

1 **Albert N. Kennedy**, OSB No. 821429 (Lead Attorney)

Direct Dial: (503) 802-2013

2 Facsimile: (503) 972-3713

E-Mail: al.kennedy@tonkon.com

3 **Michael W. Fletcher**, OSB No. 010448

Direct Dial: (503) 802-2169

4 Facsimile: (503) 972-3869

E-Mail: michael.fletcher@tonkon.com

5 **TONKON TORP LLP**

1600 Pioneer Tower

6 888 S.W. Fifth Avenue

Portland, OR 97204

7 Attorneys for Debtor

10 UNITED STATES BANKRUPTCY COURT

11 DISTRICT OF OREGON

12 In re:

13 Western Communications, Inc.,

14 Debtor

Case No. 11-37319-elp11

**DEBTOR'S DISCLOSURE
STATEMENT (NOVEMBER 15, 2011)**

16 **1. INTRODUCTION**

17 On August 23, 2011 (the "Petition Date"), Western Communications, Inc. ("Debtor")
18 filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code
19 (the "Bankruptcy Code"). On November 15, 2011, Debtor filed its Plan of Reorganization
20 (the "Plan") with the Bankruptcy Court. The Plan provides that Debtor will pay all creditors
21 in full. A copy of the Plan is attached hereto as Exhibit 1.

22 Debtor is seeking acceptance of the Plan by its creditors. A ballot has been enclosed
23 with this Disclosure Statement for use in voting on the Plan. Debtor believes confirmation of
24 the Plan is in the best interest of Debtor's creditors and urges those parties entitled to vote to
25 vote to accept the Plan.

26 * * *

1 **2. PURPOSE OF THE DISCLOSURE STATEMENT**

2 The purpose of this Disclosure Statement is to provide you with adequate information
3 to enable you to make an informed judgment concerning whether to vote for or against the
4 Plan. You are urged to review the Plan and, if appropriate, consult with counsel about the
5 Plan and its impact on your legal rights before voting on the Plan. Capitalized terms used but
6 not defined in this Disclosure Statement shall have the meanings assigned to such terms in
7 the Plan or the Bankruptcy Code.

8 This Disclosure Statement has been approved by Order of the Bankruptcy Court as
9 containing adequate information to permit parties in interest to make an informed judgment
10 as to whether to vote to accept or reject the Plan. The Bankruptcy Court's approval of this
11 Disclosure Statement, however, does not constitute a recommendation by the Bankruptcy
12 Court either for or against the Plan.

13 This Disclosure Statement is submitted in accordance with Section 1125 of the
14 Bankruptcy Code and Bankruptcy Rule 3016. The description of the Plan contained in this
15 Disclosure Statement is intended as a summary only and is qualified in its entirety by
16 reference to the Plan itself. If any inconsistency exists between the Plan and this Disclosure
17 Statement, the terms of the Plan are controlling. This Disclosure Statement may not be relied
18 on for any purpose other than to determine how to vote on the Plan.

19 This Disclosure Statement has been prepared by Debtor in good faith based upon
20 information available to Debtor and information contained in Debtor's books and records.
21 The information concerning the Plan has not been subject to a verified audit. The statements
22 contained in this Disclosure Statement are made as of the date hereof, unless another time is
23 specified herein, and the delivery of this Disclosure Statement shall not imply there has been
24 no change in the facts set forth herein since the date of this Disclosure Statement and the date
25 the material relied on in preparation of this Disclosure Statement was compiled.

26 * * *

1 Nothing contained herein shall constitute an admission of any fact or liability by any
2 party, or be admissible in any proceeding involving Debtor or any other party.

3 **3. BRIEF EXPLANATION OF CHAPTER 11**

4 Chapter 11 of the Bankruptcy Code is the principal reorganization provision of the
5 Bankruptcy Code. Pursuant to Chapter 11, a debtor-in-possession attempts to reorganize its
6 business for the benefit of the debtor, its creditors and other parties in interest.

7 The formulation and confirmation of a plan of reorganization is the principal purpose
8 of a Chapter 11 case. A plan of reorganization sets forth a proposed method of compensating
9 the debtor's creditors. Chapter 11 does not require all holders of claims to vote in favor of a
10 plan of reorganization in order for the Bankruptcy Court to confirm the plan. However, the
11 Bankruptcy Court must find that the plan of reorganization meets a number of statutory tests
12 before it may confirm, or approve, the plan of reorganization. These tests are designed to
13 protect the interests of holders of claims who do not vote to accept the plan of reorganization,
14 but who will nonetheless be bound by the plan's provisions if it is confirmed by the
15 Bankruptcy Court.

16 **4. BRIEF HISTORY OF DEBTOR/EVENTS LEADING TO CHAPTER 11**
17 **FILING**

18 Debtor is an Oregon corporation headquartered in Bend, Oregon.

19 Debtor is a small market newspaper, niche publishing, printing, and digital media
20 company with publications spread throughout Oregon (six publications) and California (two
21 publications). Debtor is committed to community journalism and believes in the invaluable
22 role and responsibility of community newspapers.

