of the Petition Date, is set forth on **Exhibit 4** attached hereto.

PBC Holdings is a privately-held limited liability company that owns 100% of the issued and outstanding limited liability company units of its direct subsidiary, PBC Broadcasting, LLC (“**PBC Broadcasting**”). Todd Parkin owns 100% of the issued and outstanding limited liability company units of PBC Holdings. PBC Broadcasting, in turn, has two wholly-owned subsidiaries: PBC Broadcasting of Youngstown, LLC and PBC Broadcasting of Savannah, LLC (individually, a “**PBC Operating Subsidiary**” and collectively, the “**PBC Operating Subsidiaries**”). Each of the PBC Operating Subsidiaries has its own wholly-owned subsidiary: PBC Broadcasting of Youngstown License, LLC and PBC Broadcasting of Savannah License, LLC (individually, a “**PBC License Holding Subsidiary**” and collectively, the “**PBC License Holding Subsidiaries**”). Each PBC License Holding Subsidiary holds, as its sole asset, the FCC broadcast licenses for the operation of its respective Station. The corporate structure of the PBC Debtors, as of the Petition Date, is set forth on **Exhibit 5** attached hereto.

## **B. Background.**

### **1. Overview.**

The businesses of the NV Debtors and the PBC Debtors focus primarily on the acquisition, development and operation of network affiliated television broadcasting stations. The NV Debtors own and operate eleven television stations (eight full-power and three low power) that are affiliated with major networks, together with several full-power satellite stations and additional low power television (“**LPTV**”) stations (*i.e.*, TV translator stations, low power television stations, and Class A television stations) that retransmit the signals of the affiliated television stations (individually, a “**NV Station**” and collectively, the “**NV Stations**”) and, through joint sales or shared services agreements, provide sales, operational, and other services to two major network affiliated

stations owned by the PBC Debtors (individually, a “**PBC Station**” and collectively, the “**PBC Stations**” and, together with the NV Stations, the “**Stations**”). The NV Debtors and the PBC Debtors have strong relationships with major networks, including network affiliations with CBS, Fox, NBC and ABC, providing limited dependence on any one network affiliation. The NV Debtors also have network affiliations with CW Network, and are currently working to finalize a Telemundo affiliation in Wichita, Kansas. Both the NV Debtors and the PBC Debtors have affiliations with MyNetworkTV.

The Stations are located in nine diverse markets across the southern, midwestern and northwestern United States. The Stations have strong rankings in each of their markets and offer significant diversity of geography, market size, and affiliation. They each have top rated, high-quality and award-winning local news franchises, ten of which are ranked in the top three in their respective markets. The chart below illustrates each NV Station’s network affiliation and corresponding broadcasting market:

<b><u>Station</u></b>	<b><u>Network Affiliation(s)</u></b>	<b><u>Location</u></b>
WIAT(TV)	CBS	Birmingham, Alabama
KIMT(TV)	CBS/MyNetworkTV	Mason City, Iowa; Rochester, Minnesota
KOIN(TV) <sup>8</sup>	CBS	Portland, Oregon
KBNZ-LP	CBS	Bend, Oregon
KHON-TV	Fox/CW Network	Honolulu, Hawaii
KSNW(TV)	NBC	Wichita, Kansas
KSNT(TV)	NBC	Topeka, Kansas
KTMJ-CA	Fox	Topeka, Kansas
WKBN-TV	CBS	Youngstown, Ohio
WYFX-LP	Fox	Youngstown, Ohio
WJCL(TV)	ABC	Savannah, Georgia

The chart below illustrates each PBC Station’s network affiliation and corresponding broadcasting market:

<b><u>Station</u></b>	<b><u>Network Affiliation(s)</u></b>	<b><u>Location</u></b>
-----------------------	--------------------------------------	------------------------

<sup>8</sup> The transmissions of Stations KOIN(TV), KHON-TV, KSNW(TV), and KTMJ-CA are rebroadcast by other broadcast facilities licensed to NV License Holding Subsidiaries. These additional facilities, which include both full-power satellite stations as well as LPTV stations, are not separately identified because, in each instance, they retransmit the programming of another NV Station.

WTGS(TV)	Fox	Hardeeville, South Carolina
WYTV(TV)	ABC/MyNetwork TV	Youngstown, Ohio

The assets of each NV Station are owned, and such station is operated, by an NV Operating Subsidiary: NVT Birmingham, LLC owns the assets of WIAT(TV); NVT Mason City, LLC owns the assets of KIMT(TV); NVT Portland, LLC owns the assets of KOIN(TV) and KBNZ-LP; NVT Hawaii, LLC owns the assets of KHON-TV; NVT Wichita, LLC owns the assets of KSNW(TV); NVT Topeka, LLC owns the assets of KSNT(TV); NVT Topeka II, LLC owns the assets of KTMJ-CA; NVT Youngstown, LLC owns the assets of WKBN-TV and WYFX-LP; and NVT Savannah, LLC owns the assets of WJCL(TV). The NV License Holding Subsidiaries hold each NV Station's respective FCC licenses. The assets of each PBC Station are owned, and such station is operated, by a PBC Operating Subsidiary: PBC Broadcasting of Savannah, LLC owns the assets of WTGS(TV), and PBC Broadcasting of Youngstown owns the assets of WYTV(TV). The PBC License Holding Subsidiaries hold each PBC Station's respective FCC licenses.

NVT Savannah, LLC and NVT Youngstown, LLC are parties to certain agreements (the "**PBC Agreements**") pursuant to which each provides sales, operational and other services to the television broadcast stations owned by PBC Broadcasting of Savannah, LLC (and licensed to PBC Broadcasting of Savannah License, LLC) and PBC Broadcasting of Youngstown, LLC (and licensed to PBC Broadcasting of Youngstown License, LLC), respectively. NVT Savannah, LLC provides sales, operational and other services to television broadcast station WTGS(TV) (a Fox affiliate licensed to Hardeeville, South Carolina and serving portions of the Savannah, Georgia Designated Market Area), and NVT Youngstown, LLC provides operational and other services to television broadcast station WYTV(TV) (an ABC/MyNetworkTV affiliate licensed to Youngstown, Ohio). A further discussion of the PBC Agreements is found in Section IV.C.4 below. The NV Stations owned by the NV Debtors and the PBC Stations owned by the PBC Debtors operate in geographically diverse markets, which minimizes the impact of regional economic downturns.

Generally, each NV Station operates autonomously. Also, each NV Station employs its own team of sales personnel and is responsible for selling its own advertising time. At the corporate office level, NV Broadcasting, among other things, (i) performs the primary strategic functions of the business, including without limitation, the development of long-term relationships, (ii) negotiates group-wide contracts (including, but not limited to, retransmission consent and syndication agreements) and other large-scale transactions such as organizational acquisitions, (iii) organizes sales programs and other revenue-generating initiatives for all of the Stations and (iv) aggregates and disseminates financial information. NV Broadcasting also administers the employee benefit programs of the NV Debtors and, pursuant to the PBC Agreements, the PBC Debtors.

As of the Petition Date, the NV Debtors and the PBC Debtors, collectively, employed approximately 720 individuals, of which 639 are full-time employees, and 81 are part-time employees.

## 2. **History.**

New Vision Television, a nondebtor in these cases and a portfolio company of HBK Capital Management Group, LP, a Delaware limited partnership, was founded in 2006 by Jason Elkin and John Heinen to acquire and manage network-affiliated television stations. Initially, New Vision Television and its subsidiaries acquired two stations in October, 2006: (a) NVT Birmingham, LLC and NVT Birmingham Licensee, LLC acquired WIAT(TV), serving Birmingham, Alabama; and (b) NVT Mason City, LLC and NVT Mason City Licensee, LLC acquired KIMT(TV), serving Mason City, Iowa and Rochester, Minnesota. In March, 2007, New Vision Television and two of its subsidiaries, NVT Youngstown, LLC and NVT Youngstown Licensee, LLC, acquired WKBN-TV, WYFX-LP, and one additional LPTV station, serving the Youngstown, Ohio market. In September, 2007, New Vision Television and two of its subsidiaries, NVT Savannah, LLC and NVT Savannah Licensee, LLC, acquired WJCL(TV), serving Savannah, Georgia. In November, 2007, New Vision Television and its subsidiaries acquired stations in several markets (collectively, the “**Montecito Stations**”): (a) NVT Hawaii, LLC and NVT Hawaii Licensee, LLC acquired KHON(TV) and its two full-power satellite stations, serving Honolulu, Hawaii and portions of the islands of Maui and Hawaii; (b) NVT Portland, LLC and NVT Portland Licensee, LLC acquired KOIN(TV) and its TV translator stations, serving the Portland, Oregon market, and KBNZ-LP, serving Bend, Oregon; (c) NVT Topeka, LLC and NVT Topeka Licensee, LLC acquired KSNT(TV), serving Topeka, Kansas; and (d) NVT Wichita, LLC and NVT Wichita Licensee, LLC acquired KSNW(TV) and its three full-power satellite stations and one LPTV station, serving the Wichita, Kansas market. In September 2008, NVT Topeka II, LLC and NVT Topeka II Licensee, LLC acquired KTMJ-CA and three additional LPTV stations, serving the Topeka, Kansas area. As stated above, New Vision Television, through its subsidiaries, currently owns eight full-power television stations and three low-power television stations that are affiliates of the ABC, NBC, CBS, Fox, CW Network and MyNetworkTV networks.

PBC Broadcasting was founded in 2006 by Todd Parkin to acquire and manage network-affiliated television stations. In August 2007, PBC Broadcasting and two of its subsidiaries, PBC Broadcasting of Youngstown, LLC and PBC Broadcasting of Youngstown Licensee, LLC, acquired WYTV(TV), an affiliate of the ABC network serving the Youngstown, Ohio market. In September 2007, PBC Broadcasting and two of its subsidiaries, PBC Broadcasting of Savannah, LLC and PBC Broadcasting of Savannah Licensee, LLC, acquired WTGS(TV), a Fox network affiliate serving the Savannah, Georgia and Hardeeville, South Carolina areas. PBC Holdings, through its subsidiaries, currently owns two full-power television stations that are affiliates of the ABC and Fox networks, respectively.

### 3. **Industry Overview.**

Commercial television broadcasting began in the United States on a regular basis in the 1940s. Currently a limited number of channels are available for over-the-air broadcasting in any one geographic area, and a license to operate a television station must be granted by the FCC. All television stations in the country are grouped by The Nielsen Company (“**Nielsen**”), a national audience measuring service, into two hundred and ten (210) generally recognized television markets, known as designated market areas (“**DMAs**”), that are ranked in size according to various metrics based upon actual or potential audience. Each DMA is an exclusive geographic area consisting of all counties in which the home-market commercial stations receive the greatest percentage of total viewing hours. Nielsen periodically publishes data on estimated audiences for the television stations in the DMA. The estimates are expressed in terms of a “rating,” which is a station’s percentage of the total potential audience in the market, or a “share,” which is the station’s percentage of the audience actually watching television. A station’s rating in the market can be a factor in determining advertising rates.

Many television stations are affiliated with networks and receive a significant part of their programming, including prime-time hours, from networks. Whether a station is affiliated with one of the four major networks (NBC, ABC, CBS or Fox) has a significant impact on the composition of the station’s revenue, expenses and operations. Network programming is provided to the affiliate by the network in exchange for the network’s retention of a substantial majority of the advertising time during network programs. The network then sells this advertising time and retains the revenue. The affiliate retains the revenue from the remaining advertising time it sells during network programs and from advertising time it sells during non-network programs.

Broadcast television stations compete for advertising revenue primarily with other commercial broadcast television stations, cable and satellite television systems and, to a lesser extent, with newspapers, radio stations and internet advertising serving the same market. Non-commercial, religious and Spanish-language broadcasting stations in many markets also compete with commercial stations for viewers. In addition, the Internet and other leisure activities may draw viewers away from commercial television stations.

The television broadcast industry has generally completed a transition to an advanced digital television (“**DTV**”) transmission system for full-power television stations. DTV transmissions deliver improved video and audio signals including high definition television and have substantial multicasting and data transmission capabilities. Through a complex channel election process, the FCC allocated a “pre-transition digital channel” to eligible full-power television stations for use during the DTV transition period. By June 12, 2009, each full-power television station was required to cease analog broadcasting and return its analog spectrum to the FCC.

4. **Television Broadcast Licenses and the Debtors' Relationship with the FCC.**

Television broadcasting is subject to the FCC's jurisdiction under the Communications Act of 1934, as amended (the "**Communications Act**"). Pursuant to the Communications Act, a television broadcast station may not operate except under a license issued by the FCC. In addition, the Communications Act empowers the FCC to issue, revoke and modify television broadcasting licenses, determine the locations of stations, regulate station equipment, adopt regulations to implement the provisions of the Communications Act, and impose penalties for violations of such regulations. The Telecommunications Act of 1996 which was enacted on February 8, 1996, amended major provisions of the Communications Act.

Television broadcasting licenses are generally granted and renewed for a period of eight years, but may be renewed for a shorter period of time upon a finding by the FCC that the "public interest, convenience and necessity" would be served by a license for a shorter period. When a television broadcast station applies for renewal of its television license, parties in interest, as well as members of the public, may apprise the FCC of the service the station has provided during the preceeding license term and attempt to influence the grant or denial of the renewal application. Once the renewal application is timely filed, the existing license shall continue in effect until such time as the FCC acts upon the renewal application.

The FCC's criteria in considering whether to grant or deny a renewal application include whether the licensee: (i) has served the public interest, convenience and necessity; (ii) has committed serious violations of the FCC's rules or the Communications Act; and (iii) has committed other violations of the FCC's rules or the Communications Act which would constitute a pattern of abuse.

In the majority of cases, the FCC will renew a broadcast license even when a petition to deny is filed against the broadcast license renewal application. The licenses of all of the NV Debtors' full-power television stations were renewed for full terms in the most recent license renewal cycle, and such licenses are scheduled to expire on dates in 2013, 2014 or 2015. The licenses of all of the NV Debtors' LPTV stations were similarly renewed for full terms in the most recent renewal cycle (with such licenses scheduled to expire on dates in 2013, 2014 or 2015) with the exception of Class A television station WFXI-CA, Mercer, Pennsylvania, the license renewal application for which remains pending.<sup>9</sup> The licenses of the PBC Debtors' two full-power television stations were renewed for full terms in the FCC's most-recent license renewal cycle and expire on December 1, 2012 (WTGS(TV)) and October 1, 2013 (WYTV(TV)).

In addition, the Communications Act prohibits the assignment of a license or the transfer of control of a licensee without the FCC's prior approval. In the FCC's review process, it considers financial and legal qualifications of the prospective assignee or

---

<sup>9</sup> This license renewal is pending due to a hold by the FCC's Enforcement Bureau relating to one or more indecency complaints.



transferee. The FCC also determines whether the contemplated transaction complies with rules limiting ownership of certain attributable interests in broadcast, cable, and newspaper media on a local and national level. The FCC's restrictions on multiple ownership could limit the acquisitions and investments the NV Debtors or the PBC Debtors make or the investments other parties make in the NV Debtors or the PBC Debtors. Currently, none of the Debtors' officers, directors, or holders of voting equity has attributable or non-attributable interests that violate the FCC's ownership rules in effect. There are other limitations on ownership of FCC licenses imposed on potential owners, including, but not limited to, citizenship, percentage of foreign ownership, financial capability, and character qualifications of any prospective owner of such license.

5. **Cable "Must-Carry" or Retransmission Consent Rights.**

Every three years television broadcasters are required to make an election between "must-carry" or retransmission consent rights in connection with the carriage of their signal on cable television systems within their DMA. For a majority of the Stations the most recent election was made October 1, 2008, for the three-year period beginning January 1, 2009.

If a broadcaster chooses to exercise its must-carry rights, it may request cable system carriage of its over-the-air channel on the cable system as of a specified date. A cable system generally must carry the station's signal in compliance with the station's carriage request, and in a manner that makes the signal available to all cable subscribers. However, must-carry rights are not absolute, and whether a cable system is required to carry the station on its system, or in the specific manner requested, depends on variables such as the location, size and number of activated channels of the cable system and whether the station's programming duplicates, or substantially duplicates the programming of another station carried on the cable system. If certain conditions are met, a cable system may decline to carry a television station that has elected must-carry status, although it is unusual for all the required conditions to exist.

If a broadcaster chooses to exercise its retransmission consent rights, a cable television system which is subject to that election may not carry the station's signal without the station's consent. This generally requires the cable system and television station operator to negotiate the terms under which the broadcaster will consent to the cable system's carriage of its station's signal.

The Debtors have elected to exercise retransmission consent rights for the majority of the Stations where they have a legal right to do so, with the exception of certain contracts in Youngstown and Hawaii. Negotiations for retransmission consent agreements are in process or have been concluded for all of the Stations' major cable providers and a substantial portion of the independent providers. In many cases, the Stations are receiving a payment from the cable system to carry the Station on the cable system, which is usually made on a per subscriber, per month basis.

## 6. **Digital Television.**

In February 2009, President Obama signed into law legislation that established June 12, 2009 as the deadline for full-power television broadcasters to complete their transition to DTV-only operations and return their analog channels to the FCC. The DTV transmission system delivers video and audio in higher quality formats (including high definition television) than is possible with analog transmissions. DTV also has substantial capabilities for multicasting (the concurrent broadcast of several content streams) and data transmission. The DTV transition requires consumers (a) to purchase new television sets that are capable of receiving and displaying the DTV signals, (b) to install adapters to receive DTV signals and convert them to analog signals for display on existing analog equipment, or (c) to subscribe to cable or satellite systems.

As discussed above, during the DTV transition, the FCC allotted full-power television stations a “pre-transition digital” channel for DTV broadcasts. Stations with pre-transition digital facilities were required to simulcast 100% of their analog programming on their primary DTV content stream during the transition period. As of the Petition Date, all of the full-power Stations have completed their transition to DTV-only operations.<sup>10</sup>

Television station operators may use their DTV signals to provide ancillary services, such as computer software distribution, Internet, interactive materials, e-commerce, paging services, audio signals, subscription video, or data transmission services. To the extent a station provides such ancillary services it is subject to the same regulations as are applicable to other analogous services under the FCC’s rules and policies. Commercial television stations also are required to pay the FCC 5% of the gross revenue derived from all ancillary services provided over their DTV signals for which a station received a fee in exchange for the service or received compensation from a third party in exchange for transmission of material from that third party, not including commercial advertisements used to support broadcasting.

The exercise of must-carry rights by a full-power television station applies only to its primary DTV programming stream and other program-related content carried on that stream. If a television station multicasts several program streams, it may designate which program stream is its primary stream and subject to its must-carry election. Cable systems and direct broadcast satellite (“**DBS**”) providers are not required to carry Internet, e-commerce or other ancillary services provided over DTV signals if those services are not related to the station’s primary video programming carried on the cable system and if they are not provided to viewers for free. With respect to direct-to-the-home satellite service providers, the FCC will address DTV carriage at a later time.

## 7. **Sources of Revenue and Operating Expenses.**

The NV Debtors’ and the PBC Debtors’ revenues are derived primarily from local, regional and national advertising on the Stations and, to a lesser extent, from payments from cable and satellite distributors and Internet revenue. The Stations’ rates charged for advertising during a particular program depend upon: (i) the popularity of a

---

<sup>10</sup> A deadline for the digital transition of LPTV stations has not yet been established.

program with viewers that advertisers wish to reach; (ii) the number of advertisers competing for the available time; (iii) the demographic make-up and size of the market served by the station; and (iv) the availability of alternative advertising media. Due to the Stations' dependence on advertising revenue, declines in advertising budgets, especially in recessionary periods, can dramatically impact the NV Debtors' and the PBC Debtors' businesses.

Whether a Station is affiliated with one of the major networks impacts the nature of the Station's revenues, expenses and operations. Affiliates of the major networks, including ABC, CBS, FOX and NBC, receive a significant portion of their programming each day from the network. The major networks provide programming and in some instances the affiliated stations pay for this programming. The networks also retain significant advertising inventory during network-provided programs. The networks then sell the advertising time and retain the revenue.

The primary operating expenses involved in owning and operating the Stations are programming, advertising sales expense, production (including news), promotion, depreciation and amortization, and employee salaries.

#### **8. Competitive Market.**

The Stations' financial success depends upon audience ratings and advertising revenue within each Station's geographic market. Each Station competes for revenues with other television stations in its respective market, as well as with other types of advertising media, such as newspapers, radio, magazines, outdoor advertising, yellow page directories, the Internet, direct mail, and local cable systems. Often times, these competitors are part of larger companies with substantially greater financial resources than the Debtors.

The television broadcasting industry faces constant technological change and innovation, the rise in popularity of alternative entertainment and communications media, and changes in labor conditions. Alternative entertainment, programming, and video distribution systems can increase the competition for a television broadcasting station with the entry of distant broadcasting signals into its market if those signals may be significantly viewed in the market over the air, which are not otherwise available to the station's audience and also by serving as a distribution system for non-broadcast programming. Programming is currently being distributed to cable television systems by both satellite and by terrestrial microwave systems.

A Station's ability to compete successfully in a given market can depend upon several factors including: (i) network affiliation; (ii) management experience; (iii) signal coverage; (iv) local program acceptance; (v) assigned frequency; (vi) audience characteristics; and (vii) strength of local competition. Broadcasting industry competition occurs primarily in the individual markets. Typically, a television broadcasting station in one market does not compete with stations in other markets. Each Station is located in a highly competitive market.

The Stations also compete with home entertainment systems, including playback systems and video cassette recorders and digital video discs (DVDs), television game devices and video discs, the Internet, multi-point distribution systems, multi-channel multi-point distribution systems, and other video delivery systems. In addition, the Stations face competition from DBS services and wireless cable systems.

Also, actions by Congress, the FCC and the courts suggest increased future involvement in the provision of video services by telephone companies. The Telecommunications Act of 1996 removed the prohibition on the provision of cable television services by telephone companies in their own telephone areas subject to regulatory safeguards and permits telephone companies to own cable systems in certain circumstances. Verizon Communications, Inc. and SBC Communications, Inc. have expanded their respective fiber-optic networks in order to offer Internet Protocol-based video services to their customers. The entry into the video programming distribution market by these companies and other telephone companies may increase the competition the Stations face from other distributors of video programming, but may also provide an additional distribution outlet for the transmission of the Stations' programming.

9. **Properties.**

The NV Debtors' corporate headquarters are located in Los Angeles at 11766 Wilshire Blvd., Suite 405, Los Angeles, California 90025 and in Atlanta at 3500 Lenox Road, Suite 640, Atlanta, Georgia 30326. The PBC Debtors' corporate headquarters are located in Los Angeles at 11766 Wilshire Blvd., Suite 405, Los Angeles, California 90025. Each Station is located in the geographic area it serves. Each Station is supported by several different types of properties including offices, studios, transmitter sites and antenna sites. A Station's studios are normally housed with its offices in downtown or business districts. The antenna and transmitter sites are typically located so as to provide maximum market coverage. As of the Petition Date, the NV Debtors own approximately 15 properties and lease approximately 68 properties in connection with their operations, and the PBC Debtors own one property and lease two properties in connection with their operations.

10. **Legal Proceedings.**

As of the Petition Date, the Debtors were parties to the legal proceeding listed below (collectively, the "**Prepetition Litigation**"). Due to the commencement of the Reorganization Cases, Prepetition Litigation against the Debtors is subject to the automatic stay of Section 362 of the Bankruptcy Code. The Debtors dispute the validity of the allegations asserted in the Prepetition Litigation set forth below, and have, and will continue to, vigorously defend this lawsuit. Pursuant to section 4.11 of the Plan, each Holder of a Litigation Claim shall receive no distribution of property on account of such Claim.

- James A. Kovach v. Channel 21 WFMJ and Channel 33 WYTV, Court of Common Pleas, Mahoning County, Ohio, Case No. 2009CV01893: James A. Kovach, a pro se plaintiff, filed this libel, slander and defamation lawsuit on May

22, 2009, alleging that Channel 21 WFMJ and Channel 33 WYTV aired false reports during multiple news broadcasts regarding Mr. Kovach's conduct during his sentencing. The complaint seeks \$300,000 in "negligent and libel damages."

## **C. Prepetition Structure.**

### **1. Prepetition Credit Agreements.**

On November 1, 2007, NV Broadcasting, as borrower, and NV Television and the Subsidiary Guarantors,<sup>11</sup> as guarantors, entered into a \$215,000,000 Secured First Lien Credit Agreement (the "**Prepetition New Vision First Lien Credit Agreement**") with the lenders party thereto (the "**First Lien Lenders**"), UBS Securities LLC, as sole arranger and sole bookmanager, the Administrative Agent, as issuing bank, administrative agent, and collateral agent, and UBS Loan Finance LLC, as swingline lender.<sup>12</sup> Also on November 1, 2007, NV Broadcasting, LLC, as borrower, and NV Television, LLC and the Subsidiary Guarantors, as guarantors, entered into a \$100,000,000 Secured Second Lien Credit Agreement (the "**Prepetition New Vision Second Lien Credit Agreement**") with the lenders parties thereto (the "**Second Lien Lenders**"), UBS Securities LLC, as sole arranger and sole bookmanager and the Second Lien Administrative Agent, as administrative agent and collateral agent.<sup>13</sup> Finally, on November 1, 2007, NV Television, entered into a \$30,000,000 unsecured credit agreement (the "**Prepetition Mezzanine Credit Agreement**") with the lenders parties thereto (the "**Mezzanine Lenders**"), UBS Securities LLC, as sole arranger and sole bookmanager, the Administrative Agent, as administrative agent. The indebtedness owing under the Prepetition Mezzanine Credit Agreement shall be referred to as the "**Mezzanine Debt**." The NV Debtors entered into the Prepetition New Vision First Lien Credit Agreement, the Prepetition Second Lien Credit Agreement, and the Prepetition Mezzanine Credit Agreement to provide financing to satisfy certain existing indebtedness of NV Broadcasting and certain of the NV Operating Subsidiaries and NV License Holding Subsidiaries, to provide funding for the acquisition of certain stations, and to provide working capital for operations. The indebtedness incurred under the Prepetition New Vision First Lien Credit Agreement and the Prepetition New Vision Second Lien Credit Agreement is guaranteed by each of the NV Debtors (except NV Kansas and NV Media) and the PBC Debtors, and is secured by substantially all of the assets of the NV Debtors (except for the assets of NV Kansas and NV Media) and the PBC Debtors,

---

<sup>11</sup> The Subsidiary Guarantors are NVT Youngstown, LLC, NVT Youngstown, Licensee, LLC, NVT Birmingham, LLC, NVT Birmingham Licensee, LLC, NVT Mason City, LLC, NVT Mason City Licensee, LLC, NVT Savannah, LLC, NVT Savannah Licensee, LLC, NVT Hawaii, LLC, NVT Hawaii Licensee, LLC, NVT Portland, LLC, NVT Portland Licensee, LLC, NVT Topeka, LLC, NVT Topeka Licensee, LLC, NVT Wichita, LLC, and NVT Wichita Licensee, LLC. NVT Topeka II, LLC and NVT Topeka II Licensee, LLC joined the Prepetition New Vision First Lien Credit Agreement and the Prepetition New Vision Second Lien Credit Agreement (as defined below) on September 24, 2008, and became guarantors thereto.

<sup>12</sup> The Prepetition New Vision First Lien Credit Agreement includes a commitment by the lenders party thereto to make a revolving loan of up to \$20,000,000.00.