23 Through good times and bad, and despite the rapidly changing media culture, Debtor
24 has become the proclaimed model of what is best in American journalism. Whether in
25 circulation, journalistic quality, product development, commitment to community service and

26 * * *

1 the First Amendment, or unflinching ethical standards, Debtor is regularly extolled by its
2 readers and advertisers.

3 As newspapers across the nation struggled with readership, Debtor's newspapers in
4 Oregon and California solidified their positions as the prime sources of news and information
5 in print and web-based delivery.

6 Debtor's websites reach 280,000 unique visitors a month, though Debtor was among
7 the very first to protect exclusive material behind pay walls, a posture that the largest
8 newspapers are now adopting. Another 10,000 follow Debtor on Facebook and Twitter.

9 In the largest market, Bend, Oregon, The Bulletin grew from approximately 26,000
10 daily circulation in 2003 to approximately 34,000 now, adding market share to the
11 newspaper. And, over the decade until the beginning of the recession in 2007, Debtor's
12 operating revenue grew 90 percent.

13 Debtor was founded by Robert W. Chandler, now a member of the Oregon
14 Newspaper Hall of Fame, after he purchased Debtor's flagship newspaper, The Bulletin, in
15 1953.

16 Since that time, Debtor has grown to include The Baker City (Oregon) Herald; The
17 Observer of La Grande, Oregon; the Curry Coastal Pilot of Brookings, Oregon; The
18 Spokesman of Redmond, Oregon; The Daily Triplicate of Crescent City, California; and The
19 Union Democrat of Sonora California. In 2002, Debtor purchased the Central Oregon Nickel
20 Ads, a free distribution shopper in Bend, Oregon.

21 Mr. Chandler died in 1996, leaving Debtor's stock to his children, but gave his
22 personal fortune to the Oregon Community Foundation. Since then, that legacy has returned
23 \$3.8 million to needy and deserving causes in the communities served by Debtor.

24 In 1994 the family ownership, headed by chairwoman Elizabeth McCool and strongly
25 committed to private ownership, recruited an experienced publisher and newspaper

26 * * *

1 executive, Gordon Black, to head the management of Debtor's newspapers. His team has
2 overseen the great growth of Debtor.

3 In the mid to late 1990s, Bend and Central Oregon began a decade of growth that was
4 the fastest in the state and region and among the fastest in the nation. Again, from 2000 to
5 2010 the city of Bend grew 60 percent, to a population of 80,000. The readers and
6 advertisers flocking to the area were accustomed to metropolitan newspapers, and demanded
7 one in Central Oregon. They sought a seven-day-a-week morning newspaper, one that was
8 focused on an array of sophisticated local coverage, but also had a representative report on
9 the state, nation and world. That required investment and wise choices, which were made
10 and have paid enormous dividends and secured Debtor's position as the prime news source in
11 Central Oregon for the foreseeable future, as well as providing a template for Debtor's other
12 markets.

13 After a series of scientific reader surveys in Central Oregon, Debtor's largest market,
14 The Bulletin became a seven-day-a-week publication and switched to morning delivery with
15 a 6 a.m. delivery promise. Working closely together, news, advertising, circulation and
16 production leaders reinvented a newspaper. The result: readers could make one stop for all
17 the news they sought, and advertisers had an array of targeted products each day to reach
18 potential customers throughout the region.

19 This restyled newspaper, which Editor & Publisher magazine twice cited as one of the
20 10 in the nation that does it best, needed a major expansion of plant and press. There simply
21 was not enough room or press capacity, or quality, to build on this success. So, in 2000, The
22 Bulletin moved into a new, 87,500-square-foot facility with new, state-of-the-art KBA
23 presses.

24 This \$12 million investment gave the newspaper the kind of news, advertising,
25 production and distribution capacity that will dominate the region for years to come with
26 both its core product and the 70 special magazines and tabloids published annually.

1 In advertising, these investments made possible a 240 percent increase in color ads
2 from 1996 to 2010. This new capacity also paved the way for an 87 percent increase in
3 commercial printing revenue over the decade.

4 Editor & Publisher was not the only industry source recognizing this accomplishment.
5 The editorial and advertising efforts received multiple state, regional and national awards,
6 and for the last four years The Bulletin has received a General Excellence Award from the
7 Oregon Newspaper Publishers Association, where it competes in the same category as larger
8 newspapers, including The Oregonian. Its editorial page was named best in the state.

9 The Bulletin won the ONPA circulation award for being the fastest growing
10 newspaper in the state six out of the last seven years. And the reproduction quality of the
11 newspaper has won the Northwest Print Quality contest seven times in the last nine years.

12 The Bulletin is not alone among Debtor's newspapers in the realm of awards. In fact,
13 all of Debtor's newspapers regularly dominate their categories in state and regional contests.
14 One newspaper, The Observer, of La Grande, Oregon, has all but retired the General
15 Excellence award, winning it seven out of the last 10 years.

16 One award, however, stands out as a beacon of Debtor's ethical standards and a
17 reason for its credibility with its readers, the lifeblood of what it does. Debtor was one of the
18 first media companies with strict, and written, ethical standards. In 2000, The Union
19 Democrat of Sonora, California, won the nationally prestigious Payne Award for ethics in
20 journalism from the University of Oregon. It won it for not incriminating an innocent
21 suspect, as other media did, in the horrendous murders of three women at Yosemite National
22 Park.

23 Just as at The Bulletin, Debtor's other newspapers have made significant investments
24 to serve readers and advertisers. In 2007, Debtor invested \$2.2 million in a new printing,
25 production and circulation facility for The Union Democrat in Sonora, California, adding
26 press units and other enhancements.

1 The newspapers have taken strong advantage of these advances, adding multiple new
2 features to their basic reports.

3 The collapse of the credit-based real estate industry could not help but seriously
4 impact Debtor, particularly in those markets such as Bend, where population and housing
5 growth had been meteoric. But Debtor took an approach unlike the radical and destructive
6 reaction of so many newspapers. It successfully shaved the operation carefully to meet the
7 reality of less revenue, but did it in ways that maintained the strong newspapers and excellent
8 staff.

9 Debtor reduced publication days at two newspapers, and reduced the page width at
10 The Bulletin, which it plans to do at the remaining newspapers in 2012. Following the
11 example of Debtor's owners, who have not taken distributions for nearly four years, the staff
12 payroll was cut and furlough days introduced.

13 Still, as the economy continued to falter, Debtor was forced to file for Chapter 11
14 protection.

15 In January 2009, Debtor's lender, Bank of America, declared Debtor in default of
16 certain financial covenants in its loan documents. The company entered into a forbearance
17 agreement with Bank of America ("B of A") in June 2009, an agreement that was extended
18 until June 30, 2011. During this period, Debtor made all scheduled payments to B of A, and
19 paid an additional \$2 million in penalty interest and fees, but was unable to agree upon a
20 workable resolution going forward. Thus, to ensure Debtor's long-term success and survival,
21 Debtor filed a voluntary petition for relief on August 23, 2011.

22 But even during the recession and negotiations with B of A, Debtor continued to find
23 new ways to serve its critical interests. An example stands out: In 2007, The Bulletin
24 leadership signed off on a new weekly broadsheet section called "Health." Realigning staff,
25 the newspaper in 2009 created a slick stock quarterly health magazine called "High Desert
26 Pulse." Both serve the booming regional health center Bend has become. With the creation

1 of these two superb products, health advertising in The Bulletin is now a million dollar
2 category. Pulse, which started at 32 pages in the beginning of the recession is now at 56
3 pages, and circulation spikes on the days it is distributed.

4 The company brought this successful theme to The Union Democrat in Sonora,
5 California, and is planning similar efforts in other markets in 2012.

6 And to play in a changing media world, Debtor has expanded its web based efforts,
7 and is moving into the world of mobile device delivery.

8 Already in Bend, the market that in good times accounts for nearly two-thirds of
9 Debtor's revenue, investors are returning to buy property at prices that are now attractive,
10 Facebook has constructed a 320,000 square foot data facility in Prineville and is now
11 constructing a second there, Oregon State University has purchased a center for graduate
12 degree programs, Powder Corp. has proposed an expansion of the Mt. Bachelor ski resort ,
13 and the regional airport in Redmond has tripled in size, with jet service to more major
14 metropolitan areas. A national bank has even announced expansion plans.

15 There are also hopeful signs in Sonora, Debtor's second largest market.

16 Debtor's other markets are smaller and far less affected by the recession, but all of
17 Debtor's markets have a natural beauty and rich history that will continue to attract
18 investment and population in the years ahead. Debtor will be ready when they recover. With
19 exclusive ownership of the most credible and extensive base of local news, Debtor will
20 continue to dominate these markets, and practice what is best in journalism.

21 **5. SIGNIFICANT POST-PETITION EVENTS**

22 5.1 First-Day Orders. At the beginning of Debtor's Chapter 11 case, the
23 Bankruptcy Court entered a number of "first day" orders that Debtor requested for purposes
24 of maintaining ongoing business operations and to ensure that the Chapter 11 filing would
25 not disrupt Debtor's operations. These orders, among other things, authorized Debtor to pay
26 employees their accrued pre-petition wages, salaries, compensation, expenses, benefits and

1 related taxes; to maintain Debtor's pre-petition bank accounts; to continue Debtor's existing
2 utility services, including determining an adequate amount of utility deposits; and to continue
3 to honor prepaid subscriptions.

4 5.2 Retention of Professionals. Pursuant to a series of applications and orders,
5 Debtor obtained authorization from the court to employ various professionals in the Case.
6 These professionals include, among others, Tonkon Torp LLP as Debtor's Chapter 11
7 counsel; Davis Wright Tremaine LLP, as special purpose counsel; The Zinsler Law Firm,
8 P.C. as special purpose counsel; and Grove, Mueller & Swank, P.C., as Debtor's accountants.

9 5.3 Use of Cash Collateral. Following the filing of Debtor's Chapter 11 case,
10 Debtor has continued to operate on its cash flow pursuant to an interim, and then final,
11 stipulated cash collateral order agreed to by Debtor and B of A, and entered by the
12 Bankruptcy Court.

13 **6. PLAN SUMMARY/CLASSIFICATION AND TREATMENT OF CLAIMS**

14 The following is a general summary of certain provisions of the Plan. Each holder of
15 a Claim should carefully review the entire Plan, along with this Disclosure Statement, before
16 voting on the Plan.