<sup>13</sup> Wilmington Trust FSB is the successor to UBS AG, Stanford Branch as administrative agent and collateral agent under the Prepetition New Vision Second Lien Credit Agreement.

except for the FCC licenses owned by the NV License Holding Subsidiaries and the PBC License Holding Subsidiaries.<sup>14</sup> The indebtedness incurred under the Prepetition Mezzanine Credit Agreement is unsecured, and is guaranteed by PBC Holdings, the sole parent of PBC Broadcasting.<sup>15</sup>

Also, on November 1, 2007, PBC Broadcasting, as borrower, and PBC Broadcasting of Youngstown, LLC, PBC Broadcasting of Youngstown License, LLC, PBC Broadcasting of Savannah, LLC, and PBC Broadcasting of Savannah License, LLC, as guarantors, entered into a credit agreement (the “**Prepetition PBC First Lien Credit Agreement**”) with the lenders party thereto, UBS Securities LLC, as sole arranger and bookmanager, the Administrative Agent, as issuing bank, administrative agent, and collateral agent, and UBS Loan Finance LLC, as swingline lender, in the principal amount of \$45,000,000.00 (the “**PBC Term Loan**”).<sup>16</sup> PBC Broadcasting entered into the Prepetition PBC First Lien Credit Agreement in order to provide financing to satisfy certain existing indebtedness of PBC Broadcasting and its direct and indirect subsidiaries and to provide working capital for operations. The indebtedness incurred as a result of the Prepetition PBC First Lien Credit Agreement is secured by the existing assets of PBC Holdings, PBC Broadcasting, and PBC Broadcasting’s direct and indirect subsidiaries, except for the FCC licenses owned by the PBC License Holding Subsidiaries,<sup>17</sup> and is guaranteed by PBC Broadcasting’s direct and indirect subsidiaries, as well as by the NV Debtors, except NV Media and NV Kansas.

In December 2008, New Vision Television (who is not a debtor in the above-captioned cases) repurchased \$10,600,000.00 of indebtedness owed under the Prepetition New Vision Second Lien Credit Agreement at a discount to the initial face amount, which indebtedness was thereafter cancelled and extinguished. Further, in December 2008, NV Media and HBK Master Fund LP, a Cayman Islands limited partnership (“**HBK**”) entered into a credit agreement whereby HBK exchanged and NV Media acquired \$11,528,291.92 of the Mezzanine Debt held by HBK and in connection therewith NV Media entered into a loan with HBK in the same principal amount (the “**HBK Loan**”).

As of the Petition Date, and assuming no accrued postpetition interest, the outstanding obligations relating to the: (i) Prepetition New Vision First Lien Credit Agreement total not less than \$227,010,983, comprising outstanding principal of \$212,480,640, accrued but unpaid interest of \$8,229,797, costs of breaking the interest rate swap agreements of \$6,300,546 and unpaid fees, costs, and expenses thereunder in an unliquidated amount; and (ii) Prepetition New Vision Second Lien Credit Agreement

---

<sup>14</sup> Under federal law, the FCC licenses cannot be pledged as collateral. The NV License Holding Subsidiaries and the PBC License Holding Subsidiaries have no creditors other than the First Lien Lenders and Second Lien Lenders, and their limited liability company units were pledged as security under the Prepetition New Vision First Lien Credit Agreement and the Prepetition New Vision Second Lien Credit Agreement.

<sup>15</sup> PBC Holdings joined the PBC Term Loan on December 24, 2007, and became a guarantor thereto.

<sup>16</sup> The PBC Term Loan includes a commitment by the lenders party thereto to make a revolving loan of up to \$5,000,000.00.

<sup>17</sup> The PBC License Holding Subsidiaries have no creditors other than the First Lien Lenders and their limited liability company units pledged as security under the Prepetition PBC First Lien Credit Agreement.

total not less than \$94,972,735, comprising outstanding principal of \$89,400,000, accrued but unpaid interest of \$5,572,735, and unpaid fees, costs, and expenses thereunder in an unliquidated amount; and (iii) Prepetition PBC First Lien Credit Agreement total not less than \$47,010,859, comprising outstanding principal of \$44,430,000, accrued but unpaid interest of \$1,717,846, costs of breaking the interest rate swap agreement of \$863,013, and unpaid fees, costs, and expenses thereunder in an unliquidated amount. As of the Petition Date, and assuming no accrued postpetition interest, NV Television had outstanding obligations relating to the Prepetition Mezzanine Credit Agreement in an amount not less than \$26,254,977, comprising outstanding principal and accrued but unpaid interest, and unpaid fees, costs, and expenses thereunder in an unliquidated amount. As of the Petition Date, and assuming no accrued postpetition interest, NV Media had outstanding obligations relating to the HBK Loan in an amount not less than \$13,389,520, comprising outstanding principal and accrued but unpaid interest, and unpaid fees, costs, and expenses thereunder in an unliquidated amount.

## **2. Interests.**

NV Media's capital structure includes three (3) types of equity: (i) Class A Units; (ii) Class B Units; and (iii) Special Voting Units.<sup>18</sup> The Special Voting Units have voting rights and are entitled to a liquidation preference of \$0.009 per Special Voting Unit. Currently, no Special Voting Units are issued and outstanding. Unless the board of directors of NV Media shall otherwise determine, each limited liability company member of NV Media shall be entitled to one vote per unit held by such member. Currently, only Class A Units and Class B Units of NV Media are issued and outstanding with New Vision Television and NV Kansas, owning approximately 85% and 15%, respectively, of the total outstanding equity of NV Media.

NV Television's capital structure consists of one class of limited liability company units with voting rights, all of which are owned by NV Media. NV Broadcasting's capital structure consists of one class of limited liability company units with voting rights, all of which are owned by NV Television. Each NV Operating Subsidiary's capital structure consists of one class of limited liability company units with voting rights, all of which are owned by NV Broadcasting. Each NV License Holding Subsidiary's capital structure consists of one class of limited liability company units with voting rights, all of which are owned by each respective NV Operating Subsidiary.

PBC Holdings' capital structure consists of one class of limited liability company unit with voting rights, all of which units are owned by Todd Parkin. PBC Broadcasting's capital structure consists of one class of limited liability company units with voting rights, all of which are owned by PBC Holdings. Each PBC Operating Subsidiary's capital structure consists of one class of limited liability company units with voting rights, all of which are owned by PBC Broadcasting. Each PBC License Holding Subsidiary's capital structure consists of one class of limited liability company units with voting rights, all of which are owned by each respective PBC Operating Subsidiary.

---

<sup>18</sup> The "units" referred to in this sentence are limited liability company units of NV Media.

3. **Intercompany Transactions.**

In October 2006, in connection with the acquisition of television stations WIAT-TV and KIMT-TV, NV Media, as maker, entered into a promissory note with New Vision Television, as holder, in the principal amount of \$11,000,000.00. Similarly, in March 2007 and in connection with the acquisition of television station WKBN-TV, NV Media, as maker, entered into a promissory note with New Vision Television, as holder, in the principal amount of \$4,750,000.00.

In November 2007, in connection with the acquisition of television stations KSNW(TV) and KSNT(TV), NV Kansas granted New Vision Television an option to purchase all of NV Kansas' interest in the Class A Units and Class B Units of NV Media. The option may be exercised in whole or in part and expires in November 2017.

4. **The PBC Agreements.**

In August 2007, PBC Broadcasting of Youngstown, LLC and PBC Broadcasting of Youngstown License, LLC (collectively, the "**PBC Youngstown Entities**") acquired television broadcast station WYTV-TV, the ABC/MyNetworkTV affiliate for Youngstown, Ohio, from Chelsey Broadcasting Company of Youngstown, LLC and Chelsey Broadcasting Company, LLC (the "**WYTV Acquisition**"). In September 2007, PBC Broadcasting of Savannah, LLC and PBC Broadcasting of Savannah License, LLC (collectively, the "**PBC Savannah Entities**") acquired television broadcast station WTGS-TV, the Fox affiliate for Hardeeville, South Carolina, from Bluenose Broadcasting of Savannah, LLC (the "**WTGS Acquisition**").

In connection with the WYTV Acquisition, NVT Youngstown, LLC entered into a Shared Services Agreement (the "**Youngstown SSA**") with the PBC Youngstown Entities to provide certain operational and administrative services to WYTV-TV. In January 2008, these same parties entered into an agreement for the sale of commercial time (the "**Youngstown JSA**") whereby NVT Youngstown, LLC agreed to purchase advertising time available for commercial spot announcements on WYTV-TV and resell such time to advertisers of WYTV-TV. Similarly, in connection with the WTGS Acquisition, Bluenose Broadcasting of Savannah, LLC (the predecessor owner of WTGS(TV)) assigned a joint sales agreement pertaining to WTGS-TV to PBC Broadcasting of Savannah License, LLC (which joint sales agreement was subsequently amended to join NVT Savannah, LLC as a party thereto) (the "**Savannah JSA**" and together with the Youngstown SSA and Youngstown JSA, collectively, the "**PBC Agreements**"), whereby NVT Savannah, LLC agreed to provide certain operational and administrative services to WTGS(TV). During 2008, the PBC Youngstown Entities and PBC Savannah Entities paid NVT Youngstown, LLC and NVT Savannah, LLC in the aggregate approximately \$6.5 million under the PBC Agreements. The PBC Youngstown Entities and PBC Savannah Entities pay the fees owed to NVT Youngstown, LLC and NVT Savannah, LLC under the PBC Agreements only after paying for debt service and certain other direct expenses of the PBC Entities.



Under separate option agreements executed in August and September 2007 between NV Broadcasting and each of the PBC Youngstown Entities and the PBC Savannah Entities, respectively, NV Broadcasting was granted an option to purchase all of the right, title, and interest in the assets of WYTV-TV and WTGS(TV), subject to prior FCC consent.

**V.**  
**EVENTS LEADING TO COMMENCEMENT OF THE REORGANIZATION CASES**

The Debtors experienced lower than anticipated net operating profits for the fiscal year ended December 31, 2008 and for the year to date 2009 net operating profits of the Debtors have continued to be below earlier projections. When the NV Debtors closed the acquisition of the Montecito Stations on November 1, 2007, they borrowed an additional \$273,000,000 in loans net of the repayment of existing debt at a multiple of over nine times projected earnings before interest, taxes, depreciation, and amortization (“**EBITDA**”). Due to a downturn in the economy and advertising sales in general, the NV Debtors were unable to maintain adequate profits to remain in compliance with the financial covenants in the Prepetition New Vision First Lien Credit Agreement and the Prepetition New Vision Second Lien Credit Agreement. Similarly, the PBC Debtors were unable to maintain adequate profits to remain in compliance with the financial covenants in the Prepetition PBC First Lien Credit Agreement. As a result, the NV Debtors and the PBC Debtors each have and continue to be confronted with the inability to meet their financial covenants, specifically, their total leverage ratio which was the ratio of EBITDA to total indebtedness.

**A. Defaults Under the Credit Facilities.**

The New Vision First Lien Credit Agreement and the New Vision Second Lien Credit Agreement both include financial covenants, one of which is a leverage ratio, which is the ratio of EBITDA to total indebtedness. The indebtedness incurred under the Prepetition New Vision First Lien Credit Agreement, the Prepetition Second Lien Credit Agreement and the Prepetition Mezzanine Credit Agreement at the time they were incurred was in excess of nine times the projected EBITDA of the NV Debtors. In addition, the level of the leverage ratio to be achieved by the NV Debtors in the Prepetition New Vision First Lien Credit Agreement and Prepetition New Vision Second Lien Credit Agreement reduces over time, which would require the NV Debtors to improve their EBITDA to comply with the total leverage ratio. The NV Debtors complied with their loan covenants from the inception of the loans through December 31, 2008.

Due to the rapid decline in advertising revenue of the NV Debtors and the PBC Debtors, commencing in the fourth quarter of 2007, the NV Debtors’ and the PBC Debtors’ EBITDA was not increasing as either had hoped, thus making it clear that in the future both the NV Debtors and the PBC Debtors would not be in compliance with their leverage ratio covenants contained within their credit agreements. In all other respects,

the NV Debtors and the PBC Debtors were in compliance with the loan documentation for all of their indebtedness.

On November 1, 2008, the NV Debtors hired Moelis to assist in restructuring the NV Debtors' indebtedness. With the assistance of Moelis, it became clear to the NV Debtors that due to the decline in advertising revenue industry-wide, the tightening of credit in the economy, and the overall economic downturn in the United States, the value of the NV Debtors' and the PBC Debtors' television stations had dropped dramatically. It was clear to the NV Debtors that the indebtedness owed under the Prepetition New Vision First Lien Credit Agreement, the Prepetition New Vision Second Lien Credit Agreement, and the Prepetition Mezzanine Credit Agreement exceeded the total fair market value of the Debtors based upon then current economic factors. Indeed, the NV Debtors and Moelis concluded that the indebtedness owed under the Prepetition New Vision First Lien Credit Agreement alone exceeded the fair market value of the Debtors by a significant factor. The PBC Debtors also determined that the lenders who were parties to the Prepetition PBC First Lien Credit Agreement were also undersecured.

As the NV Debtors first analyzed this situation, they contemplated repurchasing indebtedness at a discounted price to improve their balance sheet and to allow them to meet their leverage ratio covenants. As discussed above, in December 2008, the NV Debtors repurchased approximately \$10,600,000 of their indebtedness under the Prepetition New Vision Second Lien Credit Agreement. Also as discussed above, HBK, which owned the Mezzanine Debt, exchanged its Mezzanine Debt for indebtedness in NV Media, which was not included as indebtedness under the leverage ratio covenant. This allowed the Debtors to meet the fourth quarter 2008 leverage ratio covenant. However, as the economic downturn continued, the NV Debtors and PBC Debtors realized that they would not be able to meet the leverage ratio covenants in the future. Therefore, the NV Debtors commenced negotiations with their lenders about recapitalizing and restructuring the Debtors. On March 3, 2009, as the NV Debtors felt that it was imminent that they would have to restructure their indebtedness, they determined not to make their interest payments to the First Lien Lenders and the Second Lien Lenders in order to preserve cash to prepare for a restructuring and to pay the professional fees in connection with such a transaction. The PBC Debtors similarly determined not to make their interest payment to the lenders party to the Prepetition PBC Credit Agreement. On or about March 5, 2009, the NV Debtors were notified that they were in default under the Prepetition New Vision First Lien Credit Agreement and the Prepetition New Vision Second Lien Credit Agreement, and the PBC Debtors were notified that they were in default under the Prepetition PBC Credit Agreement.

## **B. Restructuring Efforts.**

On or about January 8, 2009, the NV Debtors, with the assistance of Moelis, continued exploring strategic alternatives and contacting third parties who may consider investing in the NV Debtors and the PBC Debtors or acquiring the NV Debtors and the PBC Debtors, to effectuate their restructuring efforts. Over a period of five months, the NV Debtors contacted over 25 parties (including both financial and strategic parties) regarding a potential new investment in the NV Debtors and the PBC Debtors in

conjunction with a financial restructuring or sale transaction. Moelis placed no conditions on potentially interested parties with regard to bid levels, structure, financing or management in connection with the solicitation of indications of interest. Several of these parties executed confidentiality agreements with the NV Debtors and performed due diligence. None of the third parties approached by Moelis, however, were willing to propose an investment at a valuation that would either fully satisfy or exceed the secured claims of the First Lien Lenders under the Prepetition New Vision First Lien Credit Agreement and the Prepetition PBC First Lien Credit Agreement.

Given their circumstances, the NV Debtors and the PBC Debtors concluded that the relief afforded by chapter 11 of the Bankruptcy Code would help maintain their operations and enable them to take necessary actions to protect and enhance their business and the value that will inure to their creditors, employees and other parties in interest. After extensive negotiations among the NV Debtors and the First Lien Lenders, and subsequent negotiations with the Second Lien Lenders, along with their respective advisors, the parties reached an agreement in principle on the terms of the restructuring of the NV Debtors and the PBC Debtors to be effectuated pursuant to a confirmed plan of reorganization under chapter 11 of the Bankruptcy Code. The terms of this agreement in principle are embodied in the Plan Support Agreements.

Given the inability to find an equity investor or acquirer at a level that exceeded the First Lien Loan Claims (thereby implying a valuation that would impair the First Lien Loan Claims), the Debtors engaged in good faith, arms-length negotiations with the Holders of the First Lien Loan Claims and the Second Lien Loan Claims on the restructuring embodied in the Plan. Because their secured claims are impaired and are undersecured, the Holders of the First Lien Loan Claims initially resisted the concept of the Holders of the Second Lien Loan Claim receiving any value under the Plan. After significant negotiations among the Debtors, the First Lien Lenders, and the Second Lien Lenders, the First Lien Lenders finally agreed to support the Plan, which provides for a limited distribution to the Second Lien Lenders, subject to their agreement to support the Plan.

The Debtors believe that the Plan will provide an equitable distribution to holders of allowed claims in interest and enable the Debtors to emerge promptly from the Reorganization Cases as a viable, deleveraged business, with minimal effects on its operations, leaving the Reorganized Debtors better able to compete in the marketplace. The significant reduction in secured claims will provide the Reorganized Debtors with a more stable balance sheet and structure to implement its business plan and operate as a reorganized company. This, coupled with the Debtors' business plan (described below), leaves the Debtors optimistic of their long term prospects.

### **C. The Debtors Business Plan.**

The Debtors seek to increase operating profitability and the stability of their balance sheet based upon the following strategies:

***Recapitalizing the Debtors.*** The major change in the Debtors after bankruptcy is that the Reorganized Debtors, including the Reorganized PBC Debtors, will go from having over \$400,000,000 of indebtedness to having approximately \$28,000,000 of indebtedness (assuming the Debtor makes all draws available under the DIP Credit Agreement). Each of the Reorganized NV Debtors' and the Reorganized PBC Debtors' balance sheet will look substantially improved and their debt service obligations will be dramatically reduced.

***Continually Evaluate Programming Opportunities.*** The Reorganized Debtors continue to make substantial progress in replacing unprofitable programming which they inherited in connection with their acquisitions of their television stations with profitable programming.

***Strategic Revenue Opportunities.*** The Reorganized Debtors will continue to emphasize and take advantage of strategic revenue-generating opportunities. This can be done by emphasizing local programming, including local news and other unique revenue solutions available to the Reorganized Debtors. The Reorganized Debtors will also continue to aggressively market their Internet properties which are affiliated with the television stations for added revenue.

***Retransmission Revenue.*** The Reorganized Debtors will continue to undertake strategies to increase the payments they receive from cable companies, satellite companies, telecom operators and other multi-video programming distribution systems. The Debtors believe that the revenue stream from retransmission agreements will continue to grow over time.

***Digital Channels.*** In connection with the conversion of television stations from analog signals to digital signals that occurred in June 2009, television stations have extra channels with which to provide over-the-air signals and to provide programming to other cable, satellite and other distributors of content. The Debtors are currently monetizing these extra digital channels through various means, including local sports networks, weather channels and additional network affiliations which the Debtors can use to either generate additional advertising revenue or by selling to a third party the right to use the digital channel. The Debtors believe that over time this will be a substantial source of revenue generation.

These combined strategies have been incorporated into the business plan for the Debtors and are reflected in the projected financial information attached hereto as **Exhibit 6**. The financial restructuring contemplated by the Plan will create a capital structure which the Debtors believe should provide for successful execution of this business plan.

## VI. SIGNIFICANT EVENTS DURING THE REORGANIZATION CASES

### A. First Day Orders.

On and shortly after the Petition Date, the Debtors filed a series of motions for orders from the Bankruptcy Court designed to minimize any disruption of their business operations and to facilitate their reorganization.

- ***Case Administration Orders.*** The Debtors have requested that the Bankruptcy Court issue orders: (i) authorizing the joint administration of the Reorganization Cases, (ii) establishing procedures for interim compensation for professionals, (iii) authorizing the Debtors to employ professionals in the ordinary course of their business, (iv) authorizing the NV Debtors to employ and retain Locke Lord Bissell & Liddell LLP and Polsinelli Shughart PC as attorneys for the NV Debtors, (v) authorizing the PBC Debtors to employ and retain Womble Carlyle Sandridge & Rice, PLLC as attorneys for the PBC Debtors (vi) authorizing the Debtors to employ and retain Moelis & Company LLC as financial advisors for the Debtors, and (vii) authorizing the Debtors to employ and retain BMC Group, Inc. as the official claims, noticing, and voting agent.
- ***Payments on Account of Certain Prepetition Claims.*** The Bankruptcy Court has authorized the Debtors to satisfy outstanding obligations including certain of those relating to: (i) wages, compensation, and employee benefits; and (ii) sales and use taxes; insurance; and (iii) commissions for national sales representatives.
- ***Business Operations.*** Among other things, the Bankruptcy Court has authorized the Debtors on an interim basis (and is expected, on August 5, 2009, to be on a final basis) to: (i) maintain existing bank accounts and business forms; and (ii) continue and modify their centralized cash management system.

### B. Debtor in Possession Financing.

In connection with the commencement of the Reorganization Cases and to enable the continued operation of their business, avoid short-term liquidity concerns, and preserve the going concern value of their estates, on the Petition Date, the Debtors entered into a post-filing credit facility (the “**DIP Credit Agreement**”) with UBS, as

agent, and the lenders under the DIP Credit Agreement, from time to time who have in the aggregate committed the principal amount of \$28 million.

The DIP Credit Agreement required compliance with certain reorganization “milestones” including approval of this Disclosure Statement within fifty days of the Petition Date, the occurrence of the Confirmation Hearing within eighty five days of the Petition Date, and confirmation of the Plan within ninety days of the Petition Date. The DIP Credit Agreement allows the Debtors to fund their operations in the ordinary course of business and provides liquidity to the Debtors’ businesses. On July 15, 2009, the Bankruptcy Court entered an interim order approving the DIP Credit Agreement. It has been requested that, on August 5, 2009, the DIP Credit Agreement be approved on a final basis.

**C. The Schedules and Bar Date.**

On or before August 12, 2009, the Debtors will file their schedules of assets and liabilities, schedules of current income and expenditures, schedules of executory contracts and unexpired leases, and statements of financial affairs (collectively, the “**Schedules and Statements**”).

On the Petition Date, the Debtors filed a motion (the “**Bar Date Motion**”) seeking an order of the Bankruptcy Court establishing the date that is twenty-five days after the Debtors serve a notice of the bar date (which in no event may be later than five business days after the Debtors file Schedules and Statements) as the last date for each person or entity to file proofs of Claim based on prepetition Claims against any of the Debtors, and January 11, 2010 as the last date and time for “governmental units” (as defined in section 101(27) of the Bankruptcy Code) to file proofs of Claim based on prepetition Claims against any of the Debtors. A notice of the Bar Date will be published once in *The Wall Street Journal* or *USA Today* at least twenty days prior to the Bar Date and a proof of claim form will be mailed to all known creditors listed in the Debtors’ Schedule. The Bar Date Motion is scheduled for hearing on August 5, 2009.

The Debtors project that the Claims asserted against them will be resolved in and reduced to an amount that approximates the Claims contained in the Debtors’ Schedules and the amounts estimated herein. The actual aggregate amount of Allowed Claims in any class, however, may differ significantly from the Debtors’ estimates.

**D. Creditors Committee.**

On July 27, 2009, after contacting the thirty largest unsecured creditors listed in the Debtors’ petitions, the U.S. Trustee held the organizational meeting of creditors. The Trustee has yet to appoint an Official Unsecured Creditors’ Committee under section 1102(a) of the Bankruptcy Code.

**E. The Debtors' Exclusive Right to File and Solicit Acceptances of a Plan.**

The Debtors are operating in their exclusive period to file and solicit acceptances of a plan pursuant to section 1121(a), which current exclusivity period expires on November 10, 2009 (the "**Exclusivity Period**").

**F. Assumption and Rejection of Executory Contracts and Unexpired Leases.**

As set forth in Section VII.I.1, upon the occurrence of the Effective Date, all executory contracts and unexpired leases not otherwise assumed will be rejected. On or before August 25, 2009, the Debtors will file the Plan Supplement setting forth those executory contracts and unexpired leases to be assumed and the amounts necessary to cure any defaults thereunder.

**VII.  
THE PLAN OF REORGANIZATION**

**A. Introduction.**

The Plan provides for a restructuring of the Debtors' financial obligations, which will result in a significant deleveraging of the Debtors to better compete in the broadcasting market. The Debtors believe that the proposed restructuring will provide them with the necessary financial flexibility to compete effectively in today's business environment.

The Debtors believe, and will demonstrate to the Bankruptcy Court, that, under the Plan, creditors and stakeholders will receive no less value than they would receive in a liquidation of the Debtors under chapter 7 of the Bankruptcy Code.

The following is a non-technical discussion of the provisions of the Plan.

**B. Summary of the Structure of the Reorganized Debtors On and After the Effective Date.**

On or before the Effective Date of the Plan, the NV Debtors will form two new Delaware limited liability companies, which are defined in the Plan as NVT Holdings and NVT Networks. NVT Networks will be a fully owned subsidiary of NVT Holdings. On or before the Effective Date, Reorganized NV Broadcasting will transfer the membership interests of the Reorganized NVT Networks Subsidiaries (which are the NV Operating Subsidiaries, as reorganized under the terms of the Plan) to NVT Networks. Thus, the ultimate parent of the Reorganized NVT Networks Subsidiaries will be NVT Holdings. On the Effective Date, the NVT Holdings Membership Interests shall be Transferred as described in sections 4.1 and 4.7 of the Plan.

Also on or before the Effective Date of the Plan, the NV Debtors will form two new Delaware limited liability companies, which are defined in the Plan as NVT License Holdings and NVT License Company. NVT License Company will be a fully owned

subsidiary of NVT License Holdings. On or before the Effective Date, the Reorganized NVT Networks Subsidiaries will transfer the membership interests of the Reorganized NVT License Company Subsidiaries to NVT License Company. Thus, the ultimate parent of the Reorganized NVT License Company Subsidiaries will be NVT License Holdings. Pursuant to section 5.5 of the Plan, on the Effective Date, Reorganized NV Broadcasting will Transfer 99% of the then outstanding units of the Class B (Nonvoting) membership interests in NVT License Holdings to the New Class B Member, and 100% of the then outstanding units of the Class A (Voting) membership interests in NVT License Holdings and 1% of the then outstanding units of Class B (Nonvoting) membership interests in NVT License Holdings to HBK.

Also on or before the Effective Date of the Plan, the Reorganized PBC Debtors will issue such membership interest as are required to maintain the same corporate structure that existed for the PBC Debtors immediately prior to the Petition Date. Thus, on and after the Effective Date, the Reorganized PBC Debtors will have the same corporate structure as existed prior to the Petition Date for the PBC Debtors. On the Effective Date, Reorganized PBC Holdings will Transfer the membership interests of Reorganized PBC Broadcasting to PBC Enterprises. PBC Enterprises is a Delaware limited liability company. PBC Enterprises has two classes of membership interests: Class A (Voting) membership interests and Class B (Nonvoting) membership interests. Todd Parkin owns 100% of the Class A (Voting) membership interests, and 1% of the Class B (Nonvoting) membership interests, and that person or Entity set forth in the Plan Supplement, who does not have a Related Party Relationship with Todd Parkin, owns 99% of the Class B (Nonvoting) membership interests.

Each of NVT Holdings, NVT License Holdings and PBC Enterprises will be private, non-SEC reporting companies. The Exit Secured Term Loan will be each of NVT Holdings', NVT License Holdings' and PBC Enterprises' only secured indebtedness, which will be secured by all of their assets and the assets of their subsidiaries, and guaranteed by each of their subsidiaries.

The post-Effective Date structure of the Reorganized Debtors is set forth in the Plan Supplement.

### **C. Classification and Treatment of Claims and Interests Under the Plan.**

Under the Bankruptcy Code, only claims and equity interests that are “allowed” may receive distributions under a chapter 11 plan. This term is used throughout the Plan and the Disclosure Statement. In general, an “allowed” claim or “allowed” equity interest simply means that the debtor agrees, or in the event of a dispute, that the Bankruptcy Court determines, that the claim or equity interest, and the amount thereof, is in fact a valid obligation of the debtor.