17 6.1 General. The Plan provides that Debtor will pay all creditors in full. The Plan
18 contemplates that Debtor will continue to operate in the ordinary course and pay and satisfy
19 its obligations under the Plan from revenue generated by continuing operations. Debtor
20 believes it will be able to operate profitably and its value as a going concern will be enhanced
21 by continued operation following confirmation of the Plan. The Effective Date of the Plan
22 will be the later of July 1, 2012 or the first day of the first month following the date that the
23 Confirmation Order becomes a Final Order.

24 6.2 Classification and Treatment of Claims Under the Plan. As summarized
25 below, other than "unclassified" Claims (discussed below), the Plan classifies all Claims into
26 one of six Classes – Other Priority Claims (Class 1), City of Bend (Class 2), B of A (Class 3),

1 PAGE (Class 4), Small Unsecured Claims (Class 5), General Unsecured Claims (Class 6),
2 and Interests (Class 7).

3 6.2.1 Class 1 – Other Priority Claims. Class 1 consists of all Allowed Other
4 Priority Claims. Class 1 is not impaired by the Plan.

5 Debtor is not aware of any Other Priority Claims. An Other Priority Claim is a claim
6 against Debtor entitled to priority under Section 507(a) of the Bankruptcy Code, other than
7 an Administrative Expense Claim or a Priority Tax Claim. Each holder of an Allowed
8 Class 1 Claim will be paid the full amount of such Claim on the later of (a) the Effective
9 Date, or (b) the date on which such Claim becomes Allowed.

10 6.2.2 Class 2 – City of Bend. Class 2 consists of the Allowed Secured
11 Claim of the City of Bend. Class 2 is not impaired by the Plan.

12 The City of Bend has an Allowed Secured Claim against Debtor in an amount equal
13 to the amount owing by Debtor to the City of Bend as of the Petition Date (approximately
14 \$11,800) with respect to a \$90,000 loan made by the City of Bend to Debtor in 2003 in
15 connection with the Southern Bridge Local Improvement District (LID) No. 671 assessment
16 imposed by the City of Bend on Debtor in 2003 ("City of Bend Loan").

17 Under the Plan, Debtor reaffirms its obligations under the City of Bend Loan in
18 accordance with its original terms. To the extent any payments are due and owing under the
19 City of Bend Loan as of the Effective Date, Reorganized Debtor will make such payments
20 with interest at the contract rate (6.5%) on the Effective Date. Thereafter, Reorganized
21 Debtor will continue to make all regularly scheduled loan payments to the City of Bend as
22 and when such payments become due under the City of Bend Loan.

23 The City of Bend has a statutory lien on the property subject to the initial assessment
24 (1777 SW Chandler Avenue). The City of Bend will retain its lien on that property with the
25 same priority and to the same extent such lien had as of the Petition Date.

26 * * *

1 6.2.3 Class 3 – B of A. Class 3 consists of the Allowed Claim of B of A.

2 B of A is Debtor's largest Creditor and has a security interest in all or substantially all
3 of Debtor's personal property and most of Debtor's real property.

4 As of the Petition Date, Debtor owed B of A approximately \$17,874,878 under four
5 separate loan facilities (three term loan facilities and one revolving line of credit facility)
6 funded under two Loan Agreements dated March 18, 2005 (such loan agreements,
7 collectively, the "B of A Loan Agreement").

8 In connection with the B of A Loan Agreement, Debtor and B of A entered into an
9 ISDA 2002 Master Agreement and Schedule to the Master Agreement each dated March 18,
10 2005 (collectively, the "Master Agreement"). Under the Master Agreement, Debtor and
11 B of A entered into two Interest Rate Swap Transactions (Reference Nos. 4213458 and
12 4213457) (collectively the "Transactions"), evidenced by SWAP Confirmations dated
13 March 21, 2005 and March 22, 2005, that are subject to and form a part of the Master
14 Agreement. The Master Agreement and the Transactions are collectively referred to as the
15 B of A Swap Agreement.

16 After the Petition Date, B of A notified Debtor that as a result of Debtor's Chapter 11
17 filing, B of A was terminating the Transactions effective September 12, 2011. B of A also
18 notified Debtor that as a result of such terminations, B of A was asserting an early
19 termination fee in the amount of \$1,880,807 ("B of A SWAP Termination Fee").

20 The Plan provides that B of A will have an Allowed Class 3 Claim in the amount of
21 all principal, accrued non-default interest, and reasonable fees (including the B of A Swap
22 Termination Fee) and costs owing by Debtor to B of A as of the Effective Date under the
23 B of A Loan Documents (as such amount (including the B of A SWAP Termination Fee) is
24 determined by agreement of Debtor and B of A, or, absent agreement, in such amount as is
25 determined and Allowed by the Bankruptcy Court).

26 * * *

1 As Collateral for its Class 3 Claim, B of A will retain its security interests in and liens
2 on its Collateral with the same priority and to the same extent such security had as of the
3 Petition Date, and Reorganized Debtor will maintain the Collateral in good repair and insure
4 the Collateral to its full usable value.

5 The Plan provides that B of A's Class 3 Claim will be satisfied by delivery of a
6 promissory note to B of A in the original principal amount of the Allowed Class 3 Claim,
7 which will bear interest from the Effective Date at a fixed per annum rate of 4.5% and will be
8 payable by Reorganized Debtor as follows:

9 Commencing on the first day of the first month following the Effective Date, and
10 continuing on the first day of each month thereafter through and including the 24th month
11 following the Effective Date, Reorganized Debtor will make interest-only payments on the
12 B of A Note. Commencing on the first day of the 25th month following the Effective Date
13 and continuing on the first day of each month thereafter until the B of A Note has been paid
14 in full, Reorganized Debtor will make equal monthly amortizing payments of principal and
15 interest on the B of A Note based on a 30-year amortization schedule, with a balloon
16 payment due 10 years after the Effective Date.

17 B of A will have no Claim other than its Class 3 Claim.

18 6.2.4 Class 4 - PAGE. Class 4 consists of the Allowed Claim of PAGE
19 Cooperative, Inc. ("PAGE") (exclusive of any Allowed Section 503(b)(9) Administrative
20 Expense Claim of PAGE).

21 PAGE is a not-for-profit, member owned cooperative buying association through
22 which members of PAGE pool their individual purchases to create large-volume leverage
23 from over 170 suppliers. PAGE members place orders with participating suppliers, which
24 invoice PAGE. PAGE invoices the member, and the member pays PAGE for the invoiced
25 product.

26 * * *

1 Debtor is a member of PAGE and as of the Petition Date Debtor owed PAGE
2 \$610,289.68. PAGE holds a security interest in Debtor's "Baker City Herald" building
3 located at 1915 First Street, Baker City, Oregon, the value of which is approximately
4 \$225,000.

5 The Plan provides that PAGE will have an Allowed Class 4 Claim in the amount of
6 (x) \$610,289.68 (which amount is equal to the total pre-petition amount owing to PAGE),
7 less (y) the amount of any Allowed Section 503(b)(9) Administrative Expense Claim of
8 PAGE, as such amount is determined by agreement of Debtor and PAGE or, absent
9 agreement, as such amount as is determined and Allowed by the Bankruptcy Court.

10 The Plan provides that PAGE's Class 4 Claim will be satisfied by the delivery of a
11 promissory note to PAGE in the original principal amount of the Allowed Class 4 Claim (the
12 "PAGE Note"). The PAGE Note will bear interest from the Petition Date at a fixed per
13 annum rate of 4.5% and will be payable by Reorganized Debtor in 20 equal quarterly
14 payments of principal and interest (with payments due on March 31, June 30, September 30
15 and December 31), with the first quarterly payment due on the first day of the first calendar
16 quarter following the Effective Date.

17 As Collateral for its Class 4 Claim, PAGE will retain its security interests in and liens
18 on its Collateral with the same priority and to the same extent such security had as of the
19 Petition Date, and Reorganized Debtor will maintain the Collateral in good repair and insure
20 the Collateral to its full usable value.

21 6.2.5 Class 5 - Small Unsecured Claims. Class 5 consists of all Allowed
22 Small Unsecured Claims. A Small Unsecured Claim is defined as any Claim that would
23 qualify as a General Unsecured Claim and is equal to or less than \$1,000 or that has been
24 reduced by election in writing to \$1,000, provided that such written election shall be served
25 on Debtor not later than the first date fixed by the Court for the filing of acceptances or

26 * * *

1 rejections of the Plan. Debtor projects that the total amount of Small Unsecured Claims will
2 range from approximately \$45,000 to \$55,000.

3 The Plan provides that all Allowed Small Unsecured Claims will be paid in full in
4 Cash (without interest) no later than 120 days after the Effective Date.

5 6.2.1 Class 6 - General Unsecured Claims. Class 6 consists of all Allowed
6 General Unsecured Claims. Debtor projects that the total amount of General Unsecured
7 Claims will range from approximately \$55,000 to \$60,000.

8 The Plan provides that all Allowed General Unsecured Claims will be paid in full
9 (with interest accruing from the Petition Date at the Federal Judgment Rate) no later than two
10 years after the Effective Date. The Plan further provides that within 12 months after the
11 Effective Date, Reorganized Debtor shall have paid at least 50% of the principal amount of
12 each General Unsecured Claim. At the time Reorganized Debtor makes any principal
13 payment on a General Unsecured Claim, Reorganized Debtor will also pay all accrued but
14 unpaid interest then owing under the Plan on such General Unsecured Claim.

15 6.2.2 Class 7 - Interests. The Plan provides that existing Interests in Debtor
16 will be preserved. However, the Plan provides that until all Class 4, Class 5 and Class 6
17 Claims have been paid in full, Reorganized Debtor will not repurchase any stock, or make or
18 pay any distributions or dividends to its shareholders on account of their stock, except for tax
19 distributions necessary to meet income tax obligations arising from income attributable to
20 Debtor or Reorganized Debtor.

21 6.3 Unclassified Claims. Administrative Expense Claims and Priority Tax Claims
22 are not classified under the Plan.