Section 502(a) of the Bankruptcy Code provides that a timely filed claim or equity interest is deemed “allowed” unless the debtor or other party in interest objects. Section 502(b) of the Bankruptcy Code, however, specifies certain claims that may not be “allowed” in bankruptcy even if a proof of claim is timely filed. These include, but are



not limited to, claims that are unenforceable under the governing agreement between a debtor and the claimant or applicable non-bankruptcy law, claims for unmatured interest, property tax claims in excess of the debtor's equity in the property, claims for services that exceed their reasonable value, real property lease and employment contract rejection damage claims in excess of specified amounts, and contingent claims for contribution and reimbursement. Additionally, Bankruptcy Rule 3003(c)(2) prohibits the allowance of any claim or equity interest that either is not listed on the debtor's Schedules or is listed as disputed, contingent, or unliquidated, if the holder has not filed a proof of claim or equity interest before the established deadline.

The Bankruptcy Code requires that, for purposes of treatment and voting, a chapter 11 plan divide the different claims against, and equity interests in, the debtor into separate classes based upon their legal nature. Claims of a substantially similar legal nature are usually classified together, as are equity interests of a substantially similar legal nature. Because an entity may hold multiple claims and/or equity interests which give rise to different legal rights, the "claims" and "equity interests" themselves, rather than their holders, are classified.

Under a chapter 11 plan, the separate classes of claims and equity interests must be designated either as "impaired" (affected by the plan) or "unimpaired" (unaffected by the plan). If a class of claims is "impaired," the Bankruptcy Code affords certain rights to the holders of such claims, such as the right to vote on the plan, and the right to receive, under the chapter 11 plan, no less value than the holder would receive if the debtor were liquidated in a case under chapter 7 of the Bankruptcy Code.

Under section 1124 of the Bankruptcy Code, a class of claims or equity interests is "impaired" unless the plan (i) does not alter the legal, equitable and contractual rights of the holders or (ii) irrespective of the holders' acceleration rights, cures all defaults (other than those arising from the debtor's insolvency, the commencement of the case or nonperformance of a nonmonetary obligation), reinstates the maturity of the claims or equity interests in the class, compensates the holders for actual damages incurred as a result of their reasonable reliance upon any acceleration rights, and does not otherwise alter their legal, equitable, and contractual rights. Typically, this means that the holder of an unimpaired claim or equity interest will receive on the later of the consummation date or the date on which amounts owing are actually due and payable, payment in full, in cash, with postpetition interest to the extent appropriate and provided for under the governing agreement (or if there is no agreement, under applicable non-bankruptcy law), and the remainder of the debtor's obligations, if any, will be performed as they come due in accordance with their terms. Thus, other than its right to accelerate the debtor's obligations, the holder of an unimpaired claim or equity interest will be placed in the position it would have been in had the debtor's case not been commenced. Pursuant to 1126(f) of the Bankruptcy Code, holders of unimpaired claims or equity interests are "conclusively presumed" to have accepted the plan. Accordingly, their votes are not solicited.

Under the Debtors' Plan, the claims in Class 2 (Secured Tax Claims), Class 3 (Other Secured Claims), Class 4 (Priority Non-Tax Claims), Class 5 (NV General Unsecured Trade Claims), and Class 6 (PBC General Unsecured Trade Claims) are unimpaired, and therefore, the holders of such claims are "conclusively presumed" to have voted to accept the Plan.

Under certain circumstances, a class of claims or equity interests may be deemed to reject a plan of reorganization. For example, a class is deemed to reject a plan of reorganization under section 1126(g) of the Bankruptcy Code if the holders of claims or equity interests in such class do not receive or retain property under the plan on account of their claims or equity interests. Under this provision of the Bankruptcy Code, the holders of claims or equity interests in Class 8 (Mezzanine Loan Claims), Class 9 (HBK Loan Claim), Class 10 (Rejection Damages Claims), Class 11 (Litigation Claims), Class 12 (Securities Claims), Class 13 (Subordinated Claims), and Class 14 (Interests) are deemed to reject the Plan because they receive no distribution and retain no property interest under the Plan on account of their Claims or Interests. Because such Classes are deemed to reject the Plan, the Debtors are required to demonstrate that the Plan satisfies the requirements of section 1129(b) of the Bankruptcy Code with respect to such classes. Among these are the requirements that the plan be "fair and equitable" with respect to, and not "discriminate unfairly" against, the claims and equity interests in such classes. For a more detailed description of the requirements for confirmation, see Section XI.B. below, entitled "Requirements for Confirmation of the Plan of Reorganization."

Consistent with these requirements, the Plan divides the Allowed Claims against, and Allowed Interests in, the Debtors into the following classes:

<u>Class</u>	<u>Designation</u>	<u>Impairment</u>	<u>Entitled to Vote</u>
Unclassified	DIP Claims	n/a	n/a
Unclassified	Compensation and Reimbursement of Professionals	n/a	n/a
Unclassified	Administrative Expenses	n/a	n/a
Unclassified	Priority Tax Claims	n/a	n/a
Class 1	First Lien Loan Claims	Impaired	Yes
Class 2	Secured Tax Claims	Unimpaired	No (deemed to accept)
Class 3	Other Secured Claims	Unimpaired	No (deemed to accept)
Class 4	Priority Non-Tax Claims	Unimpaired	No (deemed to accept)
Class 5	NV General Unsecured Trade Claims	Unimpaired	No (deemed to accept)
Class 6	PBC General Unsecured Trade Claims	Unimpaired	No (deemed to accept)

Class 7	Second Lien Loan Claims	Impaired	Yes
Class 8	Mezzanine Loan Claims	Impaired	No (deemed to reject)
Class 9	HBK Loan Claim	Impaired	No (deemed to reject)
Class 10	Rejection Damages Claims	Impaired	No (deemed to reject)
Class 11	Litigation Claims	Impaired	No (deemed to reject)
Class 12	Securities Claims	Impaired	No (deemed to reject)
Class 13	Subordinated Claims	Impaired	No (deemed to reject)
Class 14	Interests	Impaired	No (deemed to reject)

# **1. Unclassified.**

## **DIP Claims.**

The DIP Claims are Claims arising pursuant to the DIP Credit Agreement, the proceeds of which are to be used to finance the Reorganization Cases or related expenses. The DIP Claims are secured by substantially all of the assets of the NV Debtors and are guaranteed by the PBC Debtors. On the Effective Date, all obligations of the NV Debtors under the DIP Credit Agreement shall be paid in full, in Cash, from the proceeds of the Exit Secured Term Loan and in accordance with the terms of the DIP Order and DIP Credit Agreement.

Upon payment or satisfaction in full of all obligations under the DIP Credit Agreement in accordance with the terms thereof and termination of the DIP Credit Agreement, all Liens and security interests granted to secure such obligations shall be deemed terminated, released, and of no further force and effect.

The Debtors estimate, assuming the Effective Date occurs on October 1, 2009, Allowed unpaid DIP Claims on the Effective Date will be approximately \$27,772,139.

## **Administrative Expenses.**

Administrative Expenses are the actual and necessary costs and expenses of the Debtors' Reorganization Cases that are allowed under sections 503(b) (except pursuant to sections 503(b)(2), 503(b)(3), 503(b)(4), and 503(b)(5) of the Bankruptcy Code, as discussed below) and 507(a)(1) of the Bankruptcy Code. Such expenses will include, but are not limited to, amounts owed to vendors providing goods and services to the Debtors during the chapter 11 cases, and tax obligations incurred after the Petition Date.

Allowed Administrative Expenses representing liabilities incurred by the Debtors, as debtors in possession, in the ordinary course of business and consistent with past practice, shall be paid by the Debtors in accordance with the terms and conditions of the

particular transaction and any related agreements and instruments. On the Effective Date or as soon thereafter as is practicable, except to the extent that a Holder of an Allowed Administrative Expense against any of the Debtors agrees to a different treatment, each Holder of an Allowed Administrative Expense, subject to the terms of the DIP Order, shall receive Cash in an amount equal to the Allowed amount of such Claim; provided, however, that Allowed Administrative Expenses representing liabilities incurred in the ordinary course of business by the Debtors, as debtors in possession, shall be paid by the Debtors or by NVT Networks in the ordinary course of business, consistent with past practice and in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents relating to such transactions.

The Debtors estimate, assuming the Effective Date occurs on October 1, 2009, Allowed unpaid Administrative Expenses on the Effective Date will be approximately \$19,082,631.

### **Compensation and Reimbursement Claims of Professionals.**

Compensation and Reimbursement Claims of Professionals are Administrative Expenses for the compensation of professionals and reimbursement of expenses incurred by such professionals pursuant to sections 503(b)(2), 503(b)(3), 503(b)(4) and 503(b)(5) of the Bankruptcy Code. All payments to professionals for Compensation and Reimbursement Claims of Professionals will be made in accordance with the procedures established by the Bankruptcy Code, the Bankruptcy Rules, and the Bankruptcy Court relating to the payment of interim and final compensation for services rendered and reimbursement of expenses. The Debtors estimate, assuming the Effective Date occurs on October 1, 2009, Allowed Compensation and Reimbursement Claims on the Effective Date will aggregate approximately \$5,445,695. The Bankruptcy Court will review and determine all applications for compensation for services rendered and reimbursement of expenses.

Section 503(b) of the Bankruptcy Code provides for payment of compensation to creditors, indenture trustees and other entities making a “substantial contribution” to a reorganization case, and to attorneys for and other professional advisors to such entities. The amounts, if any, which may be sought by entities for such compensation are not known by the Debtors at this time. Requests for compensation must be approved by the Bankruptcy Court after a hearing on notice at which the Debtors and other parties in interest may participate and, if appropriate, object to the allowance of any claims for compensation and reimbursement of expenses.

Pursuant to the Plan, all entities seeking an award by the Bankruptcy Court of compensation for services rendered or reimbursement of expenses incurred through and including the Confirmation Date under section 503(b)(2), 503(b)(4), or 503(b)(5) of the Bankruptcy Code (except pursuant to section 503(b)(3)(D), as described below) (i) shall file their respective final application for allowance of compensation for services rendered and reimbursement of expenses incurred by the date that is sixty (60) days after the Effective Date and (ii) shall be paid in full in Cash in such amounts as are allowed by the

Bankruptcy Court (A) five Business Days after the date upon which the order relating to any such Administrative Expense is entered or (B) upon such other terms as may be mutually agreed upon between the Holder of such an Administrative Expense and the Debtors or, if on or after the Effective Date, the Reorganized Debtors.

All entities seeking an award by the Bankruptcy Court of compensation for services rendered or reimbursement of expenses incurred during the Reorganization Cases pursuant to section 503(b)(3)(D) of the Bankruptcy Code shall file their respective fee applications prior to or on the deadline for filing objections to the confirmation of the Plan. Nothing contained in the previous sentence shall be, or shall be interpreted as, a consent by the Debtors, the DIP Lenders, or the First Lien Lenders to the allowance of any such fees or expenses.

### **Priority Tax Claims.**

Priority Tax Claims essentially consist of unsecured claims of federal, state, and local governmental authorities for the types of taxes specified in section 507(a)(8) of the Bankruptcy Code, such as certain income taxes, property taxes, excise taxes, and employment and withholding taxes. These otherwise unsecured claims are given a statutory priority in right of payment under the Bankruptcy Code. The Debtors estimate that on the Effective Date, the Allowed amounts of such claims will aggregate \$26,501.

On the Effective Date, except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a different treatment, each Holder of an Allowed Priority Tax Claim shall receive, at the option of the Affected Debtor, (a) Cash in an amount equal to such Allowed Priority Tax Claim or (b) commencing on the first anniversary of the Effective Date and continuing on each anniversary thereafter over a period not exceeding five years after the Petition Date, equal annual Cash payments in an aggregate amount equal to such Allowed Priority Tax Claim, together with interest at the applicable rate under non-bankruptcy law, subject to the sole option of the Affected Debtor to prepay the entire amount of the Allowed Priority Tax Claim at any time, or (c) upon such other terms determined by the Bankruptcy Court to provide the Holder of such Allowed Priority Tax Claim deferred Cash payments having a value, as of the Effective Date, equal to such Allowed Priority Tax Claim.

All Allowed Priority Tax Claims which are not due and payable on or before the Effective Date will be paid in the ordinary course of business as such obligations become due.

## **2. Classified.**

### **Class 1 – First Lien Loan Claims**

Voting: Impaired and entitled to vote

Recovery: The projected recovery under the Plan for First Lien Loan Claims is 33%. The projected recovery under a chapter 7 liquidation for First Lien Loan Claims is 8.2-19.2%.

The First Lien Loan Claims are Secured Claims, and are Claims against the Debtors that are secured by a lien on substantially all of the Debtors' assets, except the assets of NV Kansas and NV Media, LLC. The First Lien Loan Claims are Secured Claims arising under or in connection with the First Lien Credit Facilities, including, without limitation, the aggregate principal amount and swap exposure amount or similar interest rate hedging claims due and owing under, or in connection with, the First Lien Credit Facilities, plus accrued and unpaid interest thereon, plus accrued and unpaid fees, costs and expenses.

The Debtors engaged in good faith, arm's length negotiations with the Administrative Agent to enter into the First Lien Credit Facilities. Prior to the Petition Date, the Debtors determined that the liens granted under the First Lien Credit Facilities were properly perfected. The Debtors do not believe that viable claims exist against the First Lien Lenders and there is no dispute with respect to the Allowed amounts of the First Lien Loan Claims because, among other things, no payments have been made to the First Lien Lenders for or on account of any debts created by the First Lien Credit Facilities within ninety days of the Petition Date. Therefore, the Secured Claims resulting from the First Lien Credit Facilities are Allowed in full and are not subject to any avoidance reductions, set-off, offset, recharacterization, subordination (whether equitable, contractual, or otherwise), counterclaims, cross-claims, defenses, disallowance, impairment, or any other challenges under any applicable law or regulation by any person or entity.

Pursuant to the Plan, the First Lien Loan Claims are Allowed in an amount not less than \$274,021,842, comprising outstanding principal of \$256,910,640, accrued but unpaid interest of \$9,947,643, costs of breaking the interest swap agreement of \$7,163,559 as of the Petition Date, and unpaid fees, costs, and expenses thereunder in an unliquidated amount.

Based on the midpoint of the Moelis valuation, the face amount of the Allowed First Lien Loan Claims exceeds the value of the assets securing such claims, and thus the Holders of the First Lien Loan Claims are undersecured.

On the Effective Date, the Holders of First Lien Loan Claims will receive a Transfer of their Ratable Proportion of one hundred percent (100%) of the NVT Holdings Membership Interests, subject to dilution for (a) Management Equity, and (b) the Second Lien Equity. While each Holder of a First Lien Loan Claim possesses an Allowed Secured Claim against each of the Debtors due to guaranties under the First Lien Credit Facilities, each Holder of a First Lien Loan Claim will only receive one recovery on account of all Secured Claims held by such claimant, which recovery is specified in section 4.1 of the Plan and described herein.

#### **Class 2 – Secured Tax Claims.**

Voting: Unimpaired and conclusively presumed to accept the plan. Not entitled to vote.

Recovery: The projected recovery under the Plan for Secured Tax Claims is 100%.

Secured Tax Claims essentially consist of Claims of federal and state governmental authorities against any of the Debtors for certain taxes, such as certain income taxes, property taxes, excise taxes, and employment and withholding taxes that hold any of the Debtors' assets as Collateral. But for their secured status, the Secured Tax Claims would be Priority Tax Claims entitled to statutory priority in right of payment under section 507(a)(8) of the Bankruptcy Code. The Debtors estimate that on the Effective Date, the Allowed amounts of such claims will aggregate \$0.00.

On the Effective Date, except to the extent that a Holder of an Allowed Secured Tax Claim against any of the Debtors has agreed to a different treatment of such Claim, each Holder of an Allowed Secured Tax Claim against any of the Debtors shall receive, at the option of the Affected Debtor either: (i) the Collateral securing such Allowed Secured Tax Claim; (ii) Cash in an amount equal to the value of such Allowed Secured Tax Claim; (iii) commencing on the first anniversary of the Effective Date and continuing on each anniversary thereafter over a period not exceeding five years after the Petition Date, equal annual Cash payments in an aggregate amount equal to such Allowed Secured Tax Claim, together with interest at the applicable rate under non-bankruptcy law, subject to the sole option of the Affected Debtor to prepay the entire amount of the Allowed Secured Tax Claim at any time, or (iv) upon such other terms determined by the Bankruptcy Court to provide the Holder of such Allowed Secured Tax Claim deferred Cash payments having a value, as of the Effective Date, equal to such Allowed Secured Tax Claim.

### **Class 3 – Other Secured Claims**

Voting: Unimpaired and conclusively presumed to accept the plan. Not entitled to vote.

Recovery: The projected recovery under the Plan for Other Secured Claims is 100%.

Other Secured Claims consist of Claims, other than a First Lien Loan Claim, Second Lien Loan Claim, or Secured Tax Claim, secured by property of the Debtors' bankruptcy estate (or that are subject to setoff) to the extent allowed as secured claims under section 506 of the Bankruptcy Code. The Debtors estimate that on the Effective Date, the allowed amounts of such claims will aggregate \$665,630.

Except to the extent that a Holder of an Other Secured Claim agrees to a less favorable treatment, at the sole option of the Affected Debtor, (a) each Allowed Other Secured Claim shall be Reinstated, or (b) each Holder of an Allowed Other Secured Claim shall receive, in full satisfaction of such claim, either (i) Cash in the full amount of such Claim, including any interest required to be paid pursuant to section 506(b) of the Bankruptcy Code, (ii) the proceeds of the sale or disposition of the collateral securing such Other Secured Claim to the extent of the value of the Holder's secured interest in such collateral, (iii) the collateral securing such Other Secured Claim and any interest on

such Claim required to be paid pursuant to section 506(b) of the Bankruptcy Code, or (iv) such other distribution as is necessary to satisfy the requirements of section 1129 of the Bankruptcy Code.

**Class 4 - Priority Non-Tax Claims.**

Voting: Unimpaired and conclusively presumed to accept the plan. Not entitled to vote.

Recovery: The projected recovery under the Plan for Priority Non-Tax Claims is 100%.

Priority Non-Tax Claims consist of certain claims against any of the Debtors that are granted priority status for payment pursuant to section 507(a) of the Bankruptcy Code. Priority Non-Tax Claims include certain wage, salary, and other compensation obligations to the Debtors' employees, up to a statutory cap of \$10,950 per employee. The Debtors estimate that on the Effective Date, the allowed amounts of such claims will aggregate \$0.00

On the Effective Date, except to the extent that a Holder of an Allowed Priority Non-Tax Claim against any of the Debtors has agreed to a different treatment of such Claim, each such Holder shall receive, in full satisfaction of the Allowed portion of such Claim, Cash in an amount equal to such Allowed Claim or otherwise receive treatment consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code.

**Class 5 - NV General Unsecured Trade Claims**

Voting: Unimpaired and conclusively presumed to accept the plan. Not entitled to vote.

Recovery: The projected recovery under the Plan for NV General Unsecured Trade Claims is 100%.

The NV General Unsecured Trade Claims consist of all Allowed non-priority unsecured Claims against the NV Debtors that are not Deficiency Claims, Second Lien Loan Claims, Mezzanine Loan Claims, HBK Loan Claims, Rejection Damages Claims, Litigation Claims, Securities Claims, and Subordinated Claims. NV General Unsecured Trade Claims generally include the claims of vendors and other business creditors for goods and services provided to the NV Debtors prior to the Petition Date. The Debtors estimate that on the Effective Date, the Allowed amounts of such Claims will aggregate \$9,719,803.<sup>19</sup>

In full satisfaction, settlement, release, and discharge of and in exchange for each and every NV General Unsecured Trade Claim, each Allowed NV General Unsecured Trade Claim shall (a) be Reinstated as an obligation of NVT Networks; (b) receive such treatment as to which NVT Networks shall have agreed to in writing; or (c) be treated in

---

<sup>19</sup> As noted above, the Debtors' estimate of the Allowed Amounts of NV General Unsecured Claims may be reduced as a result of the Debtors' assumption or rejection of any Executory Contracts that give rise to any portion of the NV General Unsecured Trade Claims.



any other manner so that such NV General Unsecured Trade Claim shall otherwise be rendered Unimpaired pursuant to section 1124 of the Bankruptcy Code.

**Class 6 – PBC General Unsecured Trade Claims**

Voting: Unimpaired and conclusively presumed to accept the plan. Not entitled to vote.

Recovery: The projected recovery under the Plan for PBC General Unsecured Trade Claims is 100%.

The PBC General Unsecured Trade Claims consist of all Allowed non-priority unsecured Claims against the PBC Debtors that are not Deficiency Claims, Rejection Damages Claims, Litigation Claims, Securities Claims, or Subordinated Claims. PBC General Unsecured Trade Claims generally include the claims of vendors and other business creditors for goods and services provided to the PBC Debtors prior to the Petition Date. The Debtors estimate that on the Effective Date, the Allowed amounts of such Claims will aggregate \$600,850.<sup>20</sup>

In full satisfaction, settlement, release, and discharge of and in exchange for each and every PBC General Unsecured Trade Claim, each Allowed PBC General Unsecured Trade Claim shall (a) be Reinstated as an obligation of the Reorganized PBC Broadcasting; (b) receive such treatment as to which Reorganized PBC Broadcasting shall have agreed to in writing; or (c) be treated in any other manner so that such PBC General Unsecured Trade Claim shall otherwise be rendered Unimpaired pursuant to section 1124 of the Bankruptcy Code.

**Class 7 – Second Lien Loan Claims**

Voting: Impaired and entitled to vote

Recovery: The projected recovery under the Plan for Second Lien Loan Claims is 3%. The projected recovery under a chapter 7 liquidation for Second Lien Loan Claims is 0%.

The Second Lien Loan Claims are Secured Claims, and are Claims against the Debtors that are secured by a lien on substantially all of the Debtors' assets. The Second Lien Loan Claims arise from the \$100,000,000 secured loan issued under the Prepetition Second Lien Credit Agreement.

The Debtors engaged in good faith, arm's length negotiations with the Second Lien Administrative Agent to enter into the Prepetition Second Lien Credit Agreement. Prior to the Petition Date, the Debtors determined that the liens granted under the Prepetition Second Lien Credit Agreement were properly perfected. The Debtors do not believe that viable claims exist against the Second Lien Lenders and there is no dispute with respect to the Allowed amounts of such Claims because, among other things, no payments have been made to the Second Lien Lenders for or on account of any debts

---

<sup>20</sup> As noted above, the Debtors' estimate of the Allowed Amounts of PBC General Unsecured Claims may be reduced as a result of the Debtors' assumption or rejection of any Executory Contracts that give rise to any portion of the PBC General Unsecured Trade Claims.

created by the Prepetition Second Lien Credit Agreement within ninety days of the Petition Date. Therefore, the Secured Claims resulting from the Prepetition Second Lien Credit Agreement are Allowed in full and are not subject to any avoidance reductions, set-off, offset, recharacterization, subordination (whether equitable, contractual, or otherwise), counterclaims, cross-claims, defenses, disallowance, impairment, or any other challenges under any applicable law or regulation by any person or entity.

Pursuant to the Plan, the Second Lien Loan Claims are allowed in an amount not less than \$94,972,735, comprising outstanding principal of \$89,400,000, accrued but unpaid interest of \$5,572,735 as of the Petition Date, and unpaid fees, costs, and expenses thereunder in an unliquidated amount.

On the Effective Date, (a) the Holders of the Second Lien Loan Claims who vote to accept the Plan will each receive a Transfer of its Ratable Proportion of the Second Lien Equity upon execution of NVT Holdings' amended and restated operating agreement by the members thereof, and (b) the Holders of the Second Lien Loan Claims who vote to reject the Plan will each receive no Transfers of property on account of such Holder's Second Lien Loan Claim and the aggregate amount of Second Lien Equity to be Transferred pursuant to section 4.7 of the Plan will be reduced by the percentage determined by dividing (x) the aggregate face amount of the Rejecting Second Lien Claims by (y) the total Second Lien Loan Claims. Under the Plan, Second Lien Equity means (a) three percent (3%) of the NVT Holdings Membership Interests, and (b) the Class A Warrants and the Class B Warrants. Class A Warrants are five year warrants to purchase, in the aggregate, up to 2% of the NVT Holdings Membership Interests outstanding as of the Effective Date at a warrant price per warrant on an equivalent basis of up to 100% of the enterprise value of \$250 million, but subject to dilution for the NVT Holdings Membership Interests issued as part of the management Equity. Class B Warrants are five year warrants to purchase, in the aggregate, up to 10% of the NVT Holdings Membership Interests outstanding as of the Effective Date at a warrant price per warrant on an equivalent basis of up to 100% of the enterprise value of \$300 million, but subject to dilution for the NVT Holdings Membership Interests issued as part of the Management Equity.

While each Holder of a Second Lien Loan Claim possesses an Allowed Secured Claim against each of the Debtors due to guaranties under the Prepetition Second Lien Credit Agreement and the Prepetition PBC Second Lien Guaranty and Collateral Agreement, each Holder of a Second Lien Loan Claim shall only receive one recovery on account of all Secured Claims held by such claimant, which recovery is specified in section 4.7 of the Plan.

#### **Class 8 – Mezzanine Loan Claims**

Voting: Impaired, not entitled to vote, and conclusively presumed to Reject the Plan.

Recovery: The projected recovery under the Plan for Mezzanine Loan Claims is 0%. The projected recovery under a chapter 7 liquidation for Mezzanine Loan Claims is 0%.

The Mezzanine Loan Claims are unsecured claims. The Mezzanine Loan Claims arise from the \$30,000,000 unsecured loan issued under the Prepetition Mezzanine Credit Agreement. As of the Petition Date, the total Allowed amount of the Mezzanine Loan Claims is \$26,254,977, comprising outstanding principal and accrued but unpaid interest, and unpaid fees, costs, and expenses thereunder in an unliquidated amount.

On the Effective Date, each Holder of a Mezzanine Loan Claim shall receive no distribution of property on account of such Claim.

**Class 9 - HBK Loan Claim**

Voting: Impaired, not entitled to vote, and conclusively presumed to Reject the Plan.

Recovery: The projected recovery under the Plan for HBK Loan Claims is 0%. The projected recovery under a chapter 7 liquidation for HBK Loan Claims is 0%.

The HBK Loan Claims are unsecured Claims. The HBK Loan Claims arise from the \$11,528,291.92 unsecured loan issued under the Prepetition HBK Credit Agreement. As of the Petition Date, the total Allowed amount of the HBK Loan Claims is \$13,389,520, comprising outstanding principal and accrued but unpaid interest, and unpaid fees, costs, and expenses thereunder in an unliquidated amount.

On the Effective Date, each Holder of a HBK Loan Claim shall receive no distribution of property on account of such Claim.

**Class 10 – Rejection Damages Claims**

Voting: Impaired, not entitled to vote, and conclusively presumed to Reject the Plan.

Recovery: The projected recovery under the Plan for Rejection Damages Claims is 0%. The projected recovery under a chapter 7 liquidation for Rejection Damages Claims is 0%.

Rejection Damages Claims are Unsecured Claims. Rejection Damages Claims arise from the rejection or repudiation of the Debtors' Executory Contracts pursuant to section 365 of the Bankruptcy Code. The Debtors currently are in discussions with various nondebtor parties to Executory Contracts. As of the date of this Disclosure Statement, the Debtors have not determined which, if any, of their Executory Contracts they will reject. The Debtors estimate that on the Effective Date, the Allowed amounts of such claims range from \$0.00 to \$4,000,000.