23 6.3.1 Administrative Expense Claims. An Administrative Expense Claim is
24 a claim against Debtor constituting an expense of administration of the Bankruptcy Case
25 allowed under Section 503(b) of the Bankruptcy Code, including, without limitation, the
26 actual and necessary costs and expenses of preserving the estate and operating the business of

1 Debtor during the case, any indebtedness or obligations incurred by Debtor during the
2 pendency of the case in connection with the conduct of, the acquisition or lease of property
3 by, or the rendition of services to, Debtor; compensation for legal and other professional
4 services; and reimbursement of expenses and statutory fees payable to the United States
5 Trustee. Administrative Expense Claims also include claims made by suppliers of goods to
6 Debtor for the value of any goods sold to Debtor in the ordinary course of Debtor's business
7 that were received (and not paid for) by Debtor within 20 days before the Petition Date
8 (referred to in this Disclosure Statement as Section 503(b)(9) Administrative Expense
9 Claims).

10 Debtor estimates that, as of the Effective Date, the total amount of unpaid
11 Administrative Expense Claims, including Section 503(b)(9) Claims, may range from
12 \$150,000 to \$300,000.

13 Pursuant to the Plan, Administrative Expense Claims will be paid in full on the later
14 of the Effective Date or the date on which the Administrative Expense Claim becomes an
15 Allowed Claim; provided, however, that Administrative Expense Claims representing
16 liabilities incurred by Debtor in the ordinary course of business (including amounts owed to
17 vendors and suppliers that sold products or furnished services to Debtor after the Petition
18 Date) will be paid in accordance with the terms and conditions of the particular transactions,
19 and any other agreements relating thereto. Additionally, any agreements between Debtor and
20 holders of Allowed Administrative Expense Claims for treatment other than payment in full
21 on the date described above must be in writing.

22 6.3.2 Priority Tax Claims. A "Priority Tax Claim" is a claim of a
23 governmental unit of the kind entitled to priority under Section 507(a)(8) of the Bankruptcy
24 Code. Debtor is not aware of any Priority Tax Claims. To the extent there are any Priority
25 Tax Claims, the Plan provides that Priority Tax Claims will be paid as allowed in

26 * * *

1 Section 1129(a)(9) within 30 days following the later of the Effective Date or the date upon
2 which the Priority Tax Claim becomes an Allowed Claim.

3 6.4 Leases and Executory Contracts. The Bankruptcy Code gives Debtor the
4 right, after commencement of its Chapter 11 Case, subject to approval of the Bankruptcy
5 Court, to assume or reject executory contracts and unexpired leases. Generally, an
6 "executory contract" is a contract under which material performance (other than the payment
7 of money) is still due by each party.

8 The Plan provides that all of Debtor's executory contracts will be deemed assumed by
9 operation of law on the Effective Date except any executory contract that has been
10 specifically assumed or rejected by Debtor on or before the Effective Date or in respect of
11 which a motion for assumption or rejection has been Filed by Debtor on or before the
12 Effective Date.

13 6.5 Cram Down. The Plan provides that in the event any impaired Class does not
14 vote to accept the Plan, Debtor reserves the right to request that the Bankruptcy Court
15 confirm the Plan in accordance with Section 1129(b) of the Bankruptcy Code or otherwise
16 modify the Plan.

17 6.6 United States Trustee Fees. The Plan provides that all fees payable by Debtor
18 to the United States Trustee under 28 U.S.C. § 1930(a)(6), or to the Clerk of the Bankruptcy
19 Court, will be paid in full on the Effective Date. The Plan further provides that Reorganized
20 Debtor will continue to pay such fees to the Bankruptcy Court post-confirmation until the
21 Case is closed by the Bankruptcy Court, dismissed, or converted.

22 **7. MEANS FOR IMPLEMENTATION OF THE PLAN**

23 7.1 Continuation of Debtor. The Plan provides that Debtor will fund payments to
24 its Creditors and otherwise satisfy its Plan obligations from available Cash and from the net
25 operating income generated from Reorganized Debtor's continuing business operations. The
26 Plan further provides that if such Cash and net operating income are not at any time sufficient

1 to fund payments to its Creditors or otherwise satisfy its Plan obligations, Reorganized
 2 Debtor will generate funds to satisfy such obligations from a recapitalization of Reorganized
 3 Debtor or from a sale or refinance of some or all of Reorganized Debtor's businesses.

4 7.2 Management Team/Board of Directors. Debtor has a highly educated and
 5 experienced management team, and anticipates that each member of its management team
 6 (set forth below) will continue with Reorganized Debtor post-confirmation.

7 Debtor's Board of Directors is made up of the following individuals:

8 Shareholder/Directors

9 Elizabeth Chandler McCool	Bend, Oregon
10 Janet Chandler Stevens	Bend, Oregon
11 Margaret Chandler Cushman	Bend, Oregon
12 Mary Jean Chandler	Bend, Oregon
13 Patricia Chandler Moss	Bend, Oregon
14 Robert W. Chandler, Jr.	Sisters, Oregon

13 Outside Directors

14 Loren Wyss	Portland, Oregon
15 Scott Campbell	Vancouver, Washington
Bart McGuire	Tucson, Arizona
Paul Tash	St. Petersburg, Florida

16 Directors:

17 Elizabeth McCool serves as the board chairwoman and works at The Bulletin.
 18 Ms. McCool, Ms. Stevens and Ms. Cushman serve on The Bulletin's editorial board and
 19 Ms. Stevens works in The Bulletin's editorial department. All of the directors are actively
 20 involved in the community. Ms. McCool's annual salary is \$71,109. Ms. Stevens' annual
 21 salary is \$32,088. Ms. Cushman does not receive compensation for her work on the editorial
 22 board. None of the shareholder/directors receive compensation as members of the Board of
 23 Directors.