On the Effective Date, each Holder of a Rejection Damages Claim shall receive no distribution of property on account of such Claim.

**Class 11 – Litigation Claims**

Voting: Impaired, not entitled to vote, and conclusively presumed to Reject the Plan.

Recovery: The projected recovery under the Plan for Litigation Claims is 0%. The projected recovery under a chapter 7 liquidation for Litigation Claims is 0%.

Litigation Claims are Unsecured Claims. Litigation Claims consist of any Claim asserted in litigation pending against the Debtors on, as of, or before the Petition Date, whether asserted directly, derivatively, by way of subrogation or otherwise, whether the subject of litigation which has been or could have been certified as a class action under applicable law, and whether grounded in contract, tort, statute, the common law, equity or other law, and including, without limitation, Claims for personal injury, property damage, wrongful death, products liability, unfair labor and/or hiring practices, civil rights violations, employment discrimination, breach of contract, indemnity, reimbursement, contribution, and/or fraud. The Debtors estimate that on the Effective Date, the Allowed amounts of such claims aggregate up to \$300,000.

On the Effective Date, each Holder of a Litigation Claim shall receive no distribution of property on account of such Claim.

#### **Class 12 – Securities Claims**

Voting: Impaired, not entitled to vote, and conclusively presumed to Reject the Plan.

Recovery: The projected recovery under the Plan for Securities Claims is 0%. The projected recovery under a chapter 7 liquidation for Securities Claims is 0%.

The Securities Claims consist of Claims for damages arising from the rescission of a purchase or sale of any security of any of the Debtors, for damages arising from the purchase or sale of such a security, or for reimbursement or contribution allowed under section 502 of the Bankruptcy Code on account of such a Claim that is subordinated to other Claims or Interests in accordance with section 510(b) of the Bankruptcy Code. The Debtors do not believe that, on the Effective Date, there will be any Allowed Securities Claims.

On the Effective Date, each Holder of a Securities Claim shall receive no distribution of property on account of such Claim.

#### **Class 13 - Subordinated Claims**

Voting: Impaired, not entitled to vote, and conclusively presumed to Reject the Plan.

Recovery: The projected recovery under the Plan for Subordinated Claims is 0%. The projected recovery under a chapter 7 liquidation for Subordinated Claims is 0%.

The Subordinated Claims consist of Claims that are determined to be subordinated to other Claims pursuant to section 510(c) of the Bankruptcy Code, which empowers the Bankruptcy Court to subordinate claims for purposes of distribution under a plan of reorganization for equitable reasons. On the Effective Date, each holder of a Subordinated Claim shall receive no distribution of property on account of such Claim.

The Debtors do not believe that, on the Effective Date, there will be any Allowed Subordinated Claims.

**Class 14 – Interests.**

Voting: Impaired, not entitled to vote, and conclusively presumed to Reject the Plan.

Recovery: The projected recovery under the Plan for Interests is 0%. The projected recovery under a chapter 7 liquidation for Interests is 0%.

Interests consist of the interest of any Holder of an equity security of the Debtors, or any option, warrant, or right, contractual or otherwise, to acquire any such interest from the Debtors. On the Effective Date, each holder of an Interest shall receive no distribution of property on account of such Claim.

**D. Means of Implementation.**

**1. Non-Substantive Consolidation.**

The Debtors' Plan is not premised on the substantive consolidation of the Debtors. Accordingly, (i) the assets and liabilities of each Debtor remain the assets and liabilities of each respective Debtor and (ii) all guarantees of any Debtor of any payment, performance, or collection of obligations of any Debtor remain in full force and effect for purposes of the Plan.

**2. Intercompany Claims.**

As described in the Debtors' motion for approval of its cash management system, filed on July 13, 2009 (the "**Cash Management Motion**"), the Debtors' cash management system, as modified by the order approving the Cash Management Motion, results in certain intercompany transfers resulting from certain trade receivables and trade payables, centrally billed expenses, corporate management expenses, and debt service. These ordinary course transfers are the extent of the intercompany transfers among the Debtors; there are no other cross-stream transfers among any of the Debtors. Thus, while Intercompany Claims may result from the operation of the cash management system, such balances constantly fluctuate and are incurred merely in the ordinary course of operating the businesses of the Debtors. Moreover, Intercompany Claims, to the extent they exist, are pledged as security to the holders of First Lien Loan Claims, which is reflected in Moelis' valuation and the estimated recoveries to holders of the First Lien Loan Claims contained herein and in the Plan. Therefore, to the extent any Intercompany Claims exist, any value relating thereto will not inure to any class junior to the First Lien Loan Claims.

Intercompany Claims consist of any Claim against any Debtor held by another Debtor. Notwithstanding anything to the contrary in the Plan, all Intercompany Claims will be discharged.

### **3. Summary of Post-Effective Date Structure of the Debtors.**

The post-Effective Date structure of the Debtors is attached to the Plan Supplement. As further described below and in the Plan, on the Effective Date, (a) the reorganized NV Operating Subsidiaries (as reorganized, the “**Reorganized NVT Networks Subsidiaries**”) will each be a subsidiary of NVT Networks, who in turn is a 100% subsidiary of NVT Holdings; (b) the reorganized NV License Holding Subsidiaries (as reorganized, the “**Reorganized NVT License Company Subsidiaries**”) will each be a subsidiary of NVT License Company, who in turn is a 100% subsidiary of NVT License Holdings.); and (c) the Reorganized PBC Debtors will maintain the same corporate structure as existed for the PBC Debtors immediately prior to the Petition Date; *provided, however*, that Reorganized PBC Television Holdings shall Transfer its membership interests in Reorganized PBC Broadcasting to PBC Enterprises.

### **4. New Corporate Structure of Reorganized Debtors.**

Prior to or on the Effective Date, the Debtors shall form NVT Holdings and NVT Networks. One hundred percent (100%) of the NVT Networks Membership Interests shall be held by NVT Holdings, and thus NVT Networks shall be a wholly owned subsidiary of NVT Holdings. One hundred percent (100%) of the NVT Holdings Membership Interests shall be held by NV Broadcasting or Reorganized NV Broadcasting and thus NVT Holdings will be a wholly owned subsidiary of NV Broadcasting or Reorganized NV Broadcasting until the NVT Holdings Membership Interests are Transferred pursuant to sections 4.1 and 4.7 of the Plan.

Prior to or on the Effective Date, the Debtors shall form NVT License Holdings and NVT License Company. One hundred percent (100%) of the NVT License Company Membership Interests shall be held by NVT License Holdings, and thus NVT License Company shall be a wholly owned subsidiary of NVT License Holdings. One hundred percent (100%) of the NVT License Holdings Membership Interests shall be held by NV Broadcasting or Reorganized NV Broadcasting, and thus NVT License Holdings will be a wholly owned subsidiary of NV Broadcasting or Reorganized NV Broadcasting until the NVT License Holdings Membership Interests are Transferred to HBK and the New Class B Member pursuant to section 5.5 of the Plan.

On the Effective Date, the Reorganized PBC Debtors shall maintain the same corporate structure that existed for the PBC Debtors immediately prior to the Petition Date; *provided, however*, that on the Effective Date, Reorganized PBC Television Holdings shall Transfer, at the direction of the Holders of the First Lien Loan Claims (which direction shall be deemed to have been given pursuant to this Plan), the membership interests in Reorganized PBC Broadcasting to PBC Enterprises.

### **5. Authorization of Plan Securities by Reorganized NV Debtors.**

On or before the Effective Date:

- (a) First, NVT Networks shall issue the NVT Networks Membership Interests to NVT Holdings;

(b) Second, NVT Holdings shall issue its limited liability company interest to NV Broadcasting or Reorganized NV Broadcasting, at which point NVT Holdings will be a wholly owned subsidiary of NV Broadcasting or Reorganized NV Broadcasting;

(c) Third, NV Broadcasting or Reorganized NV Broadcasting shall Transfer the NV Broadcasting Subsidiaries Membership Interests or the Reorganized NVT Networks Subsidiaries Membership Interests to NVT Networks;

(d) Fourth, Reorganized NV Broadcasting shall make the Transfers described in sections 4.1 and 4.7 of the Plan;

(e) Fifth, NVT License Company shall issue the NVT License Company Membership Interests to NVT License Holdings;

(f) Sixth, NVT License Holdings shall issue the NVT License Holdings Membership Interests to NV Broadcasting or Reorganized NV Broadcasting, at which point NVT License Holdings will be a wholly owned subsidiary of NV Broadcasting or Reorganized NV Broadcasting;

(g) Seventh, the NV Broadcasting Subsidiaries shall Transfer the NV License Subsidiaries Membership Interests to NVT License Company; and

(h) Eighth, Reorganized NV Broadcasting shall Transfer the NVT License Holdings Membership Interests as described in section 5.5 of the Plan.

The issuance and Transfer of these membership interests, and the Warrants, is hereby authorized without the need for any further corporate action and without any further action by Holders of Claims or Interests. Such securities shall be issued and Transferred as described in this section 5.3 and in sections 4, 5.2, and 5.5 of the Plan. None of the membership interests described in this section 5.3 shall be registered under applicable securities law and neither the Debtors nor the Reorganized Debtors shall have any obligation to register such membership interests. The New Organizational Documents shall provide, among other things, that no Entity to whom the membership interests described in this section 5.3 are issued may sell less than a *de minimis* percentage interest of NVT Holdings to a third party principally engaged in a business competitive to that of NVT Holdings or any of its Affiliates.

## **6. Authorization of Plan Securities by Reorganized PBC Debtors.**

On the Effective Date, each of the Reorganized PBC Debtors will issue such membership interests as are necessary in order for the Reorganized PBC Debtors to

maintain the same corporate structure as existed for the PBC Debtors immediately prior to the Petition Date; *provided, however*, that Reorganized PBC Television Holdings will, at the direction of the Holders of the First Lien Loan Claims (which direction shall be deemed to have been given pursuant to this Plan), Transfer its membership interests in Reorganized PBC Broadcasting to PBC Enterprises. The Transfer of these membership interests is authorized under the Plan without the need for any further corporate action and without any further action by Holders of Claims or Interests. None of these membership interests will be registered under applicable securities law and neither the PBC Debtors nor the Reorganized PBC Debtors will have any obligation to register such membership interests.

**7. Transfer of NVT License Holdings Membership Interests.**

On the Effective Date, Reorganized NV Broadcasting shall, at the direction of the Holders of the First Lien Loan Claims (which direction shall be deemed to have been given pursuant to this Plan), Transfer 99% of the then outstanding units of the Class B (Nonvoting) membership interests in NVT License Holdings to the New Class B Member, and 100% of the then outstanding units of the Class A (Voting) membership interests in NVT License Holdings and 1% of the then outstanding units of Class B (Nonvoting) membership interests in NVT License Holdings to HBK. Within 180 days after the Effective Date, at the request of the First Lien Steering Committee (which direction shall be deemed to have been given pursuant to this Plan), HBK agrees to seek FCC consent to Transfer, or cause to be Transferred, all of its NVT License Holdings Membership Interests to the New Class B Member. As compensation for holding the Reorganized NVT License Company Subsidiaries Membership Interests, being the initial controlling Entity of the holder of the FCC licenses held by the Reorganized NVT License Company Subsidiaries, and the attendant liabilities and risks associated therewith, HBK shall receive (a) \$250,000, to be paid on the date that HBK Transfers, or causes to be Transferred, its share of the NVT License Holdings Membership Interests pursuant to this section 5.5 of the Plan and (b) certain payments when, as and if due pursuant to the HBK Participation Agreement.

**8. Transfer of the Reorganized PBC Broadcasting Membership Interests.**

On the Effective Date, the Reorganized PBC Debtors will issue such membership interests as are required to maintain the same corporate structure that existed for the PBC Debtors immediately prior to the Petition Date; *provided, however*, that on the Effective Date, Reorganized PBC Television Holdings shall Transfer the membership interests in Reorganized PBC Broadcasting to PBC Enterprises.

**9. Further Restructuring Transactions.**

Except as otherwise set forth in the Plan, on and after the Effective Date, the Reorganized Debtors may cause any or all of the Reorganized Debtors to engage in any further restructuring transactions deemed necessary or appropriate (including, without



limitation, merging, dissolving, or transferring assets between or among the Reorganized Debtors) to implement the provisions of the Plan.

**10. Joint Sales Agreement, Shared Services Agreement, Local Marketing Agreement, and Options Agreements.**

On the Effective Date:

(a) Reorganized PBC Broadcasting and NVT Networks shall enter into an option to purchase and a right of first refusal, copies of which are attached to the Plan Supplement, each in favor of NVT Networks to acquire the equity or assets of Reorganized PBC Broadcasting and its subsidiaries, including without limitation the FCC licenses held by the Reorganized PBC Debtors or the proceeds thereof;

(b) Reorganized PBC Broadcasting shall issue warrants to NVT Networks, a copy of which is attached to the Plan Supplement, which warrants shall grant NVT Networks the right, subject to FCC consent, to purchase up to 99.9% of the equity of Reorganized PBC Broadcasting;

(c) NVT License Company shall issue warrants to NVT Networks, a copy of which is attached to the Plan Supplement, which warrants shall grant NVT Networks the right, subject to FCC consent, to purchase up to 99.9% of the equity of NVT License Company;;

(d) NVT Networks and NVT License Company shall enter into the Local Marketing Agreement, a copy of which is attached to the Plan Supplement;

(e) NVT License Holdings and NVT Networks shall enter into an option to purchase and a right of first refusal, copies of which are attached to the Plan Supplement, each in favor of NVT Networks to acquire the equity or assets of NVT License Holdings including, without limitation, the FCC licenses held by the Reorganized NVT License Company Subsidiaries or the proceeds thereof.

**11. Incurrence of New Indebtedness – the Exit Secured Term Loan.**

The entry into the Exit Secured Term Loan by certain of the Reorganized Debtors and the other parties thereto (including, without limitation, NVT Holdings, NVT Networks, NVT License Holdings, NVT License Company and PBC Enterprises) and the incurrence of the indebtedness and the guaranty of all claims thereunder on the Effective Date is authorized under the Plan without the need for any further corporate action and without any further action by Holders of Claims or Interests.

The Exit Secured Term Loan is a first priority senior secured multi-draw term loan facility in an aggregate principal amount of \$28,000,000. The borrowers under the

Exit Secured Term Loan will be NVT Networks and certain of its operating subsidiaries (the “**Borrowers**”). The term of the Exit Secured Term Loan is three years. The Exit Secured Term Loan will be fully and unconditionally guaranteed, on a joint and several basis, by each of the Borrowers, certain of the Reorganized PBC Debtors, NVT Holdings, NVT License Company, NVT License Holdings, and all of the existing and future direct and indirect domestic subsidiaries of the Borrowers (the “**Guarantors**”). The proceeds of the loans under the Exit Credit Facility shall be used by the Borrowers to (a) repay the outstanding obligations under the DIP Credit Facility, and (b) fund general corporate working capital and capital expenditure needs including, without limitation, payment of interest and fees under the Exit Credit Facility and cash collateral for letters of credit of the Borrowers and their subsidiaries, thereby facilitating the Debtors’ emergence from chapter 11. The Exit Secured Term Loan will be secured by first priority liens on all assets of the Borrowers and Guarantors specifically including, but not limited to, all equity interests in all Guarantors. The Exit Secured Term Loan is attached to the Plan Supplement.

## **12. Cancellation of Existing Securities and Agreement.**

On the Effective Date, all notes, instruments, certificates, and other documents evidencing indebtedness of the Debtors shall be cancelled, shall be of no further force, whether surrendered for cancellation or otherwise, and the obligations of the Debtors thereunder or in any way related thereto shall be discharged (except the rights to receive, if applicable, distributions under the Plan).

Except as expressly set forth in the Plan, on the Effective Date, all Interests, including common stock, preferred stock, limited liability membership interests, and any options, warrants, or rights to acquire any Interests, shall be cancelled and extinguished and the Holders thereof shall not receive a distribution on account of such Interests.

On the Effective Date, the Administrative Agent and the Second Lien Administrative Agent shall each be discharged of all their obligations associated with the Prepetition New Vision First Lien Credit Agreement, the Prepetition PBC First Lien Credit Agreement, the Prepetition Second Lien Credit Agreement, and the Prepetition Mezzanine Credit Agreement, except as otherwise set forth in the Plan. As of the Effective Date, all claims under the Prepetition New Vision First Lien Credit Agreement, the Prepetition PBC First Lien Credit Agreement, the Prepetition Second Lien Credit Agreement, the Prepetition Mezzanine Credit Agreement, and the Prepetition HBK Credit Agreement shall be deemed fully satisfied, except that such satisfaction shall not impair the rights of the Holders of the First Lien Loan Claims and Second Lien Loan Claims to receive distributions or Transfers under the Plan. All Liens in favor of the Holders of the First Lien Loan Claims pursuant to the Prepetition New Vision First Lien Credit Agreement and the Prepetition PBC First Lien Credit Agreement, and the Second Lien Loan Claims pursuant to the Prepetition Second Lien Credit Agreement shall be deemed terminated, released, and of no further force and effect.

**13. Reorganized Debtors' Boards of Directors.**

The initial board of directors of NVT Holdings shall consist of seven members. Any holder of more than 17% of the outstanding NVT Holdings Membership Interests (a "**Seventeen Percent Holder**") shall have the right to appoint one director to the board of directors of NVT Holdings. One director of the board of directors of NVT Holdings shall be appointed by the holders of a majority of the NVT Holdings Membership Interests held by Entities that are not Seventeen Percent Holders. The remaining directors shall initially be selected by, and reasonably acceptable to, the First Lien Steering Committee, two of whom shall be the Chief Executive Officer and the Chief Operating Officer of NVT Holdings. The First Lien Steering Committee shall consult with Jason Elkin and John Heinen in good faith prior to the appointment to the initial board of directors of NVT Holdings of any person who is not an employee of a First Lien Lender. The governance structure of NVT Networks and the Reorganized NVT Networks Subsidiaries shall be set forth in the New Organizational Documents of such entities. The governance structure of NVT License Holdings and the Reorganized NVT License Subsidiaries shall be set forth in the New Organizational Documents of such entities. The initial member of the board of directors of PBC Enterprises shall be Todd Parkin, and the governance structure of the remaining Reorganized PBC Debtors shall be directed pursuant to the New Organizational Documents. All such directors shall be citizens of the United States, and such managers shall serve in accordance with the New Organizational Documents, as the same may be amended from time to time. Each such director or manager shall serve from and after the Effective Date pursuant to the terms of the New Organizational Documents and applicable state law. The identity of these directors shall be set forth in the Plan Supplement.

**14. Officers of the Reorganized Debtors.**

The Debtors' current officers shall continue as the management of the Reorganized Debtors, subject to review as provided in the New Organizational Documents. Each such officer shall serve from and after the Effective Date pursuant to the terms of the New Organizational Documents and applicable state corporation law. Biographical information regarding certain of the management of the Reorganized Debtors set forth on **Exhibit 9** attached hereto.

**15. New Employment Agreements.**

On and as of the Effective Date, and subject to the occurrence thereof, the Prepetition Employment Agreements shall be terminated. On and as of the Effective Date, and subject to the occurrence thereof, NVT Networks and NVT Holdings shall be deemed to have adopted the New Employment Agreements. The New Employment Agreements are set forth in the Plan Supplement, which includes the amount of compensation to be paid to these employees. The solicitation of votes on the Plan shall include, and be deemed to be, a solicitation for approval of the New Employment Agreements. Entry of the Confirmation Order shall constitute such approval.

**16. Termination of Overhead Agreement and Guaranty.**

Entry of the Confirmation Order shall constitute approval of the Termination and Release of Overhead Agreement and the Termination and Release of Overhead Guaranty, both of which are attached as Exhibit A to the Plan.

**17. Corporate Action and New Organizational Documents.**

On the Effective Date, the adoption and filing (as necessary) of the New Organizational Documents, the issuance and Transfer of the Plan Securities, the appointment of directors, officers, managers, members and partners for the Reorganized Debtors, consummation of the Exit Secured Term Loan, and all actions contemplated thereby, shall be authorized and approved in all respects subject to the provisions hereof. The New Organizational Documents shall, among other things, authorize the issuance of the Plan Securities. All matters provided for herein involving the corporate structure of the Reorganized Debtors and any corporate action required by the Debtors or the Reorganized Debtors in connection with the Plan, shall be deemed to have occurred and shall be in effect, without any requirement of further action by the equity holders, officers, or directors of the Debtors or the Reorganized Debtors. On the Effective Date, the appropriate directors and officers of the Reorganized Debtors are authorized and directed to issue, execute, and deliver the agreements, documents, securities and instruments contemplated by the Plan in the name of, and on behalf of, the Reorganized Debtors.

**18. Post Effective Date Fees and Expenses**

Except as otherwise specifically provided in the Plan, from and after the Effective Date, NVT Networks shall, in the ordinary course of business and without any further notice to or action, order or approval of the Bankruptcy Court, pay in Cash the reasonable legal, professional or other fees and expenses incurred by the Reorganized Debtors after the Effective Date pursuant to the Plan. Upon the Effective Date, any requirement that professionals comply with sections 327 through 331 and 1103 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and each Reorganized Debtor 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.

**19. Preservation of Causes of Action**

Subject to the releases set forth in 11.10 of the Plan, and subject to section 1123(b) of the Bankruptcy Code, the Reorganized Debtors shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, and the Reorganized Debtors' rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date. The Reorganized Debtors may pursue such Causes of Action, as appropriate, in accordance with the best interests of the Reorganized Debtors. No Entity may rely on the absence of a specific reference in the Plan, the Plan

Supplement, or the Disclosure Statement to any Cause of Action against them as any indication that the Debtors or the Reorganized Debtors, as applicable, will not pursue any and all available Causes of Action against them. The Debtors or Reorganized Debtors, as applicable, expressly reserve all rights to prosecute any and all Causes of Action against any Entity, except as otherwise expressly provided in the Plan. Unless any Causes of Action against any Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or in a Bankruptcy Court order, the Reorganized Debtors expressly reserve all Causes of Action, for later adjudication, and, therefore no preclusion, estoppel (judicial, equitable or otherwise) or laches, shall apply to such Causes of Action upon, after, or as a consequence of the confirmation of the Plan or the Effective Date. In accordance with section 1123(b)(3) of the Bankruptcy Code, any Causes of Action that a Debtor may hold against any Entity shall vest in the Reorganized Debtors. The applicable Reorganized Debtor, through its authorized agents or representatives, shall retain and may exclusively enforce any and all such Causes of Action. The Reorganized Debtors shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Causes of Action and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order or approval of the Bankruptcy Court.

**E. Securities to Be Issued Under the Plan.**

Pursuant to the Plan, on the Effective Date, all Interests of the NV Debtors will be canceled and extinguished. Pursuant to the Plan, the Reorganized NV Debtors are authorized, without further act or action under applicable law, regulation, order, or rule to issue the following Plan Securities: (a) the Reorganized NVT Networks Subsidiaries Membership Interests; (b) the Reorganized NVT License Company Subsidiaries Membership Interests; (c) the NVT Holdings Membership Interests; (d) the NVT Networks Membership Interests; and (e) the Warrants. Also pursuant to the Plan, on the Effective Date, all Interests of the PBC Debtors will be cancelled and extinguished. Pursuant to the Plan, the Reorganized PBC Debtors are authorized, without further act or action under applicable law, regulation, order, or rule to issue such membership interests as are necessary in order for the Reorganized PBC Debtors to maintain the same corporate structure as existed for the PBC Debtors immediately prior to the Petition Date; *provided, however*, that Reorganized PBC Television Holdings shall Transfer its membership interests in Reorganized PBC Broadcasting to PBC Enterprises.

**F. Securities Law Matters.**

Pursuant to the Plan, Holders of (a) Allowed Claims in Class 1 (First Lien Loan Claims) will receive their Ratable Proportion of one hundred percent (100%) of the NVT Holdings Membership Interests, subject to dilution for (i) Management Equity and (ii) the Second Lien Equity; and (b) Allowed Claims in Class 7 (Second Lien Loan Claims) who (i) vote to accept the Plan will each receive a Transfer by the Disbursing Agent of its Ratable Proportion of the Second Lien Equity, and (ii) who vote to reject the Plan will each receive no Transfers of property on account of such Holder's Second Lien Loan Claim, and the aggregate amount of Second Lien Equity to be Transferred pursuant to

section 4.7 of the Plan will be reduced by the percentage determined by dividing (x) the aggregate face amount of the Rejecting Second Lien Claims by (y) the total Second Lien Loan Claims. Second Lien Equity means three percent (3%) of the NVT Holdings Membership Interests as of the Effective Date and the Warrants. Section 1145 of the Bankruptcy Code provides an exemption from the securities registration requirements of federal and state securities laws with respect certain distributions of securities under a plan of reorganization. Thus, pursuant to the Plan, the NVT Holdings Membership Interests issued to Holders of Allowed Claims in Classes 1 and 7, and the Warrants, if any, issued to Holders of Allowed Claims in Class 7, will be exempt from registration under otherwise applicable federal and state securities laws pursuant to section 1145 of the Bankruptcy Code, as described below.

**1. Issuance and Resale of New Securities Under the Plan.**

Section 1145(a) of the Bankruptcy Code generally exempts from registration under the Securities Act of 1933 (as amended, the “**Securities Act**”) the offer or sale of a debtor’s securities under a chapter 11 plan if such securities are offered or sold in exchange for a claim against, or an equity interest in, such debtor, and in the case of warrants so issued under a chapter 11 plan, also generally exempts the issuance of the securities issued upon exercise of such warrants. In reliance upon this exemption, the NVT Holdings Membership Interests, the NVT License Company Membership Interests, and the Warrants will be issued on the Effective Date as provided in the Plan, and will be exempt from the registration requirements of the Securities Act, except to the extent described below. Accordingly, such securities may be resold without registration under the Securities Act or other federal securities laws pursuant to an exemption provided by section 4(1) of the Securities Act, unless the holder is an “underwriter” with respect to such securities, as that term is defined in the Bankruptcy Code. In addition, such securities generally may be resold without registration under state securities laws pursuant to various exemptions provided by the respective laws of the several states. However, recipients of securities issued under the Plan are advised to consult with their own legal advisors as to the availability of any such exemption from registration under state law in any given instance and as to any applicable requirements or conditions to such availability.

Section 1145(b) of the Bankruptcy Code defines “underwriter” for purposes of the Securities Act as one who (i) purchases an administrative claim with a view to distribution of any security to be received in exchange for the claim other than in ordinary trading transactions, or (ii) offers to sell securities issued under a plan for the holders of such securities, or (iii) offers to buy securities issued under a plan from persons receiving such securities, if the offer to buy is made with a view to distribution of such securities, or (iv) is a control person of the issuer of the securities or other issuer of the securities within the meaning of section 2(11) of the Securities Act. The legislative history of section 1145 of the Bankruptcy Code suggests that a creditor who owns at least ten percent (10%) of the securities of a reorganized debtor may be presumed to be a “control person.” Whether any particular person would be deemed to be an “underwriter” with respect to any security issued under the Plan would depend upon the facts and circumstances applicable to that person. Accordingly, the Debtors express no view as to

whether any particular person receiving distributions under the Plan would be an “underwriter” within the meaning of section 1145 of the Bankruptcy Code with respect to any security issued under the Plan.

**Notwithstanding the foregoing, statutory underwriters may be able to sell their securities pursuant to the provisions of Rule 144 promulgated under the Securities Act or another applicable exemption from registration. Rule 144 permits the resale of securities received by statutory underwriters pursuant to a chapter 11 plan, subject to certain holding period and volume limitations, notice and manner of sale requirements, and certain other conditions. Parties who believe they may be statutory underwriters as defined in section 1145 of the Bankruptcy Code are advised to consult with their own legal advisors as to the availability of the exemption provided by Rule 144 or any other applicable exemption from registration.**

In view of the complex, subjective nature of the question of whether a particular person may be an underwriter or an affiliate of the reorganizing Debtors and the fact specific nature of the availability of Rule 144 or any other exemption from registration, the Debtors make no representations concerning the right of any person to trade in the Plan Securities to be distributed pursuant to the Plan. Accordingly, the Debtors recommend that potential recipients of Plan Securities consult their own counsel concerning whether they may freely trade such securities.

#### **G. Plan Provisions Governing Distributions.**

One of the key concepts under the Bankruptcy Code is that only claims and equity interests that are “Allowed” may receive distributions under a chapter 11 plan. This term is used throughout the Plan and the descriptions below. In general, an Allowed Claim or Allowed Interest simply means that the Debtors agree, or in the event of a dispute, that the Bankruptcy Court determines, that the Claim or Interest, and the amount thereof, is in fact a valid obligation of the Debtors.

Any Claim which is not a Disputed Claim and for which a proof of Claim has been timely filed is an Allowed Claim. Any Claim that has been listed by any Debtor in such Debtor’s schedules of assets and liabilities, as may be amended from time to time, as liquidated in amount and not disputed or contingent is an Allowed Claim in the amount listed in the Schedules unless an objection to such Claim has been filed. Any Claim for which an objection has been timely interposed is a Disputed Claim. For an explanation of how Disputed Claims will be determined, see Section VII.H.

##### **1. Record Date for Distributions.**

As of the date of the entry of the Confirmation Order, the various transfer registers for each of the Classes of Claims or Interests as maintained by the Debtors or their respective agents shall be deemed closed, and there shall be no further changes made to reflect any new record holders of any Claims or Interests. The Debtors shall

have no obligation to recognize any transfer of Claims or Interests occurring on or after the Voting Record Date.

**2. Date of Distributions.**

Unless otherwise provided in the Plan, any distributions and deliveries to be made under the Plan to the Holders of Allowed Claims shall be made on the Effective Date or as soon thereafter as is practicable, but in no event later than 60 days following the Effective Date. Such distributions shall be deemed made on the Effective Date. Disputed Claims will be treated as set forth below.

**3. Subsequent Distributions.**

Unless otherwise provided in the Plan, to the extent Cash, Plan Securities, or Warrants are available subsequent to the Effective Date from undeliverable, time-barred, or unclaimed distributions to Holders of Allowed Claims or Interests pursuant to the Plan, such Cash, Plan Securities, or Warrants shall be transferred to NVT Networks to be used for general corporate purposes.

**4. Setoffs.**

Except with respect to the Intercompany Claims, the Debtors may, but will not be required to, setoff against any Claim (for purposes of determining the Allowed amount of such Claim in respect of which distribution shall be made), any claims of any nature whatsoever that the Debtors may have against the holder of such Claim, but neither the failure to do so nor the allowance of any Claim under the Plan shall constitute a waiver or release by the Debtors of any such claim the Debtors may have against the holder of such Claim, *provided*, that in the event the Debtors seek to exercise such setoff rights against the holder of a Claim that is a debtor in a case under the Bankruptcy Code, the Debtors shall comply with the requirements of the Bankruptcy Code, including seeking relief from the automatic stay. Pursuant to section 6.5 of the Plan, any creditor with a valid right of setoff shall retain the ability to effectuate such setoff prior to the Effective Date; *provided, however*, that in no event shall such holder be considered a holder of a Secured Claim under the Plan or receive a distribution in accordance with section 4.1, 4.3 and 4.7 of the Plan on account of their right of setoff.

**5. Delivery of Distributions.**

Subject to Bankruptcy Rule 9010, all distributions to any holder of an Allowed Claim shall be made at the address of such holder as set forth on the Schedules filed with the Bankruptcy Court or on the books and records of the Debtors or their agents, the Administrative Agent and the Second Lien Administrative Agent, unless the Debtors have been notified in writing of a change of address, including, without limitation, by the filing of a proof of Claim or Interest by such holder that contains an address for such holder different from the address reflected on such Schedules for such holder. In the event that any distribution to any holder is returned as undeliverable, the Disbursing Agent shall use reasonable efforts to determine the current address of such holder, but no



distribution to such holder shall be made unless and until the Disbursing Agent has determined the then current address of such holder, at which time such distribution shall be made to such holder; provided that such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of the second anniversary from the date of distribution. After such date, all Plan Securities and Cash shall be returned to NVT Networks to be used for general corporate purposes, and the claim of any other holder to such property or interest in property shall be discharged and forever barred.

**6. Manner of Payment Under the Plan.**

All distributions of Cash, Plan Securities, and interests in the Exit Secured Term Loan to the Creditors and/or Holders of Interests of each of the Debtors under the Plan of Reorganization shall be made by or on behalf of the applicable Reorganized Debtor. At the option of the Debtors or, as the case may be, the Reorganized Debtors, any Cash payment to be made under the Plan may be made by a check or wire transfer from a domestic bank or as otherwise required or provided in applicable agreements.

**7. Fractional Distributions.**

No fractional dollars shall be distributed under the Plan. For purposes of distribution, a Cash payment shall be rounded up or down to the nearest whole dollar. Fractional shares of Plan Securities may be distributed under the Plan.

**8. Withholding and Reporting Requirements.**

In connection with the Plan and all instruments issued in connection therewith and distributed thereon, the Disbursing Agent shall comply with all applicable withholding and reporting requirements imposed by any federal, state, or local taxing authority, and all distributions under the Plan shall be subject to any such withholding or reporting requirements.

**9. Time Bar to Cash Payments.**

Checks issued by the Disbursing Agent in respect of Allowed Claims shall be null and void if not negotiated within one hundred and twenty (120) days after the date of issuance thereof. Any party that is entitled to receive a check under the Plan but who fails to cash such check within 120 days of its issuance shall be entitled to receive a reissued check from Disbursing Agent for the amount of the original check if the party requests that the Disbursing Agent reissue such check and provides the Disbursing Agent with such documentation as the Disbursing Agent requests to verify that such party is entitled to such check, prior to the later of (a) the second anniversary of the Effective Date or (b) six (6) months after any such Claim becomes an Allowed Claim. If a party fails to cash a check within 120 days of its issuance and fails to request reissuance of such check prior to the later to occur of (a) the second anniversary of the Effective Date or (b) six (6) months following the date such party's Claim becomes an Allowed Claim,

such party shall not be entitled to receive any Distribution under the Plan with respect to the amount of such check.

**10. Transactions on Business Days.**

If the Effective Date or any other date on which a transaction may occur under the Plan shall occur on a day that is not a Business Day, the transactions contemplated by the Plan to occur on such day shall instead occur on the next succeeding Business Day.

**11. Allocation of Distributions.**

Distributions to any holder of an Allowed Claim under the Plan shall be allocated first to the principal portion of any such Allowed Claim (as determined for federal income tax purposes), and, only after the principal portion of any such Allowed Claim is satisfied in full, to any portion of such Allowed Claim comprising prepetition interest, costs, expenses, and fees (including any redemption premium) (but solely to the extent such interest, costs, expenses, fees, or redemption premium are an allowable portion of such Allowed Claim).

**12. Disbursing Agent.**

In general, a disbursing agent is an entity designated to administratively effect the distributions to be provided under a plan of reorganization. All distributions under the Plan shall be made by Reorganized NV Broadcasting as Disbursing Agent or such other Entity designated by Reorganized NV Broadcasting as a Disbursing Agent. The Disbursing Agent shall not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court; and, in the event that a Disbursing Agent is so otherwise ordered, all costs and expenses of procuring any such bond or surety shall be borne by the Disbursing Agent.

**13. Rights and Powers of Disbursing Agent.**

The Disbursing Agent shall be empowered to (i) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under the Plan, (ii) make all distributions contemplated by the Plan, (iii) employ professionals to represent it with respect to its responsibilities, and (iv) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions thereof. Except as otherwise ordered by the Bankruptcy Court, the amount of any reasonable fees and expenses incurred by the Disbursing Agent on or after the Effective Date (including, without limitation, taxes) and any reasonable compensation and expense reimbursement claims (including, without limitation, reasonable attorney fees and expenses) made by the Disbursing Agent shall be paid in Cash by the Disbursing Agent.

## **H. Procedures for Treating Disputed Claims.**

### **1. No Distribution Pending Allowance.**

Notwithstanding any other provision of the Plan, no Cash shall be distributed under the Plan on account of any Claim that is not Allowed, unless and until such Claim becomes an Allowed Claim. Notwithstanding any other provision of the Plan, no interest shall accrue or be Allowed on any Claim during the period after the Petition Date, except as provided for in the DIP Order or under section 506(b) of the Bankruptcy Code.

### **2. Resolution of Disputed Claims.**

Unless otherwise ordered by the Bankruptcy Court after notice and a hearing, the Debtors (or after the Effective Date, the Reorganized Debtors) and any party in interest may make and file objections to Claims and shall serve a copy of each objection upon the holder of the Claim to which the objection is made as soon as practicable, but in no event later than the latest of: (i) 30 days after the Effective Date; (ii) 30 days after a proof of Claim with respect to the Claim objected to has been filed with the claims agent appointed in the Reorganization Cases; or (iii) such later date as may be fixed by the Bankruptcy Court, whether fixed before or after the date specified in clauses (i) and (ii) above. From and after the Effective Date, all objections shall be litigated to a Final Order except to the extent the Reorganized Debtors elects to withdraw any such objection or the Reorganized Debtors 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 the necessity of Bankruptcy Court approval.

### **3. Estimation of Claims.**

The Debtors, or the Reorganized Debtors after the Effective Date, may request that the Bankruptcy Court estimate any Disputed Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether the Debtors have previously objected to such Claim, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time, including, without limitation, during the pendency of any appeal relating to any such objection. If the Bankruptcy Court estimates any Disputed Claim, that estimated amount shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court, subject to any rights pursuant to section 502(j) of the Bankruptcy Code (i) to have such Claim reconsidered and, if Allowed, (ii) to have the distribution on account thereof adjusted. If the estimated amount constitutes a maximum limitation on such Claim, the Debtors may elect to pursue any supplemental proceedings to object to any ultimate payment of such Claim. All of the aforementioned Claims objection, estimation, and resolution procedures are cumulative and not exclusive of one another. On and after the Confirmation Date, Claims that have been estimated may be compromised, settled, withdrawn, or otherwise resolved, without further order of the Bankruptcy Court, but in a manner consistent with the treatment of such Claims under the Plan.

**4. Allowance of Disputed Claims.**

If, on or after the Effective Date, any Disputed Claim becomes an Allowed Claim, the Disbursing Agent shall, on the fifteenth Business Day of the first month following the month in which the Claim becomes an Allowed Claim, make any distribution to the holder of such Allowed Claim in an aggregate amount sufficient to provide such holder with the amount that such holder would have been entitled to receive under the Plan if such Claim had been an Allowed Claim on the Effective Date.

**I. Provisions Governing Executory Contracts and Unexpired Leases.**

**1. General Treatment.**

Subject to the approval of the Court, the Bankruptcy Code empowers the Debtors to assume or reject their executory contracts and unexpired leases. Except as otherwise provided in the Plan or pursuant thereto, as of and subject to the occurrence of the Effective Date, the Debtors will be deemed to have rejected each Executory Contract to which they are a party, except for any Executory Contract: (a) has been assumed or rejected pursuant to Final Order of the Bankruptcy Court; (b) is specifically designated or generally described in the Plan Supplement, subject to consultation with the First Lien Steering Committee, as an Executory Contract to be assumed (or assumed and assigned); or (c) is the subject of a separate motion filed, after consultation with the First Lien Steering Committee, under section 365 of the Bankruptcy Code by the Debtors prior to the Effective Date.

Each Executory Contract listed or generally described in the Plan Supplement that relates to the use or occupancy of real property shall include (a) modifications, amendments, supplements, restatements, or other agreements made directly or indirectly by any agreement, instrument, or other document that in any manner affects such Executory Contract, without regard to whether such agreement, instrument, or other document is listed in the Plan Supplement, and (b) Executory Contracts appurtenant to the premises listed in the Plan Supplement including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, usufructs, reciprocal easement agreements, vault, tunnel, or bridge agreements, or franchises, and any other interests in real estate or rights *in rem* relating to such premises to the extent any of the foregoing are Executory Contracts, unless any of the foregoing agreements are specifically rejected. A non-Debtor party to an Executory Contract that is being rejected under the Plan or pursuant to the terms of the Plan may request that the Debtors assume such Executory Contract by sending written notice to the Debtors, which notice shall include a waiver of any defaults (including any payment defaults) and any right to any cure payment under such Executory Contract. The Debtors may assume such Executory Contract after consultation with the First Lien Steering Committee and without further action of the Bankruptcy Court.

The Debtors reserve their right, after consultation with the First Lien Steering Committee, to add any executory contract or unexpired lease to the Plan Supplement prior to the Effective Date.

## **2. Cure of Defaults.**

The Bankruptcy Code authorizes a debtor to make any payments necessary to cure outstanding defaults under an Executory Contract in connection with its assumption. Accordingly, a condition to the assumption of an Executory Contract is that any default under an Executory Contract that is to be assumed pursuant to the Plan will be cured in a manner consistent with the Bankruptcy Code and as set forth in the Plan.

Except to the extent that different treatment has been agreed to by the nondebtor party or parties to any Executory Contract to be assumed pursuant to section 8.1 of this Plan, the Debtors shall, pursuant to the provisions of sections 1123(a)(5)(G) and 1123(b)(2) of the Bankruptcy Code and consistent with the requirements of section 365 of the Bankruptcy Code, list the cure amounts of all Executory Contracts to be assumed or assumed and assigned in the Plan Supplement. Any objections to the cure amounts listed by the Debtors in the Plan Supplement must be filed three business days prior to the Confirmation Hearing or at such other time as the Court may require. If there are any objections filed, the Bankruptcy Court shall hold a hearing on such objection at the Confirmation Hearing. If the Bankruptcy Court determines that the cure amount is greater than the cure amount listed by the Debtors, the Debtors may reject the Executory Contract at such time rather than paying such greater amount.

## **3. Rejection Claims.**

Subject to the approval of the Bankruptcy Court, the Bankruptcy Code authorizes a debtor to reject any of its executory contracts or unexpired leases. Pursuant to section 4.10 of the Plan, each holder of a Rejection Damages Claim shall receive no distribution of property on account of such Claim.

## **J. Conditions Precedent to Occurrence of Effective Date.**

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

The Plan may not be confirmed unless each of the conditions set forth in section 10.1 of the Plan is satisfied. Except as provided in section 10.3 of the Plan, any one or more of the following conditions may be waived at any time by the Debtors with the Required Lenders' Consent:

(a) An Order finding that the Disclosure Statement contains adequate information pursuant to section 1125 of the Bankruptcy Code shall have been (i) issued by the Bankruptcy Court, and (ii) entered on the docket maintained by the Clerk of the Bankruptcy Court.

(b) The Confirmation Order (i) shall be in form and substance satisfactory to the Debtors, the Administrative Agent, and the First Lien Steering Committee and (ii) shall include a finding by the Bankruptcy Court that the Plan Securities and Warrants to be issued on the Effective Date will be exempt from registration under applicable

securities laws pursuant to section 1145 of the Code, unless (x) counsel to the Debtors provide to the Debtors and the Administrative Agent a customary opinion, satisfactory in form and substance to the Administrative Agent and its counsel, that another exemption from registration is available and (y) the Debtors obtain the consent of the Administrative Agent, not to be unreasonably withheld.

**2. Conditions Precedent to the Occurrence of the Effective Date.**

The Effective Date for the Plan may not occur unless and until each of the conditions set forth below is satisfied. Except as provided in section 10.3 of the Plan, any one or more of the following conditions may be waived at any time by the Debtors with Required Lenders Consent:

(a) A Confirmation Order, in form and substance satisfactory to the Debtors, the Administrative Agent, and the First Lien Steering Committee shall have been entered by the Bankruptcy Court and such order shall have become a Final Order.

(b) All actions and all agreements, instruments, or other documents necessary to implement the terms and provisions of the Plan are effected, executed, and delivered.

(c) The Plan Support Agreement shall remain in full force and effect and shall not have been terminated in accordance with the terms thereof.

(d) The final version of the Plan Supplement and all of the schedules, documents and exhibits contained therein shall have been filed with the Bankruptcy Court in form and substance acceptable to the Debtors and the Administrative Agent, without prejudice to the Reorganized Debtors' rights under the Plan to alter, amend, or modify certain of the schedules, documents and exhibits contained in the Plan Supplement in accordance with the terms hereof.

(e) The Exit Secured Term Loan shall have been documented in form and substance acceptable to the Debtors and the Administrative Agent and shall have been duly and validly executed and delivered by all parties thereto, all conditions precedent thereto shall have occurred or shall have been satisfied, and all proceeds of the Exit Secured Term Loan shall be made available to the Reorganized Debtors to fund distributions hereunder.

(f) Any settlements reached with any Holder of a Claim prior to the Effective Date that provides for special treatment of such Holder's Claim in lieu of the treatment otherwise accorded to such Claim under the Plan shall be in form and substance satisfactory to the Administrative Agent.

(g) The DIP Claims shall have been paid in full and in Cash or the Debtors shall have provided reasonably satisfactory evidence that such Claims shall be paid from the proceeds of the Exit Secured Term Loan in accordance with section 2.1 of the Plan.

(h) Any material alteration to, or interpretation of, any term or provision of the Plan by the Bankruptcy Court shall have been acceptable to the Debtors and the Administrative Agent.

(i) The New Organizational Documents shall have been adopted and filed with the applicable authorities of the relevant jurisdictions and shall have become effective in accordance with the laws of such jurisdictions.

(j) All authorizations, consents, certifications, approvals, rulings, no-action letters, opinions or other documents or actions required by any law, regulation or order to be received or to occur in order to implement the Plan on the Effective Date shall have been obtained (and not revoked) or shall have occurred unless failure to do so will not have a material adverse effect on the Reorganized Debtors, including, without limitation, FCC Approval.

(k) The Effective Date shall have occurred not later than December 31, 2009.

### **3. Waiver of Conditions.**

The Debtors may, at their option, but only with Required Lenders Consent, waive any of the conditions set forth in sections 10.1 and 10.2 of the Plan, *provided, however*, that the Debtors may not waive entry of the Order approving the Disclosure Statement, entry of the Confirmation Order, any condition the waiver of which is proscribed by law, or any FCC Approvals. Any permissible waivers shall be evidenced by a writing, signed by the waiving parties, served upon the U.S. Trustee, and filed with the Bankruptcy Court. The waiver may be a conditional one, such as to extend the time under which a condition may be satisfied.

### **4. Effect of Failure of Conditions.**

If the conditions specified in section 10.2 of the Plan have not been satisfied or waived in the manner provided in section 10.3 of the Plan within twenty (20) days (or solely with respect to FCC Approval, by the earlier of (a) ten (10) business days after receipt of FCC Approval or (b) December 31, 2009), or such longer time as agreed to by the Administrative Agent and the Required Lenders, following the Confirmation Date, then: (a) the Confirmation Order shall be of no further force and effect; (b) no distributions under the Plan shall be made; (c) the Debtors and all holders of Claims and Interests shall be restored to the *status quo ante* as of the day immediately preceding the Confirmation Date as though the Confirmation Date had never occurred; and (d) all the Debtors' obligations with respect to the Claims and Interests shall remain unchanged and nothing contained herein or in the Plan shall be deemed to constitute a waiver or release of any claims by or against the Debtors or any other person or to prejudice in any manner the rights of the Debtors or any person in any further proceedings involving the Debtors. Upon such occurrence, the Debtors shall file a written notification with the Bankruptcy Court and serve it upon counsel for the Administrative Agent, counsel for the Second Lien Administrative Agent and the United States Trustee.

**K. Effect of Confirmation.**

**1. Vesting of Assets.**

Upon the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all property of the Debtors' bankruptcy estates shall vest in the Reorganized Debtors free and clear of all Claims, Liens, encumbrances, charges, and other interests, except as provided in the Plan or in the Confirmation Order. From and after the Effective Date, the Reorganized Debtors may operate their businesses and may use, acquire, and dispose of property free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules and in all respects as if there were no pending cases under any chapter or provision of the Bankruptcy Code, subject to the terms and conditions of the Plan.

**2. Binding Effect.**

Subject to the occurrence of the Effective Date, on and after the Confirmation Date, the provisions of the Plan shall bind any holder of a Claim against, or Interest in, the Debtors and such holder's respective successors and assigns, whether or not the Claim or interest including any Interest of such holder is impaired under the Plan, whether or not such holder has accepted the Plan, and whether or not such holder is entitled to a distribution under the Plan.

**3. Discharge of Claims and Termination of Interests.**

Except as otherwise provided herein or in the Confirmation Order and effective as of the Effective Date: (i) the rights afforded in the Plan and the treatment of all Claims and Interests shall be in exchange for and in complete satisfaction, discharge, and release of all Claims and interests of any nature whatsoever, including any interest accrued on such Claims from and after the Petition Date, against the Debtors or any of their assets, property, or estates; (ii) the Plan shall bind all Holders of Claims and Interests, notwithstanding whether any such Holders failed to vote to accept or reject the Plan or voted to reject the Plan; (iii) all Claims and Interests shall be satisfied, discharged, and released in full, and the Debtors' liability with respect thereto shall be extinguished completely, including any liability of any kind specified in 502(g) of the Bankruptcy Code; and (iv) all entities shall be precluded from asserting against the Debtors, the Debtors' estates, the Reorganized Debtors, their successors and assigns, and their assets and property, any other claims or interests based upon any documents, instruments, or any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date.

**4. Release and Discharge of Debtors.**

Upon the occurrence of the Effective Date and in consideration of the Transfers and distributions to be made under the Plan, except as otherwise expressly provided in the Plan, each Holder (as well as any trustees and agents on behalf of each Holder) of a Claim or Interest and any affiliate of such Holder shall be deemed to have forever waived, released, and discharged the Debtors, to the fullest extent permitted by section



1141 of the Bankruptcy Code, of and from any and all Claims, Interests, rights, and liabilities that arose prior to the Effective Date. Upon the Effective Date, all such persons shall be forever precluded and enjoined, pursuant to section 524 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim against or terminated Interest in the Debtors.

**5. Terms of Injunctions or Stays.**

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

**6. Indemnification Obligations.**

Subject to the occurrence of the Effective Date the obligations of the Debtors as of the Petition Date to indemnify, defend, reimburse, or limit the liability of directors, managers, or officers who were directors, managers, or officers of the Debtors against any claims or causes of action as provided in the Debtors' organizational documents or applicable state law, shall be treated as a Securities Claim (Class 12) and are otherwise discharged. Nothing contained in the Plan shall be deemed to affect or alter any rights of any director, manager, or officer against any insurer with respect to the Debtors' directors' managers' and officers' insurance policies.

**7. Director and Officer Liability Policy**

To the extent, if any, the Debtors or the Reorganized Debtors plan to extend existing insurance coverage or purchase new insurance coverage covering the Debtors, the Reorganized Debtors, the Debtors' estates, and the Debtors' current and former officers, managers, and directors from claims and causes of action of any third party (including without limitation any Holder of a Claim) that remain unreleased as of the Effective Date, such extended or newly purchased insurance shall be in such amounts, for such terms or periods of time, and placed with such insurers as are determined by the Required Lenders to be reasonable under the circumstances or as specified and ordered by the Bankruptcy Court in the Confirmation Order.

**8. Injunction Against Interference with the Plan.**

Pursuant to section 11.8 of the Plan, except as otherwise expressly provided in the Plan or in the Confirmation Order, all Entities who have held, hold, or may hold Claims against or Interests in the Debtors are permanently enjoined, from and after the Effective Date, from: (i) commencing or continuing in any manner any action or other proceeding of any kind on any such Claim or Interest against any of the Reorganized Debtors on account of such Claims or Interests; (ii) the enforcement, attachment, collection, or recovery by any manner or means of any judgment, award, decree, or order against any Reorganized Debtor with respect to such Claim or Interest; (iii) creating, perfecting, or enforcing any encumbrance of any kind against any Reorganized Debtor or against the

property or interests in property of any Reorganized Debtor with respect to such Claim or Interest; (iv) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation owed to any Reorganized Debtor or against the property or interest in property of any Reorganized Debtor with respect to such Claim or Interest; and (v) pursuing any claim released pursuant to section 11.8 of the Plan.

#### **9. Exculpation.**

Pursuant to section 11.9 of the Plan, on the Effective Date, the Debtors, the Administrative Agent, and First Lien Lenders (but only in their capacity as First Lien Lenders), the Second Lien Administrative Agent, and the Second Lien Lenders (but only in their capacity as Second Lien Lenders), and each of their respective Affiliates, directors, officers, partners, members, representatives, employees and professional advisors shall have no liability to any Holder of a Claim or Interest for any act or omission in connection with, or arising out of, the Reorganization Cases, including the negotiation and pursuit of approval of the Disclosure Statement, the Plan, the solicitation of votes for, or confirmation of, the Plan, and the consummation of the Plan, except for willful misconduct, gross negligence, criminal misconduct, or fraud as determined by a Final Order of the Bankruptcy Court and, in all respects, shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan. Nothing in section 11.9 of the Plan shall limit the liability of the professionals to their respective clients under applicable rules of professional responsibility.

#### **10. Limited Releases.**

Pursuant to section 11.10 of the Plan, on the Effective Date and effective as of the Effective Date, for the good and valuable consideration provided by each of the Released Parties (as defined below), including, but not limited to: (a) the discharge of debt and all other good and valuable consideration paid pursuant to the Plan or otherwise; and (b) the services of the Released Parties in facilitating the expeditious implementation of the restructuring contemplated by the Plan, any and all Claims of the Debtors (except for gross negligence, willful misconduct, criminal misconduct, or fraud as determined by a Final Order of the Bankruptcy Court, but including claims under chapter 5 of the Bankruptcy Code) against the Debtors, the Administrative Agent, the First Lien Lenders (but only in their capacity as First Lien Lenders), the Second Lien Administrative Agent, the Second Lien Lenders (but only in their capacity as Second Lien Lenders), and New Vision Television, LLC, each of their respective Affiliates, and each of their and their Affiliates' respective current and former officers, directors, employees, members, partners, financial advisors, accountants, representatives, employees, professional advisors, and attorneys (collectively, the "**Released Parties**") shall be forever released and discharged. Nothing in the Plan or in the Confirmation Order shall affect a release of any claim against the Released Parties for any claim arising under the Internal Revenue Code of 1986, the securities laws, the environmental laws, or any criminal laws of the United States or any state and local authority, nor shall anything in the Plan or in the Confirmation Order enjoin the United States or any state or local authority from bringing any claim, suit, action, or other proceeding against any such Entity for any liability whatsoever, including, without limitation, any claim, suit, or action arising under the

Internal Revenue Code of 1986, the securities laws, the environmental laws, or any criminal laws of the United States or any state or local authority. Nothing in section 11.10 of the Plan shall limit the liability of the professionals to their respective clients under applicable rules of professional responsibility

**11. Avoidance Actions.**

Other than as otherwise released under the Plan, the Confirmation Order, or by any Final Order of the Bankruptcy Court, as applicable, from and after the Effective Date, the Reorganized Debtors have the right under the Plan to prosecute any avoidance or recovery actions under sections 105, 502, 510, 542 through 551, and 553 of the Bankruptcy Code that belong to the Debtors or debtors in possession, and the proceeds of such actions shall be retained by the Reorganized Debtors.