24 Loren Wyss is a third-generation Oregonian with a Harvard BA and MBA. He has
 25 been an investment counselor and economist in Portland since 1960. In 1989 he founded the
 26 Wyss Family Foundation and is a former trustee of the Chiles and Templeton Foundations.

1 Scott Campbell is the owner, publisher, and chief executive officer of The
2 Columbian, a newspaper in Vancouver, Washington. He is a graduate of the University of
3 Oregon School of Journalism. He has served as a director on numerous community boards.

4 Bart McGuire is the former chief executive officer of the WTA Tour (women's
5 professional tennis); former visiting professor of law at Lewis & Clark Law School; an
6 associate and partner at Davis Polk & Wardwell from 1968 through 1992, where he was a
7 legal advisor to many CEOs and boards of directors, and the managing partner of the
8 Washington, D.C. offices from 1988-1992; and Assistant and Associate Professor at the
9 University of Pittsburgh School of Law from 1966-1968 and 1970-1972. He received his
10 J.D. from the Columbia University School of Law, where he graduated magna cum laude.

11 Paul Tash is editor, chief executive officer, and chairman of The Tampa Bay Times
12 (formerly The St. Petersburg Times). He has been a frequent panelist and speaker on
13 newspaper related topics. He is an authority on freedom of information and expression,
14 serving in state, national and international organizations devoted to freedom of the press.
15 Paul graduated summa cum laude from Indiana University in 1976 with a degree in
16 journalism and political science. He received a Marshall Scholarship and graduated with a
17 bachelor of laws degree from Edinburgh University in Scotland in 1978.

18 In addition to receiving reimbursement for direct expenses related to his position on
19 the Board, each outside director is compensated \$1,625 for each board meeting attended and
20 \$500 for each committee meeting. There are four quarterly board meetings each year.

21 Non Director Officers:

22 Gordon R. Black, is president of Debtor and publisher of The Bulletin from 1994 to
23 the present. He has a B.A. German and B.J. in Journalism from the University of Missouri.
24 Mr. Black began as a retail advertising representative at the News-Journal newspapers in
25 Wilmington, Delaware in 1971, becoming the advertising director in 1980. He was named
26 manager of retail advertising for the Gannett newspaper division in 1984 and moved to The

1 Des Moines Register as advertising director in 1985. In 1986, he was named president and
2 publisher of The Idaho Statesman where he remained until joining Debtor. Mr. Black's
3 annual salary is \$201,619.

4 Karen Anderson, has been the chief financial officer of Debtor from 1999 to the
5 present. Ms. Anderson has a B.A. in Mathematics from Hendrix College and is a Certified
6 Public Accountant. Ms. Anderson worked nine years with Ernst & Young in its tax
7 department, leaving as a senior manager. Ms. Anderson completed six more years with a
8 regional accounting firm before joining Debtor as chief financial officer in 1999.
9 Ms. Anderson's annual salary is \$119,684.

10 Non Officer Senior Management:

11 John Costa has been the editor of The Bulletin and editor-in-chief of Debtor from
12 1997 to the present. Mr. Costa is a decorated Vietnam veteran who has worked in the
13 newspaper business as a reporter and editor since leaving the Army in 1969. He was the
14 deputy managing editor of The St. Petersburg Times where he worked for 20 years and
15 directed a Pulitzer Prize winning project. He was the executive editor of The Idaho
16 Statesman for four years before joining Debtor in 1997. He is a member of the American
17 Society of Newspaper Editors, a board of directors member of the Knight-Wallace
18 Journalism Fellows at the University of Michigan, and a member of the Journalism Advisory
19 Council at the University of Oregon. Mr. Costa has served as a Pulitzer Prize juror and is
20 also a former trustee of the Oregon Council for the Humanities.

21 Keith Foutz has worked in corporate circulation and been the operations director of
22 Debtor from 2004 to the present. Mr. Foutz has worked for 30 years in the newspaper
23 industry at various newspapers across the country including stints as both general manager
24 and publisher. Under his leadership in circulation, The Bulletin was recognized as one of the
25 fastest growing papers in the country for three consecutive years. In 2007 he was awarded
26 the sales executive of the year by the Newspaper Association of America. The Bulletin has

1 won the Northwest Print quality competition seven out of the last nine years. Mr. Foutz's
2 accomplishments have made him a nationally recognized speaker at industry conferences.

3 Jan Even has been the new media director of Debtor from 2003 to the present.
4 Ms. Even has worked in new media since almost the beginning of the consumer internet.
5 Immediately prior to joining Debtor, she was the director of merchandising at expedia.com.
6 She has worked in the newspaper industry as a reporter and editor, including as the Arts &
7 Entertainment editor of the Seattle Times. She was recruited from the Seattle Times by
8 Microsoft to create its first city guide site: seattle.sidewalk.com and later
9 portland.sidewalk.com. In 1997 she was named one of eight nationwide web pioneers by a
10 leading industry magazine.