**L. Retention of Jurisdiction.**

On and after the Effective Date, the Bankruptcy Court shall retain jurisdiction over all matters arising in, arising under, and related to the Reorganization Cases and the Plan pursuant to, and for purposes of, sections 105(a) and 1142 of the Bankruptcy Code, including, without limitation:

- (a) To hear and determine pending applications for the assumption or rejection of Executory Contracts and the allowance of Claims resulting therefrom, and any disputes with respect to Executory Contracts relating to facts and circumstances arising out of or relating to the Reorganization Cases;
- (b) To determine any motion, adversary proceeding, application, contested matter, and other litigated matter pending on the Confirmation Date;
- (c) To ensure that distributions to holders of Allowed Claims are accomplished as provided therein;
- (d) To consider Claims or the allowance, classification, priority, compromise, estimation, objection to, or payment of any Claim, Administrative Expense, or Interest;
- (e) To hear and determine all actions pursuant to sections 105, 502, 510, 505, 542, 543, 544, 545, 547, 548, 549, 550, 551, and 553 of the Bankruptcy Code, any collection matters related thereto, and settlements thereof;
- (f) To hear and determine any disputes or issues arising under the settlement agreements referred to in the Plan or any other settlements of Claims approved by the Bankruptcy Court;
- (g) To enter, implement, or enforce such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified, or vacated;

(h) To issue injunctions, enter and implement other orders, and take such other actions that are not inconsistent with the terms of the Plan as may be necessary or appropriate to restrain interference by any person with the consummation, implementation, or enforcement of the Plan, the Confirmation Order, or any other order of the Bankruptcy Court;

(i) To hear and determine any application to modify the Plan in accordance with section 1127 of the Bankruptcy Code, to remedy any defect or omission or reconcile any inconsistency in the Plan, the Disclosure Statement, or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;

(j) To hear and determine all applications of retained professionals under sections 328, 330, 331, and 503(b) of the Bankruptcy Code for awards of compensation for services rendered and reimbursement of expenses incurred prior to the Confirmation Date;

(k) To hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, the Confirmation Order, any transactions or payments contemplated thereby or any agreement, instrument, or other document governing or relating to any of the foregoing;

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

(m) To determine such other matters and for such other purposes as may be provided in the Confirmation Order;

(n) To hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code (including, without limitation, any request by the Debtors prior to the Effective Date or request by the Reorganized Debtors after the Effective Date for an expedited determination of taxes under section 505(b) of the Bankruptcy Code);

(o) To hear and determine any other matters related thereto and not inconsistent with the Bankruptcy Code and title 28 of the United States Code;

(p) To enter a final decree closing the Reorganization Cases; and

(q) To recover all assets of the Debtors and property of the Debtors' estates, wherever located.

#### **M. Miscellaneous Provisions.**

The Plan contains provisions relating to revocation or withdrawal of the Plan, corporate actions, payment of statutory fees, compensation and reimbursement claims of professionals, payment of the fees and expenses of the Administrative Agent and the

Second Lien Administrative Agent, no deemed waiver of causes of action, expedited determination of taxes, substantial consummation, exemption from transfer taxes, amendments to the Plan, governing law, and severability. For more information regarding these items, see the Plan attached as **Exhibit 1** to this Disclosure Statement.

## **VIII. PROJECTIONS AND VALUATION ANALYSIS**

### **A. Projected Financial Statements.**

As a condition to confirmation of a plan, the Bankruptcy Code requires, among other things, that the Bankruptcy Court determine that confirmation is not likely to be followed by the liquidation or the need for further financial reorganization of the debtor. This standard is referred to as “feasibility.” In connection with the development of the Plan, and for purposes of determining whether the Plan satisfies this feasibility standard, the Debtors’ management has analyzed the ability of the Debtors to meet their obligations under the Plan and retain sufficient liquidity and capital resources to conduct its business.

The projections, which are set forth in **Exhibit 6** to this Disclosure Statement (the “**Projections**”), should be read in conjunction with Section IX below, entitled “Certain Factors to be Considered,” and with the assumptions, qualifications and footnotes to tables containing the Projections (which include projected statements of operations, projected balance sheets, and projected statements of cash flows) set forth in 5, and the historical consolidated financial information (including the notes and schedules thereto) set forth in **Exhibit 7**.

The Projections assume an Effective Date of October 1, 2009 with Allowed Claims and Allowed Interests treated as described in the Plan. Except as otherwise provided in the Plan, expenses incurred as a result of the Reorganization Cases are assumed to be paid on the Effective Date. If the Debtors do not emerge from chapter 11 as currently scheduled, additional Administrative Expenses will be incurred until such time as a plan of reorganization is confirmed and becomes effective. These Administrative Expenses could significantly impact the Debtors’ cash flows if the Effective Date is materially later than the Effective Date assumed in these Projections.

It is important to note that the Projections and estimates of equity values for the Reorganized Debtors may differ from actual performance and are highly dependent on significant assumptions concerning the future operations of the Reorganized Debtors. These assumptions include growth of business, labor and other operating costs, regulatory environment, inflation, and the level of investment required for capital expenditures and working capital.

Please refer to Section IX below for a discussion of many of the factors that could have a material effect on the information provided in this section. The estimates of equity value for the Reorganized Debtors are not intended to reflect the equity values that

may be attainable in public or private markets. They also are not intended to be appraisals or reflect the value that may be realized if assets are sold.

**THE PROJECTIONS WERE NOT PREPARED WITH A VIEW TOWARDS COMPLYING WITH THE GUIDELINES FOR PROSPECTIVE FINANCIAL STATEMENTS PUBLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS. THE DEBTORS' INDEPENDENT ACCOUNTANT HAS NOT REVIEWED THE ACCOMPANYING PROJECTIONS TO DETERMINE THE REASONABLENESS THEREOF AND, ACCORDINGLY, HAS NOT EXPRESSED AN OPINION OR ANY OTHER FORM OF ASSURANCE WITH RESPECT THERETO.**

**THE DEBTORS DO NOT, AS A MATTER OF COURSE, PUBLISH PROJECTIONS OF THEIR ANTICIPATED FINANCIAL POSITION, RESULTS OF OPERATIONS, OR CASH FLOWS. ACCORDINGLY, THE DEBTORS DO NOT INTEND TO, AND DISCLAIM ANY OBLIGATION TO, (I) FURNISH UPDATED PROJECTIONS TO HOLDERS OF CLAIMS OR INTERESTS PRIOR TO THE EFFECTIVE DATE OR TO HOLDERS OF PLAN SECURITIES, OR ANY OTHER PARTY AFTER THE EFFECTIVE DATE, (II) INCLUDE SUCH UPDATED INFORMATION IN ANY DOCUMENTS THAT MAY BE REQUIRED TO BE FILED WITH THE SEC, OR (III) OTHERWISE MAKE SUCH UPDATED INFORMATION PUBLICLY AVAILABLE.**

**THE PROJECTIONS PROVIDED IN CONNECTION WITH THIS DISCLOSURE STATEMENT HAVE BEEN PREPARED EXCLUSIVELY BY THE DEBTORS' MANAGEMENT AND THE DEBTORS' FINANCIAL ADVISORS. THESE PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS, WHICH, THOUGH CONSIDERED REASONABLE BY MANAGEMENT, AFTER CONSULTATION WITH THE DEBTORS' FINANCIAL ADVISORS, MAY NOT BE REALIZED, AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE DEBTORS' CONTROL.**

**THE DEBTORS CAUTION THAT NO REPRESENTATIONS CAN BE MADE AS TO THE MATERIAL ACCURACY OF THESE FINANCIAL PROJECTIONS OR TO THE REORGANIZED DEBTORS' ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL NOT MATERIALIZE. FURTHER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THESE PROJECTIONS WERE PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED AND, THUS, THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIAL AND POSSIBLY ADVERSE MANNER. THE PROJECTIONS, THEREFORE, MAY NOT BE RELIED**

**UPON AS A GUARANTY OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR. FINALLY, THE PROJECTIONS INCLUDE ASSUMPTIONS AS TO THE ENTERPRISE VALUE OF THE DEBTORS, THE FAIR VALUE OF THEIR ASSETS, AND THEIR ACTUAL LIABILITIES AS OF THE EFFECTIVE DATE.**

**B. Valuation.**

**THE VALUATIONS SET FORTH HEREIN REPRESENT ESTIMATED REORGANIZATION VALUES AND DO NOT NECESSARILY REFLECT VALUES THAT COULD BE ATTAINABLE IN THE PUBLIC OR PRIVATE MARKETS. THE EQUITY VALUE ASCRIBED IN THE ANALYSIS DOES NOT PURPORT TO BE AN ESTIMATE OF THE POST-REORGANIZATION MARKET VALUE. SUCH TRADING VALUE, IF ANY, MAY BE MATERIALLY DIFFERENT FROM THE REORGANIZATION VALUE RANGES ASSOCIATED WITH THE VALUATION ANALYSIS.**

Moelis has advised the Debtors with respect to the reorganization value of the Reorganized Debtors (including the reorganized PBC Debtors, as described below) on a going concern basis. Solely for purposes of the Plan, the estimated range of reorganization value of the Reorganized Debtors (including the reorganized PBC Debtors, as described below) is assumed to be \$95 million to \$130 million (with a midpoint value of \$112.5 million) as of an assumed Effective Date of October 1, 2009. Moelis' estimate of a range of enterprise values does not constitute an opinion as to fairness from a financial point of view of the consideration to be received under the Plan or of the terms and provisions of the Plan.

**THE ESTIMATED RANGE OF THE REORGANIZATION VALUE, AS OF AN ASSUMED EFFECTIVE DATE OF OCTOBER 1, 2009, REFLECTS WORK PERFORMED BY MOELIS ON THE BASIS OF INFORMATION IN RESPECT OF THE BUSINESS AND ASSETS OF THE DEBTORS AVAILABLE TO MOELIS AS OF JULY 24, 2009. IT SHOULD BE UNDERSTOOD THAT, ALTHOUGH SUBSEQUENT DEVELOPMENTS MAY AFFECT MOELIS' CONCLUSIONS, MOELIS DOES NOT HAVE ANY OBLIGATION TO UPDATE, REVISE, OR REAFFIRM ITS ESTIMATE.**

Based upon the estimated range of the reorganization value of the Reorganized Debtors (including the reorganized PBC Debtors, as described below) of between \$95 million and \$130 million and assumed total debt of \$25.5 million (including \$25.5 million resulting from the Exit Secured Term Loan as of the Effective Date, assuming an Effective Date of October 1, 2009, Moelis has estimated the range of equity value for the Reorganized Debtors (including the reorganized PBC Debtors, as described below) between approximately \$74.5 million and \$109.5 million, with a mid-point equity value of \$92 million.

The foregoing estimate of the reorganization value of the Reorganized Debtors is based on a number of assumptions, including a successful reorganization of the Debtors'

business and finances in a timely manner, the implementation of the Reorganized Debtors business plan, the achievement of the forecasts reflected in the Projections, access to the Exit Secured Term Loan, the continuing leadership of the existing management team, market conditions as of July 24, 2009 continuing through the assumed Effective Date of October 1, 2009, and the Plan becoming effective in accordance with the estimates and other assumptions discussed herein.

With respect to the Projected Financial Information prepared by the management of the Debtors and included in **Exhibit 6** to this Disclosure Statement, Moelis assumed that such Projected Financial Information has been reasonably prepared in good faith and on a basis reflecting the best currently available estimates and judgments of the Debtors as to the future operating and financial performance of the Reorganized Debtors. Moelis' estimate of a range of reorganization values assumes that the Debtors' Projections will be achieved by the Reorganized Debtors in all material respects, including revenue growth and improvements in operating margins, earnings and cash flow. As a result, to the extent that the estimate of enterprise values is dependent upon the Reorganized Debtors performing at the levels set forth in the Projections, such analysis must be considered speculative. If the business performs at levels below those set forth in the Projected Financial Information, such performance may have a material impact on the Projections and on the estimated range of values derived therefrom.

Additionally, please note that although the NV Debtors do not own the PBC Debtors or their television stations, and these entities are not "affiliates" as that term is defined in section 101(2) of the Bankruptcy Code, their operations are closely related. The NV Debtors and PBC Debtors are parties to the PBC Agreements, which require that certain of the NV Debtors provide operational and other support to the television stations owned and operated by the PBC Debtors. Both the NV Debtors and the PBC Debtors share key financial and operational systems and have many creditors and other parties in interest in common. Additionally, due to the joint sales and shared services relationships between the NV Debtors and the PBC Debtors, the NV Debtors and the PBC Debtors consolidate their financial statements. Therefore, for purposes of the Projected Financial Information and Valuation analysis, Moelis has consolidated the cash flows of the PBC Debtors with the NV Debtors.

**IN ESTIMATING THE RANGE OF THE REORGANIZATION VALUE AND EQUITY VALUE OF THE REORGANIZED DEBTORS, MOELIS:**

- REVIEWED CERTAIN HISTORICAL FINANCIAL INFORMATION OF THE DEBTORS FOR RECENT YEARS AND INTERIM PERIODS;
- REVIEWED CERTAIN INTERNAL FINANCIAL AND OPERATING DATA OF THE DEBTORS, INCLUDING THE PROJECTIONS, WHICH WERE PREPARED AND PROVIDED TO MOELIS BY THE DEBTORS' MANAGEMENT AND WHICH RELATE TO THE DEBTORS' BUSINESS AND THEIR PROSPECTS;



- MET WITH CERTAIN MEMBERS OF SENIOR MANAGEMENT OF THE DEBTORS TO DISCUSS THE DEBTORS' OPERATIONS AND FUTURE PROSPECTS;
- REVIEWED PUBLICLY AVAILABLE FINANCIAL DATA AND CONSIDERED THE MARKET VALUE OF PUBLIC COMPANIES THAT MOELIS DEEMED GENERALLY COMPARABLE TO THE OPERATING BUSINESS OF THE DEBTORS;
- CONSIDERED RELEVANT PRECEDENT TRANSACTIONS IN THE TELEVISION BROADCASTING INDUSTRY;
- CONSIDERED CERTAIN ECONOMIC AND INDUSTRY INFORMATION RELEVANT TO THE OPERATING BUSINESS; AND
- CONDUCTED SUCH OTHER STUDIES, ANALYSIS, INQUIRIES, AND INVESTIGATIONS AS IT DEEMED APPROPRIATE.

ALTHOUGH MOELIS CONDUCTED A REVIEW AND ANALYSIS OF THE DEBTORS' BUSINESSES, OPERATING ASSETS AND LIABILITIES AND THE REORGANIZED DEBTORS' BUSINESS PLANS, IT ASSUMED AND RELIED ON THE ACCURACY AND COMPLETENESS OF ALL FINANCIAL AND OTHER INFORMATION FURNISHED TO IT BY THE DEBTORS, AS WELL AS PUBLICLY AVAILABLE INFORMATION. IN ADDITION, MOELIS DID NOT INDEPENDENTLY VERIFY MANAGEMENT'S PROJECTIONS IN CONNECTION WITH SUCH ESTIMATES OF THE REORGANIZATION VALUE AND EQUITY VALUE, AND NO INDEPENDENT VALUATIONS OR APPRAISALS OF THE DEBTORS WERE SOUGHT OR OBTAINED IN CONNECTION HERewith.

ESTIMATES OF THE REORGANIZATION VALUE AND EQUITY VALUE DO NOT PURPORT TO BE APPRAISALS OR NECESSARILY REFLECT THE VALUES THAT MAY BE REALIZED IF ASSETS ARE SOLD AS A GOING CONCERN, IN LIQUIDATION, OR OTHERWISE.

IN THE CASE OF THE REORGANIZED DEBTORS, THE ESTIMATES OF THE REORGANIZATION VALUE PREPARED BY MOELIS REPRESENT THE HYPOTHETICAL REORGANIZATION VALUE OF THE REORGANIZED DEBTORS. SUCH ESTIMATES WERE DEVELOPED SOLELY FOR PURPOSES OF THE FORMULATION AND NEGOTIATION OF THE PLAN AND THE ANALYSIS OF IMPLIED RELATIVE RECOVERIES TO CREDITORS THEREUNDER. SUCH ESTIMATES REFLECT COMPUTATIONS OF THE RANGE OF THE ESTIMATED REORGANIZATION ENTERPRISE VALUE OF THE REORGANIZED DEBTORS THROUGH THE APPLICATION OF VARIOUS VALUATION TECHNIQUES AND DO NOT PURPORT TO REFLECT OR CONSTITUTE APPRAISALS, LIQUIDATION VALUES, OR ESTIMATES OF THE ACTUAL MARKET VALUE THAT MAY BE REALIZED THROUGH THE SALE OF ANY SECURITIES TO BE

ISSUED PURSUANT TO THE PLAN, WHICH MAY BE SIGNIFICANTLY DIFFERENT THAN THE AMOUNTS SET FORTH HEREIN.

THE VALUE OF AN OPERATING BUSINESS IS SUBJECT TO NUMEROUS UNCERTAINTIES AND CONTINGENCIES WHICH ARE DIFFICULT TO PREDICT AND WILL FLUCTUATE WITH CHANGES IN FACTORS AFFECTING THE FINANCIAL CONDITION AND PROSPECTS OF SUCH A BUSINESS. AS A RESULT, THE ESTIMATE OF THE RANGE OF THE REORGANIZATION ENTERPRISE VALUE OF THE REORGANIZED DEBTORS SET FORTH HEREIN IS NOT NECESSARILY INDICATIVE OF ACTUAL OUTCOMES, WHICH MAY BE SIGNIFICANTLY MORE OR LESS FAVORABLE THAN THOSE SET FORTH HEREIN. SUCH ESTIMATES ARE INHERENTLY SUBJECT TO UNCERTAINTIES AND ACTUAL OUTCOMES AND RESULTS MAY DIFFER MATERIALLY FROM THOSE SET FORTH HEREIN. IN ADDITION, THE VALUATION OF NEWLY ISSUED SECURITIES IS SUBJECT TO ADDITIONAL UNCERTAINTIES AND CONTINGENCIES, ALL OF WHICH ARE DIFFICULT TO PREDICT.

**1. Valuation Methodology.**

Moelis performed a variety of analyses and considered a variety of factors in preparing the valuation of the Reorganized Debtors. Several generally accepted valuation techniques for estimating Reorganized Debtors enterprise value were used. Moelis primarily relied on three methodologies: comparable public company analysis, discounted cash flow analysis, and precedent transactions analysis. Moelis weighed each of these analyses based on their relative merits and made judgments as to the significance of each analysis in determining the Reorganized Debtors' indicated enterprise value range. Moelis' valuation must be considered as a whole, and selecting just one methodology or portions of the analyses, without considering the analyses as a whole, could create a misleading or incomplete conclusion as to the Reorganized Debtors' enterprise value.

In preparing its valuation estimate, Moelis performed a variety of analyses and considered a variety of factors, some of which are described herein. The following summary does not purport to be a complete description of the analyses and factors undertaken to support Moelis' conclusions. The preparation of a valuation is a complex process involving various determinations as to the most appropriate analyses and factors to consider, as well as the application of those analyses and factors under the particular circumstances. As a result, the process involved in preparing a valuation is not readily summarized.

As described in Section V.B of the Disclosure Statement, in an effort to maximize value to all constituencies, in conjunction with its retention on November 1, 2008, Moelis approached a number of parties with existing strategic or financial interest in the television broadcast industry to determine if any party would be interested in acquiring the Debtors at a value that (i) would be acceptable to the Holders of the First Lien Loan Claims and/or (ii) exceed the total First Lien Loan Claims. Despite active marketing efforts throughout the period leading up to the Petition Date, Moelis was unable to

discover a party that was interested in acquiring the Debtors at a value that would achieve either of these targets. In fact, most parties proposed a valuation that was significantly below the midpoint valuation determined by Moelis as well as the total Secured Claims. Despite active marketing efforts throughout the period leading up to the Petition Date, Moelis was unable to discover a party that was interested in acquiring the Debtors at a value that would achieve either of these targets.

(a) **Comparable Public Company Analysis.** A comparable public company analysis estimates value based on a comparison of the target company's financial statistics with the financial statistics of public companies that are similar to the target company. It establishes a benchmark for asset valuation by deriving the value of "comparable" assets, standardized using a common variable such as revenues, earnings, and cash flows. The analysis includes a detailed multi-year financial comparison of each company's income statement, balance sheet, and cash flow statement. In addition, each company's performance, profitability, margins, leverage, and business trends are also examined. Based on these analyses, a number of financial multiples and ratios are calculated to gauge each company's relative performance and valuation.

A key factor to this approach is the selection of companies with relatively similar business and operational characteristics to the target company. Criteria for selecting comparable companies include, among other relevant characteristics, similar lines of businesses (in this case, television broadcasting), business risks, target market segments, location of markets, network affiliation, growth prospects, market presence, size, and scale of operations. The selection of truly comparable companies is often difficult and subject to interpretation. The underlying concept, however, is to develop a premise for relative value, which, when coupled with other approaches, presents a foundation for determining firm value.

In performing the Comparable Public Company Analysis Moelis evaluated publicly traded companies in the media/broadcasting sector deemed generally comparable to the Debtors in some or all of the factors described above. Moelis analyzed the current trading value for the comparable companies as a multiple of operating metrics.

As television broadcasters may experience significant variance in earnings from one year to the next due to (i) whether or not the local market was in an election cycle, thus increasing political advertising revenue; or (ii) the broadcaster was affiliated with a network that broadcasts special events (for example NBC during the Olympics), Moelis applied multiples to normalized operating statistics. Derived multiples were applied to the Debtors' operating statistics to determine a range of enterprise value.

(b) **Precedent Transactions Analysis.** Precedent transactions analysis estimates value by examining publicly announced merger and acquisition transactions. An analysis of the disclosed purchase price as a multiple of various operating statistics reveals industry acquisition multiples for companies in similar lines of businesses to the Debtors. These transaction multiples are calculated based on the purchase price (including any debt assumed) paid to acquire companies that are comparable to the

Debtors. In evaluating the comparability of transactions, Moelis considered changes in the macroeconomic operating environment and the capital markets since those transactions were announced.

The valuation in this methodology includes a “control” premium, representing the purchase of a majority or controlling position in a company’s assets. Thus, this methodology generally produces higher valuations than the comparable public company analysis. Other aspects of value that manifest themselves in a precedent transaction analysis include the following:

- Circumstances surrounding a sale transaction may introduce “diffusive quantitative results” into the analysis (e.g., an additional premium may be extracted from a buyer in the case of a competitive bidding contest).
- The market environment is not identical for transactions occurring at different periods of time.
- Circumstances pertaining to the financial position of a company may have an impact on the resulting purchase price (e.g., a company in financial distress may receive a lower price due to perceived weakness in its bargaining leverage).

As with the comparable company analysis, because no acquisition used in any analysis is identical to a target transaction, valuation conclusions cannot be based solely on quantitative results. The reasons for and circumstances surrounding each acquisition transaction are specific to such transaction, and there are inherent differences between the businesses, operations and prospects of each. Therefore, qualitative judgments must be made concerning the differences between the characteristics of these transactions and other factors and issues that could affect the price an acquirer is willing to pay in an acquisition. The number of completed transactions for which public data is available also limits this analysis.

(c) **Discounted Cash Flow Approach.** The discounted cash flow (“**DCF**”) valuation methodology relates to the value of an asset or business to the present value of expected future cash flows to be generated by that asset or business. The DCF methodology is a “forward looking” approach that discounts the expected future cash flows by a theoretical or observed discount rate determined by calculating the average cost of debt and equity for publicly traded companies that are similar to the Debtors. The expected future cash flows have two components: the present value of the projected unlevered after-tax free cash flows for a determined period and the present value of the terminal value of cash flows (representing firm value beyond the time horizon of the Projections). Moelis’ discounted cash flow valuation is based on the business plan Projections of the Reorganized Debtors’ operating results. Moelis discounted the projected cash flows using the Reorganized Debtors’ estimated weighted average cost of capital and calculated a terminal value of the reorganized Debtors.

This approach relies on the company's ability to project future cash flows with some degree of accuracy. Because the Projections reflect significant assumptions made by the Debtors' management concerning anticipated results, the assumptions and judgments used in the Projections may or may not prove correct and, therefore, no assurance can be provided that projected results are attainable or will be realized. Moelis cannot and does not make any representations or warranties as to the accuracy or completeness of the Reorganized Debtors' Projections.

THE ESTIMATES OF THE REORGANIZATION VALUE AND EQUITY VALUE DETERMINED BY MOELIS REPRESENT ESTIMATED REORGANIZATION VALUES AND DO NOT REFLECT VALUES THAT COULD BE ATTAINABLE IN PUBLIC OR PRIVATE MARKETS. THE IMPUTED ESTIMATE OF THE RANGE OF THE REORGANIZATION EQUITY VALUE OF THE REORGANIZED DEBTORS ASCRIBED IN THE ANALYSIS DOES NOT PURPORT TO BE AN ESTIMATE OF THE POSTREORGANIZATION MARKET VALUE. ANY SUCH VALUE MAY BE MATERIALLY DIFFERENT FROM THE IMPUTED ESTIMATE OF THE REORGANIZATION EQUITY VALUE RANGE FOR THE REORGANIZED DEBTORS ASSOCIATED WITH MOELIS' VALUATION ANALYSIS.

## **IX. CERTAIN FACTORS TO BE CONSIDERED**

### **A. Certain Reorganization Considerations.**

Although the Debtors believe that the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will reach the same conclusion. Moreover, there can be no assurance that modifications of or amendments to the Plan will not be required for confirmation or that any amendments would not necessitate the resolicitation of votes. In addition, although the Debtors believe that the Effective Date will occur soon after the Confirmation Date, there can be no assurance as to such timing.

The Plan provides for certain conditions that must be satisfied or waived prior to confirmation of the Plan. As of the date of this Disclosure Statement, there can be no assurance that any or all of the conditions in the Plan will be met (or waived) or that the other conditions to consummation, if any, will be satisfied. Accordingly, even if the Plan is confirmed by the Bankruptcy Court, there can be no assurance that the Plan will be consummated and the restructuring completed. If a liquidation or protracted reorganization were to occur, there is a substantial risk that the value of the Debtors' enterprise would be substantially eroded to the detriment of all stakeholders.

Although the Debtors believe that the Plan satisfies the legal requirements for confirmation and their valuation analysis is accurate, if the Bankruptcy Court were to rule otherwise, the Plan would not be confirmed and any offending provisions in the Plan would need to be amended or modified, including with respect to the allocation of value to the holders of Claims in Classes 1, 2, 3, 4, 5, 6, and 7.

As described throughout this Disclosure Statement, according to the Moelis valuation, the value of the collateral securing the First Lien Loan Claims is less than the amount of such Claims, and, therefore, holders of Claims in Classes 4, 5, 6, and 7 are not entitled to receive a distribution under the Plan and/or the Bankruptcy Code's distribution priority scheme. THERE CAN BE NO ASSURANCES THAT THE BANKRUPTCY COURT WILL ADOPT THE DEBTORS' POSITION ON THIS POINT AND THEREFORE HOLDERS OF CLAIMS IN CLASSES 4, 5, 6 AND 7 SHOULD NOT ASSUME THAT THEY WILL NECESSARILY RECEIVE THE PROJECTED DISTRIBUTIONS TO SUCH CLASSES UNLESS AND UNTIL THE BANKRUPTCY COURT ENTERS THE CONFIRMATION ORDER. MOREOVER, BECAUSE THE DISTRIBUTIONS TO SUCH CLASSES ARE NOT MANDATORY UNDER THE BANKRUPTCY CODE, UNDER CERTAIN CIRCUMSTANCES, THE DEBTORS COULD MODIFY THE PLAN TO INCREASE, REDUCE, OR ELIMINATE THE DISTRIBUTIONS TO HOLDERS OF CLAIMS IN CLASSES 4, 5, 6, AND 7 WITHOUT PROVIDING ANY NOTICE REGARDING SUCH MODIFICATIONS TO THESE PARTIES. THEREFORE, HOLDERS OF CLAIMS IN CLASSES 4, 5, 6 AND 7 ARE ADVISED TO MONITOR CLOSELY THE PROCESS LEADING TO CONFIRMATION OF THE PLAN.

**B. Risks Relating to the Plan Securities.**

**1. Variances from Projected Financial Information.**

The Projections included in this Disclosure Statement are dependent upon the successful implementation of the Reorganized Debtors' business plan and the validity of the other assumptions contained therein. These Projections reflect numerous assumptions, including confirmation and consummation of the Plan in accordance with its terms, the anticipated future performance of the Reorganized Debtors, industry performance, certain assumptions with respect to competitors of the Reorganized Debtors, general business and economic conditions and other matters, many of which are beyond the control of the Reorganized Debtors. In addition, unanticipated events and circumstances occurring subsequent to the preparation of the projections may affect the actual financial results of the Reorganized Debtors. Although the Debtors believe that the projections are reasonably attainable, variations between the actual financial results and those projected may occur and be material.

The Debtors have not completed an outside audit since December 31, 2007. Accordingly the Debtors' historical financial results for 2008 and 2009 were prepared without the assistance of an outside auditor. As a result, the Debtors cannot provide creditors with financial statements prepared or reviewed by outside auditors with which the financial projections in this Disclosure Statement can be compared.

## **2. Lack of Trading Market.**

The Plan Securities issued under the Plan will not be listed on any exchange and none of the Reorganized Debtors will be a public reporting company. There will not be current financial information regarding the Reorganized Debtors and their business generally available to holders of Plan Securities and there can be no assurance that an active trading market for the Plan Securities will develop. Accordingly, no assurance can be given that a holder of Plan Securities will be able to sell such securities in the future or as to the price at which any such sale may occur. If such markets were to exist, such securities could trade at prices higher or lower than the value ascribed to such securities herein depending upon many factors, including the prevailing interest rates, markets for similar securities, general economic and industry conditions, and the performance of, and investor expectations for, the Reorganized Debtors.

## **3. Restrictions on Transfer.**

The Plan Securities will be distributed pursuant to the Plan without registration under the Securities Act and without qualification or registration under state securities laws, pursuant to exemptions from such registration and qualification contained in section 1145 of the Bankruptcy Code. With respect to certain persons who receive such securities pursuant to the Plan, the Bankruptcy Code exemptions apply only to the distribution of such securities under the Plan and not to any subsequent sale, exchange, transfer or other disposition of such securities or any interest therein by such persons. Therefore, subsequent sales, exchanges, transfers, or other dispositions of such securities or any interest therein by “underwriters” or “issuers” would not be exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or state securities laws.

Holders of Plan Securities who are deemed to be “underwriters” as defined in section 1145(b) of the Bankruptcy Code, including holders who are deemed to be “affiliates” or “control persons” within the meaning of the Securities Act, will be unable to transfer or to sell their securities freely except pursuant to (i) “ordinary trading transactions” by a holder that is not an “issuer” within the meaning of section 1145(b), (ii) an effective registration of such securities under the Securities Act and under equivalent state securities or “blue sky” laws, or (iii) pursuant to the provisions of Rule 144 under the Securities Act or another available exemption from registration requirements. For a more detailed description of these matters, see Section VII.F.

## **C. Competition in the Broadcasting Industry.**

The Debtors experience competition from numerous types of broadcasting and other media service providers. Accordingly, there can be no assurance that the Debtors will be able to compete successfully against other providers of such services, or that the Debtors will be able to achieve profitability from such services in future years.

In addition, the broadcasting industry in general is subject to rapid and significant changes in technology. These changes may increase competitive pressures on the

Reorganized Debtors or require capital investments by the Reorganized Debtors in excess of their available resources. Because of the rapid and high level of technological change in the industry, the effect on the businesses of the Reorganized Debtors cannot be predicted with any certainty.

The entertainment and television industries are highly competitive and are undergoing a period of consolidation. Many of the Debtors' current potential competitors have greater financial, marketing, programming and broadcasting resources than the Debtors. The markets in which the Debtors operate are also in a constant state of change arising from, among other things, technological improvements and economic and regulatory developments. Technological innovation and the resulting proliferation of television entertainment, such as cable television, wireless cable, satellite-to-home distribution systems, pay-per-view and home video and entertainment systems, have fractionalized television viewing audiences and have subjected free over-the-air television broadcast stations to increased competition. The Reorganized Debtors may not be able to compete effectively or adjust their business plans to meet changing market conditions. The Reorganized Debtors cannot predict what form of competition will develop in the future, the extent of the competition or its possible effects on its businesses.

#### **D. Government Regulation.**

The broadcasting industry is extensively regulated by the FCC. There can be no assurance the FCC will renew, or permit the transfer or assignment of, the Debtors' broadcast licenses. Moreover, the FCC must approve any transfers or assignments of broadcast licenses under the Plan. A loss of the Debtors' broadcast licenses, or the failure of the FCC to approve the transfer or assignment of licenses pursuant to the Plan, would have a material adverse effect on the Debtors.

In the Savannah and Youngstown television markets, the NV Debtors and the PBC Debtors have entered into joint sales agreements and shared services agreements. While these agreements take varying forms, typically these agreements are between two separately owned television stations serving the same television market, whereby the owner of one station provides sales and operational assistance to the other station, subject to programming discretion and other controls being exercised by the latter station's owner. By operating or entering into these agreements, the stations achieve significant operational efficiency and enhance their ability to capture more advertising in a given market. While the Debtors believe that the existing joint sales agreements and shared services agreements comply with FCC rules and policies, the FCC may not continue to permit these types of agreements.

The FCC is empowered to impose substantial fines on television broadcasters for the broadcast of indecent material in violation of the Communications Act and its rules. The FCC has heightened its level of indecency enforcement in recent years. Because the Stations' programming is in large part comprised of programming provided by networks with which the Stations are affiliated, the Stations may be subject to the imposition of fines if the FCC finds such network provided programming to be indecent. In addition,



the United States Congress recently increased the fines which may be imposed on any television broadcaster for an indecency violation to a maximum of \$325,000 per violation.

The FCC has numerous rule making proceedings pending relating to the operation of television stations, including a proceeding that would make television joint sales agreements attributable under the FCC's ownership rules. A change in any of these rules may have a significant impact on the Stations. In addition, the FCC may decide to initiate other new rule making proceedings on its own or in response to requests from outside parties, any of which might have a significant impact on the Stations. The United States Congress may also act to amend the Communications Act in a manner that could impact the Stations or the television broadcast industry in general.

**E. Reliance on Key Personnel.**

One of the Debtors' primary assets is their highly skilled executives, who have the ability to pursue other employment opportunities and deprive the Debtors of the skill and knowledge essential for the operation of the Reorganized Debtors in the future. A loss of any key executives could have a material adverse effect on the Debtors. The Debtors' successful transition through the restructuring process is dependent in part on their ability to retain and motivate their officers and key employees. There can be no assurance that the Debtors will be able to retain and employ qualified management and technical personnel.

**F. Liquidity and Capital Resources.**

Given the current volatility in the broadcasting industry, there can be no assurance that the Reorganized Debtors will be able to generate operating profits on a sustained basis. Further, due to the bankruptcy filing and related events, there is no assurance that the carrying amounts of certain assets will be realized or that liabilities will be liquidated or settled for the amounts recorded.

The Debtors believe that their cash, short-term investments, and remaining capacity under the Exit Secured Term Loan upon emergence from chapter 11 should enable the Reorganized Debtors to fund operations. There can be no assurance, however, that such resources will be sufficient for anticipated or unanticipated working capital and capital expenditure requirements, or that the Reorganized Debtors will achieve or sustain profitability or positive cash flow in the future.

**G. Additional Factors to Be Considered.**

**1. The Debtors Have No Duty to Update.**

The statements contained in this Disclosure Statement are made by the Debtors 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 been no change in the information

set forth herein since that date. The Debtors have no duty to update this Disclosure Statement unless otherwise ordered to do so by the Bankruptcy Court.

**2. No Representations Outside This Disclosure Statement Are Authorized.**

No representations concerning or related to the Debtors, the Reorganization Cases, or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance or rejection of the Plan that are other than as contained in, or included with, this Disclosure Statement should not be relied upon by you in arriving at your decision.

**3. Projections and Other Forward Looking Statements Are Not Assured, and Actual Results Will Vary.**

Certain of the information contained in this Disclosure Statement is, by nature, forward looking, and contains estimates and assumptions which might ultimately prove to be incorrect, and contains projections which may be materially different from actual future experiences. There are uncertainties associated with any projections and estimates, and they should not be considered assurances or guarantees of the amount of funds or the amount of Claims in the various classes that might be Allowed.

**4. Claims Could Be More Than Projected.**

The Allowed amount of Claims in each class could be significantly more than projected, which in turn, could cause the value of distributions and/or recoveries to be reduced substantially. If DIP Claims, Administrative Expenses, Priority Tax Claims, Other Secured Claims, and Priority Non-Tax Claims exceed projections, it may impair the value of the Plan Securities and/or recoveries being distributed to the holders of Allowed Claims and Interests in Class 1 (First Lien Loan Claims) and Class 7 (Second Lien Loan Claims).

**5. No Legal or Tax Advice Is Provided to You By This Disclosure Statement.**

The contents of this Disclosure Statement should not be construed as legal, business, or tax advice. Each creditor or Interest holder should consult his, her, or its own legal counsel and accountant as to legal, tax, and other matters concerning his, her, or its Claim or Interest. This Disclosure Statement is not legal advice to you and 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.

**6. No Admission Made.**

Nothing contained herein shall constitute an admission of, or be deemed evidence of, the tax or other legal effects of the Plan on the Debtors or on holders of Claims or Interests.

**X.  
VOTING PROCEDURES AND REQUIREMENTS**

Detailed voting instructions are provided with the Ballot accompanying this Disclosure Statement. The following classes (the “**Voting Classes**”) are entitled to vote to accept or reject the Plan.

<b>Classes</b>	<b>Description</b>
1	First Lien Loan Claims
7	Second Lien Loan Claims

If your Claim or Interest is not in the Voting Classes, you are not entitled to vote and you will not receive a Ballot with this Disclosure Statement. If your Claim is in the Voting Class, you should read your Ballot and follow the listed instructions carefully. Please use only the Ballot that accompanies this Disclosure Statement.

**A. Vote Required for Acceptance by a Class.**

Under the Bankruptcy Code, acceptance of a plan of reorganization by a class of claims occurs if creditors in that class who actually cast ballots for acceptance of such Plan hold at least two-thirds in dollar amount and more than one-half in number of the claims in such class. Thus, acceptance of the Plan by Classes 1 and 7 will occur only if at least two-thirds in dollar amount and a majority in number of the holders of such Claims in each Voting Class that actually cast their Ballots vote in favor of acceptance.

Any properly executed, timely received Ballot that does not indicate either an acceptance or rejection of the Plan will not be counted. Any properly executed, timely received Ballot that indicates both acceptance and rejection of the Plan will not be counted. Ballots should not be delivered directly to the Debtors, the court, or counsel to the Debtors. Instead, the Ballots should be delivered to the Debtors’ Voting Agent, as provided in Section X.C. below

**B. Classes Not Entitled to Vote.**

Under the Bankruptcy Code, creditors are not entitled to vote if their contractual rights are unimpaired by the Plan or if they will receive no distributions under the Plan. Based on this standard, the Holders of Secured Tax Claims (Class 2), Other Secured Claims (Class 3), Priority Non-Tax Claims (Class 4), NV General Unsecured Trade Claims (Class 5), and PBC General Unsecured Trade Claims (Class 6) are not being affected by the Plan. In addition, the Holders of Mezzanine Loan Claims (Class 8), HBK Loan Claims (Class 9), Rejection Damages Claims (Class 10), Litigation Claims (Class

11), Securities Claims (Class 12), Subordinated Claims (Class 13), and Interests (Class 14) are not receiving any property and are not entitled to vote. For a summary of the Classes entitled to vote, see the chart in Section II.

**C. Voting.**

In order for your vote to be counted, your vote must be actually received by the Voting Agent before the Voting Deadline of 4:00 p.m., Eastern Time, on \_\_\_\_\_, 2009. If you are 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 Disclosure Statement, the Plan, or the procedures for voting on the Plan, please contact the Voting Agent. All Ballots, except those beneficial owner Ballots that are to be returned to the nominee, should be returned in the envelope provided to:

If by regular mail:

NV Broadcasting, LLC  
c/o BMC Group Inc.  
PO Box 3020  
Chanhassen, MN 55317-3020

If by overnight or hand delivery:

NV Broadcasting, LLC  
c/o BMC Group Inc.  
18750 Lake Drive East  
Chanhassen, MN 55317

If you are entitled to vote to accept or reject the Plan, a Ballot is enclosed for the purpose of voting on the Plan. If you hold Claims in more than one Class and you are entitled to vote Claims in more than one Class, you will receive separate Ballots, which must be used for each separate Class of Claims. Please vote and return your Ballot(s) to the respective location specified in the instructions accompanying each Ballot.

**DO NOT RETURN ANY NOTES OR SECURITIES WITH YOUR BALLOT. TO BE COUNTED, YOUR BALLOT INDICATING ACCEPTANCE OR REJECTION OF THE PLAN MUST BE DELIVERED IN ACCORDANCE WITH THE ACCOMPANYING INSTRUCTIONS IN SUFFICIENT TIME FOR IT TO BE RECEIVED BY THE DEBTORS' VOTING AGENT NO LATER THAN 4:00 P.M., EASTERN TIME, ON \_\_\_\_\_, 2009.**

Any Claim in an Impaired Class as to which an objection or request for estimation is pending or which is scheduled by the Debtors as unliquidated, disputed, or contingent and for which no proof of Claim has been filed is not entitled to vote unless the holder of such Claim has obtained an order of the Bankruptcy Court temporarily allowing such Claim for the purpose of voting on the Plan.

**XI.**  
**CONFIRMATION OF THE PLAN OF REORGANIZATION**

**A. Confirmation Hearing.**

Section 1128(a) of the Bankruptcy Code requires that the Bankruptcy Court, after appropriate notice, hold a hearing on confirmation of a plan of reorganization. The Bankruptcy Court has scheduled a hearing on the adequacy of this Disclosure Statement and confirmation of the Plan for [\_\_\_\_\_, 2009] at \_\_:00 a.m. (Eastern Time). This hearing may be adjourned from time-to-time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the hearing or any subsequent adjourned confirmation hearing. Any objection to confirmation of the Plan must be in writing, must conform to the Bankruptcy Rules, must set forth the name of the objector, the nature and amount of claims or interests held or asserted by the objector against the Debtors' estate or property, the basis for the objection and the specific grounds therefore, and must be filed with the Bankruptcy Court, together with proof of service thereof, and served upon (i) counsel for the NV Debtors, Locke Lord Bissell & Liddell LLP, 111 S. Wacker Drive, Chicago, Illinois 60657 (attention: David Wirt (dwirt@lockelord.com) and Aaron Smith (asmith@lockelord.com)) and Locke Lord Bissell & Liddell LLP, The Proscenium, Suite 1900, 1170 Peachtree Street NE, Atlanta, GA 30309 (Attn: Neil H. Dickson) (ndickson@lockelord.com); (ii) counsel to the PBC Debtors, Womble Carlyle Sandridge & Rice, PLLC, 222 Delaware Avenue, Wilmington, Delaware 19801 (Attn: Francis A. Monaco, Jr.) (FMonaco@wcsr.com)) (iii) counsel to the First Lien Lenders, Paul, Hastings, Janofsky & Walker LLP, 600 Peachtree Street, N.E., 24th Floor, Atlanta, GA 30308 (Attn: Jesse Austin, III) (jessaustin@paulhastings.com) and Duane Morris LLP, 1100 North Market Street, Suite 1200, Wilmington, DE 19801-1246 (attn: Richard W. Riley) (RWRiley@duanemorris.com); (iv) counsel to the Second Lien Administrative Agent, Brown Rudnick LLP, One Financial Center, Boston, MA 02111 (Attn: William R. Baldiga) (wbaldiga@brownrudnick.com); and (v) the Office of the United States Trustee, District of Delaware, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801 so as to be received no later than [\_\_\_\_\_, 2009].

Pursuant to section 1128(b) of the Bankruptcy Code, a party in interest may object to confirmation of the Plan. Objections to confirmation of the Plan of Reorganization are governed by Bankruptcy Rule 9014. **UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.**

**B. Requirements for Confirmation of the Plan of Reorganization.**

**1. Requirements of Section 1129(a) of the Bankruptcy Code.**

(a) **General Requirements.** At the confirmation hearing, the Bankruptcy Court will determine whether the following confirmation requirements specified in section 1129 of the Bankruptcy Code have been satisfied:

- (1) The Plan complies with the applicable provisions of the Bankruptcy Code.
- (2) The Debtors have complied with the applicable provisions of the Bankruptcy Code.
- (3) The Plan has been proposed in good faith and not by any means forbidden by law.
- (4) Any payment made or to be made by the Debtors or by a person issuing securities or acquiring property under the Plan, for services or for costs and expenses in or in connection with the Reorganization Cases, or in connection with the Plan and incident to the Reorganization Cases, has been disclosed to the Bankruptcy Court, and any such payment made before confirmation of the Plan is reasonable, or if such payment is to be fixed after confirmation of the Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable.
- (5) The Debtors have disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the Plan, as a director, officer, or voting trustee of the Debtors, an affiliate of the Debtors participating in a joint Plan with the Debtors, or a successor of the Debtors under the Plan, and the appointment to, or continuance in, such office of such individual is consistent with the interests of creditors and equity holders and with public policy, and the Debtors have disclosed the identity of any insider that will be employed or retained by the Debtors, and the nature of any compensation for such insider.
- (6) Any governmental regulatory commission with jurisdiction, after confirmation of the Plan, over the rates of the Debtors has approved any rate change provided for in the Plan, or such rate change is expressly conditioned on such approval.
- (7) With respect to each impaired class of claims or equity interests, each holder of a claim or interest of such class either has accepted the Plan or will receive or retain under the Plan on account of such holder's claim or equity interest, property of a value, as of the Effective Date, that is not less than the amount that such holder would so receive or retain if the Debtors were liquidated on the Effective Date under chapter 7 of the Bankruptcy Code. See discussion of "Best Interests Test" below.

- (8) Except to the extent the Plan meets the requirements of section 1129(b) of the Bankruptcy Code (as discussed in Section XI.B.2 below), each class of claims or equity interests has either accepted the Plan or is not impaired under the Plan.
- (9) Except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, the Plan provides that administrative expenses and priority claims other than priority tax claims will be paid in full on the Effective Date and that priority tax claims will receive on account of such claims deferred cash payments, over a period not exceeding five years after the Petition Date, of a value, as of the Effective Date, equal to the allowed amount of such claims.
- (10) 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 such class.
- (11) Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors or any successor to the Debtors under the Plan, unless such liquidation or reorganization is proposed in the Plan. See discussion of “Feasibility” below.
- (12) The Debtors have no “retiree benefits” (as defined in section 1114 of the Bankruptcy Code) and, thus, the requirement that the Plan provides for the continuation after the Effective Date of payment of all, at the level established pursuant to subsection 1114(e)(1)(B) or 1114(g) of the Bankruptcy Code at any time prior to confirmation of the Plan, for the duration of the period the Debtors have obligated themselves to provide such benefits, does not apply.
- (13) All transfers of property of the Plan shall be made in accordance with any applicable provisions of nonbankruptcy law that govern the transfer of property by a corporation or trust that is not a moneyed, business, or commercial corporation or trust.

(b) **Best Interests Test.** As described above, the Bankruptcy Code requires that each holder of an impaired claim or equity interest either (i) accepts the Plan, or (ii) receives or retains under the Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code on the Effective Date.

The first step in meeting this test is to determine the dollar amount that would be generated from the liquidation of the Debtors' assets and properties in the context of a chapter 7 liquidation case. The gross amount of cash available would be the sum of the proceeds from the disposition of the Debtors' assets and the cash held by the Debtors at the time of the commencement of the chapter 7 case. The next step is to reduce that total by the amount of any claims secured by such assets, the costs and expenses of the liquidation, and such additional administrative expenses and priority claims that may result from the termination of the Debtors' businesses and the use of chapter 7 for the purposes of liquidation. Any remaining net cash would be allocated to creditors and shareholders in strict priority in accordance with section 726 of the Bankruptcy Code. Finally, the present value of such allocations (taking into account the time necessary to accomplish the liquidation) are compared to the value of the property that is proposed to be distributed under the Plan on the Effective Date.

The Debtors' costs of liquidation under chapter 7 would include the fees payable to a chapter 7 trustee in bankruptcy, as well as those that might be payable to attorneys and other professionals that such a trustee may engage, plus any unpaid expenses incurred by the Debtors during the chapter 11 case and allowed in the chapter 7 case, such as compensation for attorneys, financial advisors, appraisers, accountants and other professionals, and costs and expenses of members of any statutory committee of unsecured creditors appointed by the U.S. Trustee pursuant to section 1102 of the Bankruptcy Code and any other committee so appointed. Moreover, additional claims would arise by reason of the breach or rejection of obligations incurred and executory contracts or leases entered into by the Debtors both prior to, and during the pendency of, the chapter 11 cases.

The foregoing types of claims, costs, expenses, fees and such other claims that may arise in a liquidation case would be paid in full from the liquidation proceeds before the balance of those proceeds would be made available to pay pre-chapter 11 priority and unsecured claims. Under the absolute priority rule, no junior creditor would receive any distribution until all senior creditors are paid in full, with interest, and no equity holder receives any distribution until all creditors are paid in full, with interest. The Debtors believe the Plan satisfies the rule of absolute priority.

After consideration of the effects that a chapter 7 liquidation would have on the ultimate proceeds available for distribution to creditors in a chapter 11 case, including (i) the increased costs and expenses of a liquidation under chapter 7 arising from fees payable to a trustee in bankruptcy and professional advisors to such trustee, (ii) the erosion in value of assets in a chapter 7 case in the context of the expeditious liquidation required under chapter 7 and the "forced sale" atmosphere that would prevail, and (iii) substantial increases in claims which would be satisfied on a priority basis, the Debtors have determined that confirmation of the Plan will provide each creditor and equity holder with a recovery that is not less than it would receive pursuant to a liquidation of the Debtors under chapter 7 of the Bankruptcy Code.



Moreover, the Debtors believe that the value of any distributions from the liquidation proceeds to each class of allowed claims and equity interests in a chapter 7 case would be the same or less than the value of distributions under the Plan because such distributions in a chapter 7 case may not occur for a substantial period of time. In this regard, it is possible that distribution of the proceeds of the liquidation could be delayed for a year or more after the completion of such liquidation in order to resolve the claims and prepare for distributions. In the event litigation were necessary to resolve claims asserted in the chapter 7 case, the delay could be further prolonged and administrative expenses further increased. The Debtors' liquidation analysis is an estimate of the proceeds that may be generated as a result of a hypothetical chapter 7 liquidation of the assets of the Debtors. The analysis is based upon a number of significant assumptions which are described. The liquidation analysis does not purport to be a valuation of the Debtors' assets and is not necessarily indicative of the values that may be realized in an actual liquidation.

(c) **Liquidation Analysis.** The Debtors' chapter 7 liquidation analysis and assumptions are set forth in **Exhibit 8** to this Disclosure Statement.

(d) **Feasibility.** The Bankruptcy Code requires a debtor to demonstrate that confirmation of a plan of reorganization is not likely to be followed by the liquidation or the need for further financial reorganization of a debtor unless so provided by the plan of reorganization.

For purposes of determining whether the Plan meets this requirement, the Debtors have analyzed their ability to meet their financial obligations as contemplated thereunder. As part of this analysis, the Debtors have prepared the Projections contained in Section VIII above, entitled "Projections and Valuation Analysis," and in **Exhibit 6** to this Disclosure Statement. These Projections are based upon the assumption that the Plan will be confirmed by the Bankruptcy Court, and for projection purposes, that the Effective Date of the Plan and its substantial consummation will take place on or about October 1, 2009. The Projections include balance sheets, statements of operations and statements of cash flows. Based upon the Projections, the Debtors believe they will be able to make all payments required to be made pursuant to the Plan.

## **2. Requirements of Section 1129(b) of the Bankruptcy Code.**

The Bankruptcy Court may confirm the Plan over the rejection or deemed rejection of the Plan by a class of claims or equity interests if the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to such class.

(a) **No Unfair Discrimination.** This test applies to classes of claims or equity interests that are of equal priority and are receiving different treatment under a plan of reorganization. The test does not require that the treatment be the same or equivalent, but that such treatment be "fair."

(b) **Fair and Equitable Test.** This test applies to classes of different priority (e.g., unsecured versus secured) and includes the general requirement that no class of

claims receive more than 100% of the allowed amount of the claims in such class. As to the dissenting class, the test sets different standards, depending on the type of claims or interests in such class:

- **Secured Claims.** Each holder of an impaired secured claim either (i) retains its Liens on the property (or if sold, on the proceeds thereof) to the extent of the allowed amount of its secured claim and receives deferred cash payments having a value, as of the effective date of the plan, of at least the allowed amount of such claim or (ii) receives the “indubitable equivalent” of its allowed secured claim.
- **Unsecured Claims.** Either (i) each holder of an impaired unsecured claim receives or retains under the plan property of a value equal to the amount of its allowed unsecured claim or (ii) the holders of claims and equity interests that are junior to the claims of the dissenting class will not receive or retain any property under the plan of reorganization on account of their claims and equity interests.
- **Interests.** Either (i) each equity interest holder will receive or retain under the plan of reorganization property of a value equal to the greater of (a) the fixed liquidation preference or redemption price, if any, of such stock and (b) the value of the stock, or (ii) the holders of interests that are junior to the equity interests of the dissenting class will not receive or retain any property under the plan of reorganization on account of their claims and equity interests.

The Debtors believe the Plan will satisfy both the “no unfair discrimination” requirement and the “fair and equitable” requirement notwithstanding the fact that the Mezzanine Loan Claims (Class 8), HBK Loan Claims (Class 9), Rejection Damages Claims (Class 10), Litigation Claims (Class 11), Securities Claims (Class 12), Subordinated Claims (Class 13) and Interests (Class 14) are deemed to reject the Plan, because their treatment is fair, and the holders of claims and equity interests that are junior to the claims of these dissenting classes will not receive or retain any property under the Plan on account of their claims and equity interests.

## **XII.**

### **ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN OF REORGANIZATION**

#### **A. Liquidation Under Chapter 7.**

If no chapter 11 plan can be confirmed, the Reorganization Cases may be converted to cases under chapter 7 of the Bankruptcy Code in which chapter 7 trustees would be elected or appointed to liquidate the assets of the Debtors for distribution in

accordance with the priorities established by the Bankruptcy Code. A discussion of the effect that a chapter 7 liquidation would have on the recoveries of holders of Claims is set forth in Section XII of this Disclosure Statement. The Debtors believe that liquidation under chapter 7 would result in smaller distributions being made to creditors than those provided for in the Plan because of (i) the likelihood that the assets of the Debtors would have to be sold or otherwise disposed of in a less orderly fashion, (ii) additional administrative expenses attendant to the appointment of trustees and the trustees' employment of attorneys and other professionals, and (iii) additional expenses and Claims, some of which would be entitled to priority, which would be generated during the liquidation and from the rejection of leases and other executory contracts in connection with a cessation of the Debtors' operations.