11 Jay Brandt has been the advertising director of Debtor from 2000 to the present.
12 Mr. Brandt has spent his career in the advertising industry. Prior to joining Debtor, he
13 worked for eight years as the in-house advertising director in charge of all media buying for
14 11 automotive franchises. He also worked for five years in the advertising department of The
15 Idaho Statesman.

16 **8. ASSETS AND LIABILITIES**

17 Set forth on Exhibit 2 attached hereto is Debtor's internally-prepared balance sheet as
18 of September 30, 2011 and as of December 31, 2008, December 31, 2009 and December 31,
19 2010. In addition, Exhibit 3 attached hereto contains, in summary fashion, Debtor's income
20 statements for the nine-month period ending as of September 30, 2011 and for the years
21 ending December 31, 2008, December 31, 2009 and December 31, 2010.

22 8.1 Assets. As set forth on Exhibit 2 and in Debtor's Schedules, Debtor's assets
23 consist primarily of commercial buildings and related real property (with an appraised fair
24 market value of approximately \$11,000,000); various equipment, inventory and other hard
25 assets (with an appraised fair market value of approximately \$3,500,000); intangible assets
26 (valued at approximately \$12,500,000); accounts receivable (approximately \$2,000,000 as of

1 9/30/2011); and cash (approximately \$900,000 as of 9/30/2011). B of A has a security
2 interest against all or substantially all of Debtor's personal property and also has a lien on six
3 of Debtor's commercial properties. PAGE has a lien on one of Debtor's properties. Debtor
4 has three commercial properties that are unencumbered. The estimated combined fair market
5 value of those three unencumbered properties is less than \$1,000,000.

6 8.2 Liabilities. As of September 30, 2011, Debtor had total liabilities of
7 approximately \$23,700,000 (excluding the B of A SWAP Termination Fee). As set forth
8 above, Debtor's liabilities are concentrated primarily with two creditors: B of A and PAGE.

9 **9. FINANCIAL PROJECTIONS**

10 Exhibit 4 attached hereto presents, in summary fashion, Debtor's financial projections
11 through December 31, 2016.

12 **10. VOTING PROCEDURES**

13 10.1 Ballots and Voting Deadline. A ballot has been enclosed with this Disclosure
14 Statement for use in voting on the Plan. After carefully reviewing the Plan and this
15 Disclosure Statement, and if you are entitled to vote on the Plan, please indicate your
16 acceptance or rejection of the Plan by voting for or against the Plan on the enclosed ballot as
17 directed below.

18 To be counted for voting purposes, ballots must be received no later than
19 _____ .m. Pacific time, on _____, 2011 by Debtor at the following
20 address:

21 Tonkon Torp LLP
22 Attention: Spencer Fisher
23 1600 Pioneer Tower
24 888 SW Fifth Avenue
25 Portland, OR 97204-2099

25 * * *

26 * * *

1 Any ballots received after _____ .m. Pacific time on _____, 2011 will not be
2 included in any calculation to determine whether the parties entitled to vote on the Plan have
3 voted to accept or reject the Plan.

4 If you do not receive a ballot, or if a ballot is damaged or lost, please contact:

5 Tonkon Torp LLP
6 Attention: Spencer Fisher
7 1600 Pioneer Tower
8 888 SW Fifth Avenue
9 Portland, OR 97204-2099
10 Telephone Number: (503) 802-2167

11 When a ballot is signed and returned without further instruction regarding acceptance
12 or rejection of the Plan, the signed ballot shall be counted as a vote accepting the Plan. When
13 a ballot is returned indicating acceptance or rejection of the Plan but is unsigned, the
14 unsigned ballot will not be included in any calculation to determine whether parties entitled
15 to vote on the Plan have voted to accept or reject the Plan. When a ballot is returned without
16 indicating the amount of the Claim, the amount shall be as set forth on Debtor's Schedules or
17 any Proof of Claim filed with respect to such Claim.

18 10.2 Parties Entitled to Vote. Pursuant to Section 1126 of the Bankruptcy Code,
19 any holder of an Allowed Claim that is in an impaired Class under the Plan, and whose Class
20 is not deemed to reject the Plan, is entitled to vote. A Class is "impaired" unless the legal,
21 equitable and contractual rights of the holders of claims in that Class are left unaltered by the
22 Plan or if the Plan reinstates the Claims held by members of such Class by (a) curing any
23 defaults, (b) reinstating the maturity of such claim, (c) compensating the holder of such claim
24 for damages that result from the reasonable reliance on any contractual provision of law that
25 allows acceleration of such claim, and (d) otherwise leaving unaltered any legal, equitable or
26 contractual right of which the Claim entitles the holder of such claim. Because of their
favorable treatment, Classes that are not impaired are conclusively presumed to accept the
Plan. Accordingly, it is not necessary to solicit votes from the holders of Claims in Classes

1 that are not impaired. Classes of claims or interests that will not receive or retain any money
2 or property under a plan on account of such claims or interests are deemed, as a matter of law
3 under Section 1126(g) of the Bankruptcy Code, to have rejected the Plan and are likewise not
4 entitled to vote on the Plan. There are no such Classes in Debtor's Plan and, therefore, no
5 Classes are deemed to have rejected Debtors' Plan.

6 Class 1 (Other Priority Claims) and Class