**B. Alternative Plan of Reorganization.**

If the Plan is not confirmed, the Debtors or, if the Debtors' exclusivity period will have expired, any other party in interest, could attempt to formulate a different plan of reorganization. Such a plan might involve either a reorganization and continuation of the Debtors' businesses or an orderly liquidation of the Debtors' assets under chapter 11. The Debtors have concluded that the Plan enables creditors and equity holders to realize the most value under the circumstances. In a liquidation under chapter 11, the Debtors would still incur the expenses associated with closing or transferring numerous facilities to new operators. The process would be carried out in a more orderly fashion over a greater period of time. Further, if trustees were not appointed, because such appointment is not required in a chapter 11 case, the expenses for professional fees would most likely be lower than those incurred in a chapter 7 case, which would contribute an extra layer of chapter 7 administrative claims as well as the chapter 7 trustees' statutory fees. Although preferable to a chapter 7 liquidation, the Debtors believe that liquidation under chapter 11 is a much less attractive alternative to creditors and equity holders than the Plan because of the greater return provided by the Plan.

**XIII.  
CERTAIN US FEDERAL INCOME TAX CONSIDERATIONS**

The following discussion summarizes certain significant United States federal income tax consequences of the implementation of the Plan to the Debtors and certain Holders of Claims. This summary is based on the Internal Revenue Code of 1986, as amended (the "**Internal Revenue Code**"), Treasury Regulations and proposed Treasury Regulations issued thereunder, Internal Revenue Service (the "**IRS**") rulings and pronouncements and judicial interpretations and practice, all as in effect on the date hereof. Due to the unsettled nature of several of the tax issues presented by the Plan, the differences among creditors in the nature of their Claims, and the possibility that future events, including amendments to the Internal Revenue Code or the Treasury Regulations and new court decisions, could change the United States federal tax consequences of the transactions, the tax consequences described below are only general descriptions that are subject to significant uncertainties. No opinion of counsel has been obtained and the Debtors do not intend to seek a ruling from the IRS as to any of the tax consequences of

the Plan discussed below. There can be no assurance that the IRS will not challenge one or more of the tax consequences of the Plan described below.

This summary does not apply to Holders of Claims that are not “United States persons” (as such term is defined in the Internal Revenue Code) or that are otherwise subject to special treatment under the United States federal income tax law (including, without limitation, banks, governmental authorities or agencies, financial institutions, insurance companies, pass-through entities, tax-exempt organizations, broker-dealers in securities, mutual funds, small business investment companies and regulated investment companies). The following discussion assumes that Holders of Claims hold such Claims as “capital assets” within the meaning of section 1221 of the Internal Revenue Code. This discussion does not address the United States federal income tax consequences to Holders whose Claims are entitled to reinstatement or are otherwise unimpaired under the Plan. Moreover, this summary does not purport to cover all aspects of United States federal income taxation that may apply to Debtors and Holders of Claims based upon their particular circumstances. Additionally, this summary does not discuss any tax consequences that may arise under any laws other than United States federal income tax law, including under state, local or foreign tax law.

ACCORDINGLY, THE FOLLOWING SUMMARY OF CERTAIN UNITED STATES 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. ALL HOLDERS OF CLAIMS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES APPLICABLE UNDER THE PLAN.

**IRS CIRCULAR 230 DISCLOSURE:** TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE IRS, ANY TAX ADVICE CONTAINED IN THIS DISCLOSURE STATEMENT (INCLUDING ANY ATTACHMENTS) IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING TAX-RELATED PENALTIES UNDER THE INTERNAL REVENUE CODE. TAX ADVICE CONTAINED IN THIS DISCLOSURE STATEMENT (INCLUDING ANY ATTACHMENTS) IS NOT WRITTEN TO SUPPORT THE MARKETING OR PROMOTION OF THE TRANSACTIONS OR MATTERS ADDRESSED BY THIS DISCLOSURE STATEMENT. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER’S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR

**A. Tax Status of the Debtors.**

NV Kansas is classified as a corporation for United States federal income tax purposes and is a member of NV Media. NV Media is classified as a partnership for federal income tax purposes. The remaining NV Debtors are, for federal income tax purposes, entities that are disregarded as separate from NV Media. Accordingly, all

items of income, gain, loss, deduction and credit of the NV Debtors (other than NV Kansas) for United States federal income tax purposes, including any such items (such as gains, losses and cancellation of indebtedness (“**COD**”) income) from effectuation of the Plan, will be taken into account by the members of NV Media (including NV Kansas with respect to its proportionate share). All items of income, gain, loss, deduction and credit of NV Kansas will be taken into account at the corporate level by NV Kansas.

All of the PBC Debtors are entities that are disregarded as separate from the owner of PBC Holdings for federal income tax purposes. Accordingly, all items of income, gain, loss, deduction and credit of the PBC Debtors for United States federal income tax purposes, including any such items (such as gains, losses and COD income) from effectuation of the Plan, will be taken into account by the sole member of PBC Holdings.

**B. United States Federal Income Tax Consequences to the Debtors.**

**(1) Gain or Loss Pursuant to the Plan.**

In general, if a debtor conveys appreciated (or depreciated) property (i.e., property having an adjusted tax basis less (or greater) than its fair market value) to a creditor in cancellation of recourse debt, the debtor must recognize taxable gain or loss (which may be ordinary income or loss, capital gain or loss, or a combination of each) equal to the excess or shortfall, respectively, of such fair market value over the debtor’s adjusted tax basis in such property.

**(2) Cancellation of Indebtedness.**

The discharge of a recourse debt obligation by a debtor for an amount of cash, and/or fair market value of property that is less than the remaining balance of the debt obligation (as determined for United States federal income tax purposes) gives rise to COD income which must be included in the debtor’s income, subject to certain statutory or judicial exceptions that can apply to limit the amount of COD income (such as where the payment of the canceled debt would have given rise to a tax deduction). Section 108(a)(1)(A) of the Internal Revenue Code provides an exception to the general rule regarding COD income for corporate and certain other debtors that excludes the COD income from the debtor’s income if the discharge of indebtedness is granted in a title 11 bankruptcy case or pursuant to a plan approved by a bankruptcy court. The Internal Revenue Code provides that a debtor in a bankruptcy case must reduce certain of its tax attributes, such as net operating loss (“**NOL**”) carryforwards, current year NOLs, tax credits and tax basis in assets by the amount of any COD income realized from a discharge of indebtedness under a title 11 bankruptcy case or pursuant to a court approved bankruptcy plan.

In the case of a partnership (or any entity treated as a partnership for United States federal income tax purposes), the COD income exclusion and attribute reduction rules are applied at the partner, rather than partnership, level. Any COD income that is recognized

by a Debtor that is treated as a partnership for United States federal income tax purposes will be allocated to the partners of such partnership who were partners immediately prior to the event giving rise to the discharge of indebtedness, and each such partner generally must include its share of the COD income in determining such partner's own taxable income, except to the extent that such partner is able to exclude the COD income because it is insolvent, under the jurisdiction of a court in a bankruptcy proceeding or another exemption from the recognition of COD income applies to such partner. Furthermore, a partner in a partnership immediately prior to an event giving rise to discharge of indebtedness may recognize additional gain as a result of a reduction of its share of partnership liabilities, which is treated as a deemed cash distribution.

In February 2009, Congress enacted as part of the American Recovery and Reinvestment Act an elective COD income deferral and ratable inclusion provision with respect to the reacquisition of "applicable debt instruments" within the meaning of Section 108(i) of the Internal Revenue Code. The Debtors do not intend to make this election.

**C. United States Federal Income Tax Consequences to Holders of First Lien Loan Claims and Certain Holders of Second Lien Loan Claims.**

Pursuant to the Plan, NV Broadcasting, Reorganized NV Broadcasting and Reorganized PBC Television Holdings are Transferring to or at the direction of the Holders of First Lien Loan Claims and to certain Holders of Second Lien Loan Claims that vote to accept the Plan (collectively, the "**Lender Equity Recipients**"), in exchange for and in full satisfaction and discharge of such Claims, certain Plan Securities pursuant to the Plan (the persons or Entities who will receive certain Plan Securities at the direction of the Holders of First Lien Loan Claims are herein collectively referred to as the "**Other Equity Recipients**" and the Other Equity Recipients and the Lender Equity Recipients are herein collectively referred to as the "**Equity Recipients**"). Plan Securities to be Transferred to the Equity Recipients consist of the NVT Holdings Membership Interests, NVT License Holdings Membership Interests, the Warrants and the Reorganized PBC Broadcasting membership interests. For United States federal income tax purposes, prior to the Transfer of such Plan Securities to the Equity Recipients (i) NVT Holdings and all Debtors that it directly or indirectly owns (collectively, the "**NVT Holdings Debtors**"), (ii) NVT License Holdings and all Debtors that it directly or indirectly owns (collectively the "**NVT License Holdings Debtors**"), and together with the NVT Holdings Debtors, the "**NV Transferred Debtors**"), and (iii) Reorganized PBC Broadcasting and all Reorganized PBC Debtors that it directly or indirectly owns (collectively, the "**PBC Transferred Debtors**") are each treated as a disregarded entity.

**(1) Tax Consequences of the Exchanges.**

**(a) In General.**

For United States federal income tax purposes, each Lender Equity Recipient will be treated as exchanging its Claim, in a fully taxable exchange, for its Ratable Proportion of (i) the assets owned by those NV Transferred Debtors the Plan Securities of which are Transferred to the Lender Equity Recipients or to any of the Other Equity Recipients at the direction of such Lender Equity Recipients, and (ii) ninety-nine percent (99%) of the assets owned by the PBC Transferred Debtors the Plan Securities of which are Transferred to the Other Equity Recipients at the direction of such Lender Equity Recipients. Each Lender Equity Recipient will recognize gain or loss equal to the difference between (i) the fair market value as of the Effective Date of its Ratable Proportion of such assets to the extent that such value is not allocable to accrued interest not previously included in taxable income and (ii) the Lender Equity Recipient's adjusted tax basis in the Claim surrendered. The amount of such gain or loss, and the character of any gain or loss as long-term or short-term capital gain or loss or as ordinary income or loss, will be determined by a number of factors, including the tax status of the Lender Equity Recipient, whether the Claim constitutes a capital asset in the hands of the Lender Equity Recipient and how long it has been held, whether the Claim is treated as debt for United States federal income tax purposes, whether the Claim was acquired at a market discount, and whether and to what extent the Lender Equity Recipient had previously claimed a bad debt deduction in respect of the Claim.

For United States federal income tax purposes, immediately following the exchange described above, the Holders of First Lien Loan Claims will be deemed to have transferred the assets owned by the NVT License Holdings Debtors and the PBC Transferred Debtors to the Other Equity Recipients. The Other Equity Recipients will recognize income equal to the fair market value of the pro rata portion of (i) the assets owned by the NVT License Holdings Debtors the Plan Securities of which are Transferred to them at the direction of the Holders of First Lien Loan Claims and (ii) ninety-nine percent (99%) of the assets owned by the PBC Transferred Debtors the Plan Securities of which are Transferred to them at the direction of the Holders of First Lien Loan Claims.

**(b) Accrued but Unpaid Interest.**

To the extent that a portion of the value of the assets deemed transferred in the exchange is allocable to accrued but unpaid interest not previously included by the Lender Equity Recipient in taxable income, such amount should be taxable to the Lender Equity Recipient as interest income. Conversely, a Lender Equity Recipient may be able to recognize a deductible loss (or, possibly, a write-off against a reserve for worthless debts) to the extent that any accrued interest on the Claim was previously included in the Lender Equity Recipient's gross income but was not paid (or treated as paid) in full by the Debtors. Although the manner in which consideration is to be allocated between accrued interest and principal for these purposes is unclear under present law, the consideration paid pursuant to the Plan shall be allocated, pursuant to the Plan, first to the principal amount of such Claim as determined for federal income tax purposes and then to accrued interest, if any, with respect to such Claim. Accordingly, in any case where a Lender Equity Recipient is deemed to receive assets under the Plan having a value less

than the principal amount of its Claim, the Debtors will allocate the full amount of consideration transferred to such Lender Equity Recipient to the principal amount of such obligation and will not treat any amount of the consideration to be received by such Lender Equity Recipient as attributable to accrued interest. There is no assurance that such allocation will be respected by the IRS for federal income tax purposes.

**(c) Market Discount.**

A Lender Equity Recipient that purchased its Claim from a prior holder at a market discount may be subject to the market discount rules of the Internal Revenue Code. Under the “market discount” provisions of Sections 1276 through 1278 of the Internal Revenue Code, some or all of any gain realized by a Lender Equity Recipient may be treated as ordinary income (instead of capital gain), to the extent of the amount of “market discount” on the Claim. In general, a debt instrument is considered to have been acquired with “market discount” if the Lender Equity Recipient’s adjusted tax basis in the debt instrument is less than (i) the sum of all remaining payments to be made on the debt instrument (excluding “qualified stated interest”) or (ii) in the case of a debt instrument issued with original issue discount, its adjusted issue price, in each case, by at least a de minimis amount (equal to 0.25% of the sum of all remaining payments to be made on the Claim, excluding qualified stated interest, multiplied by the number of remaining whole years to maturity).

**(d) Bad Debt Deduction.**

A Holder who, under the Plan, receives in respect of a Claim an amount less than the Holder’s tax basis in the Claim may be entitled to a bad debt deduction in some amount under Section 166(a) of the Internal Revenue Code. The rules governing character, timing and amount of bad debt deductions place considerable emphasis on the facts and circumstances of the Holder, the obligor and the instrument with respect to which a deduction is claimed. Each Holder of a Claim, therefore, is urged to consult its tax advisors with respect to its ability to take such a deduction.

Section 108(e)(7) of the Internal Revenue Code provides that any gain recognized on the subsequent sale, exchange, redemption or other disposition of stock of a corporation received by a creditor in satisfaction of the corporation’s indebtedness may be treated as ordinary income to the extent the creditor previously claimed ordinary loss deductions with respect to the satisfied debt. The Internal Revenue Code requires the Secretary of Treasury to issue similar rules applicable to partnerships. To date, final guidance has not been issued by the Treasury Department. As such, the applicability of these rules to the Lender Equity Recipients remains uncertain. A Lender Equity Recipient should therefore consult its tax advisors prior to any disposition of Plan Securities.

**(e) Basis and Holding Period in Membership Interests, Warrants and Assets.**



A Lender Equity Recipient's initial tax basis in the NVT Holdings Membership Interests, the NVT License Holdings Membership Interests, the Warrants and the assets held by the PBC Transferred Debtors received pursuant to the Plan should equal the fair market value of the assets deemed transferred to such Lender Equity Recipient as of the Effective Date. A Lender Equity Recipient's holding period for the NVT Holdings Membership Interests, the NVT License Holdings Membership Interests, the Warrants and the assets held by the PBC Transferred Debtors should begin on the day following the Effective Date.

An Other Equity Recipient's initial tax basis in the NVT License Holdings Membership Interests and the assets held by the PBC Transferred Debtors shall be equal to the amount of income such Other Equity Recipient recognizes on the Transfer of the Plan Securities to such Other Equity Recipient at the direction of the Holders of First Lien Loan Claims. An Other Equity Recipient's holding period for the NVT License Holdings Membership Interests and the assets held by the PBC Transferred Debtors should begin on the day following the Effective Date.

**(2) Tax Consequences of Holding Membership Interests of NVT Holdings, NewCo NVT Holdings-NV NVT License Company and PBC Enterprises.**

**(a) Status of NVT Holdings, NewCo NVT Holdings-NV NVT License Company and PBC Enterprises for United States Income Tax Purposes.**

It is currently expected that each of NVT Holdings, NVT License Holdings and PBC Enterprises will be treated for federal income tax purposes as partnerships, and a holder of NVT Holdings Membership Interests, NVT License Holdings Membership Interests or membership interests in PBC Enterprises, as the case may be, will be treated as a partner of such entity, unless and until such entity (a) elects to be treated as a corporation, or (b) becomes classified as a corporation pursuant to Section 7704 of the Internal Revenue Code by reason of the membership interests in such entity being traded on an established securities market or treated as readily tradable on a secondary market (or the substantial equivalent thereof).

In the event that, contrary to present expectations, either NVT Holdings, NVT License Holdings or PBC Enterprises elects to be treated as a corporation for federal (and applicable state) tax purposes, or is required to be so treated as a result of excessive trading of its membership interests, NVT Holdings, NVT License Holdings or PBC Enterprises, as the case may be, would be required to include its items of income, gain, loss, deduction and credit on its separate return and to pay any tax liability thereon, the holders of membership interests would be treated as shareholders (rather than partners) of such entity, the consequences described in (b) *Effects of Partnership Status* below would therefore be inapplicable, and such holders would be taxable on dividends or other distributions, if any, received from NVT Holdings, NVT License Holdings or PBC Enterprises, as the case may be, or upon disposition of membership interests in such entity, under tax rules normally applicable to shareholders in a corporate entity.

As it is currently expected that the desired classification for federal income tax purposes of NVT Holdings, NVT License Holdings and PBC Enterprises is that of a partnership, and because the tax classification of NVT Holdings, NVT License Holdings and PBC Enterprises will be in the control of the Equity Recipients following the Effective Date, the following discussion assumes the classification of NVT Holdings, NVT License Holdings and PBC Enterprises as partnerships for United States federal income tax purposes.

**(b) Effects of Partnership Status.**

As described above, the Transfer of the NVT Holdings Membership Interests and Warrants to the Lender Equity Recipients will be deemed to be a transfer of the assets owned by the NVT Holdings Debtors to the Lender Equity Recipients for United States federal income tax purposes. Immediately following such deemed transfer, such assets shall be deemed to be contributed by such Lender Equity Recipients to NVT Holdings as a capital contribution and in exchange for the Warrants. Each holder of NVT Holdings Membership Interests will generally be considered a partner in NVT Holdings for United States federal income tax purposes. Each such holder will be required to include its distributive share of the income, gains, losses, deductions and credits of NVT Holdings on its own returns, whether or not any distributions are made, and will not be taxable on distributions when received except to the extent such distributions are in excess of the distributee's adjusted basis in the NVT Holdings Membership Interests. In general, a holder's adjusted basis in NVT Holdings Membership Interests will be increased by its additional capital contributions, if any, to NVT Holdings and by such holder's distributive share of income or gains of NVT Holdings, and the holder's adjusted basis in NVT Holdings Membership Interests will be decreased by the amount of distributions to such holder and such holder's distributive share of losses or deductions of NVT Holdings. A holder will recognize gain or loss upon disposition of its NVT Holdings Membership Interests equal to the difference between the amount such holder realizes in connection with the disposition and such holder's adjusted tax basis for such NVT Holdings Membership Interests.

The Transfer of the NVT License Holdings Membership Interests to the Other Equity Recipients will be deemed to be a transfer of the assets owned by the NVT License Holdings Debtors to the Holders of First Lien Loan Claims followed immediately thereafter by a transfer of such assets to the Other Equity Recipients for United States federal income tax purposes. Immediately following such deemed transfer to the Other Equity Recipients, such assets shall be deemed to be contributed by such Other Equity Recipients to NVT License Holdings as a capital contribution. Each holder of NVT License Holdings Membership Interests will generally be considered a partner in NVT License Holdings for United States federal income tax purposes. Each such holder will be required to include its distributive share of the income, gains, losses, deductions and credits of NVT License Holdings on its own returns, whether or not any distributions are made, and will not be taxable on distributions when received except to the extent such distributions are in excess of the distributee's adjusted basis in the NVT License Holdings Membership Interests. In general, a holder's adjusted basis in the NVT License

Holdings Membership Interest will be increased by its additional capital contributions, if any, to NVT License Holdings and by such holder's distributive share of income or gains of NVT License Holdings, and the holder's adjusted basis in the NVT License Holdings Membership Interest will be decreased by the amount of distributions to such holder and such holder's distributive share of losses or deductions of NVT License Holdings. A holder will recognize gain or loss upon disposition of its NVT License Holdings Membership Interests equal to the difference between the amount such holder realizes in connection with the disposition and such holder's adjusted tax basis for such NVT License Holdings Membership Interests.

The Transfer of the membership interests in Reorganized PBC Broadcasting to PBC Enterprises will be deemed to be a transfer of ninety-nine percent (99%) of the assets owned by the PBC Transferred Debtors to the Holders of First Lien Loan Claims followed immediately thereafter by a transfer of such assets to the owners of the Class B (Nonvoting) Membership Interests in PBC Enterprises other than Todd Parkin for United States federal income tax purposes. Immediately following such deemed transfer to such owners of the Class B (Nonvoting) Membership Interests in PBC Enterprises, such assets, together with the remaining assets owned by the PBC Transferred Debtors shall be deemed to be contributed by all of the owners of the Class B (Nonvoting) Membership Interests in PBC Enterprises to PBC Enterprises as a capital contribution. Each holder of membership interests in PBC Enterprises will generally be considered a partner in PBC Enterprises for United States federal income tax purposes. Each such holder will be required to include its distributive share of the income, gains, losses, deductions and credits of PBC Enterprises on its own returns, whether or not any distributions are made, and will not be taxable on distributions when received except to the extent such distributions are in excess of the distributee's adjusted basis in the membership interests in PBC Enterprises. In general, a holder's adjusted basis in membership interests in PBC Enterprises will be increased by its additional capital contributions, if any, to PBC Enterprises and by such holder's distributive share of income or gains of PBC Enterprises, and the holder's adjusted basis in membership interests in PBC Enterprises will be decreased by the amount of distributions to such holder and such holder's distributive share of losses or deductions of PBC Enterprises. A holder will recognize gain or loss upon disposition of its membership interests in PBC Enterprises equal to the difference between the amount such holder realizes in connection with the disposition and such holder's adjusted tax basis for such membership interests in PBC Enterprises.

As NVT Holdings, NVT License Holdings and PBC Enterprises will each be engaged in a trade or business in the United States and their respective assets may consist of United States real property interests, the owners of such entities should consult their own tax advisors as to the tax consequences in their particular circumstances of holding Plan Securities.

**(3) Tax Consequences of Exercise of Warrants.**

**(a) Exercise of Warrants.**

The Warrants received by the Lender Equity Recipients will constitute an option to acquire NVT Holdings Membership Interests in accordance with the terms of the Warrants. The exercise of a Warrant should not result in a taxable event to the holder thereof or to NVT Holdings, and the initial tax basis of NVT Holdings Membership Interests received as a result of the exercise of a Warrant should be equal to the sum of the Lender Equity Recipient's tax basis in the Warrant and the price paid, if any, to exercise the Warrant. Generally, the holding period for membership interests acquired through exercise of a warrant will begin on the day after the exercise date of the warrant. There is, however, substantial uncertainty as to how the IRS will treat the Warrants upon issuance and upon exercise, particularly with respect to the basis of, the distributive share of taxable income or loss attributable to and the holding period for the NVT Holdings Membership Interests acquired through exercise of a Warrant.

It is expected that the new limited liability company agreement of NVT Holdings will contain detailed provisions setting forth the proper tax accounting to be employed upon the exercise of the Warrants. Lender Equity Recipients receiving Warrants pursuant to the Plan should consult their own tax advisors as to the federal income tax consequences of receiving, holding and exercising the Warrants.

**(b) Sale of Warrants.**

A holder of Warrants will generally recognize gain or loss for federal income tax purposes on the sale of the Warrants received pursuant to the Plan in an amount equal to the difference between the amount realized on the sale and the holder's tax basis in the Warrant (determined as described above). Gain or loss will be capital if the Warrants are capital assets in the holder's hands. If the holder's holding period in the Warrants is more than one year, then the gain or loss will be long-term capital gain or loss.

**(c) Expiration or Lapse of Warrants.**

A holder of Warrants that allows its Warrants to expire will generally recognize loss for federal income tax purposes to the extent of the holder's tax basis in the Warrants (determined as described above).

**D. United States Federal Income Tax Consequences to Certain Holders of Second Lien Loan Claims.**

Pursuant to the Plan, Holders of (i) Second Lien Loan Secured Claims that do not vote to accept the Plan and (ii) Claims, other than those described above, that are not entitled to reinstatement or are otherwise Impaired (collectively, the "**Other Second Lien or Impaired Claims**") will not receive or retain any interest or property under the Plan and all Other Second Lien or Impaired Claims shall be canceled and extinguished. The United States federal income tax consequences of the Plan to a Holder of an Other Second Lien or Impaired Claim will depend upon the factors mentioned above, including in particular the nature of the Claim held by such Holder. The applicability of certain issues discussed above, including the availability of a bad debt deduction to the Holders of Other Second Lien or Impaired Claims, will depend on the facts and circumstances

unique to each Holder. Holders of Other Second Lien or Impaired Claims should therefore consult their tax advisors as to the tax consequences resulting to them as a consequence of consummation of the Plan.

**E. Information Reporting and Withholding.**

In general, information reporting requirements and “backup withholding” will apply to the amount of consideration received in exchange for a Claim, and the proceeds of a sale of the NVT Holdings Membership Interests, NVT License Holdings Membership Interests, Warrants or other property received in exchange for a Claim, by Holders other than certain exempt recipients (such as corporations). The current rate of backup withholding is 28% but is subject to change. Backup withholding generally applies if the holder (a) fails to furnish its social security number or other taxpayer identification number (“**TIN**”), (b) furnishes an incorrect TIN, (c) fails to properly report interest or dividends, or (d) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is its correct number and that it is not subject to backup withholding. Backup withholding is not an additional tax but merely an advance payment, which may be refunded or credited against such holder’s United States federal income taxes. Certain persons are exempt from backup withholding, including, in certain circumstances, corporations and financial institutions.

**F. Non-United States Claimholders.**

**This Disclosure Statement does not cover any of the United States federal income tax consequences of the Plan to Non-United States Holders of Claims. Each such Holder should consult its own tax advisor as to the United States tax consequences of the Plan including, without limitation, (i) whether such Holder will be subject to United States tax and required to file a United States tax return, (ii) the tax consequences of receiving or holding Plan Securities, and (iii) the withholding obligations imposed on distributions or transfers to such Holder.**

THE PRECEDING DISCUSSION OF CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES IS FOR GENERAL INFORMATION ONLY AND IS NOT TAX ADVICE. THE PROPER TAX TREATMENT OF A HOLDER OF AN ALLOWED CLAIM IS UNCERTAIN IN VARIOUS RESPECTS. ACCORDINGLY, EACH HOLDER SHOULD CONSULT ITS OWN TAX ADVISOR AS TO PARTICULAR TAX CONSEQUENCES TO IT OF THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS, AND OF ANY PROPOSED CHANGES IN APPLICABLE LAWS.

**XIV.  
CONCLUSION**

The Debtors believe that the Plan is in the best interests of all creditors and equity holders and urge the holders of impaired Claims in Classes 1 and 7 to vote to accept the Plan and to evidence such acceptance by returning their Ballots.

Dated: \_\_\_\_\_, 2009

NV Broadcasting, LLC  
NV Media, LLC  
NV Television, LLC  
NVT Kansas, Inc.  
NVT Birmingham, LLC  
NVT Birmingham Licensee, LLC  
NVT Mason City, LLC  
NVT Mason City Licensee, LLC  
NVT Portland, LLC  
NVT Portland Licensee, LLC  
NVT Hawaii, LLC  
NVT Hawaii Licensee, LLC  
NVT Wichita, LLC  
NVT Wichita Licensee, LLC  
NVT Topeka, LLC  
NVT Topeka Licensee, LLC  
NVT Topeka II, LLC  
NVT Topeka II Licensee, LLC  
NVT Youngstown, LLC  
NVT Youngstown Licensee, LLC  
NVT Savannah, LLC  
NVT Savannah Licensee, LLC

PBC Television Holdings, LLC  
PBC Broadcasting, LLC  
PBC Broadcasting of Youngstown, LLC  
PBC Broadcasting of Youngstown License, LLC  
PBC Broadcasting of Savannah, LLC;  
PBC Broadcasting of Savannah License, LLC.

---

Name:

Title:

---

Name:

Title: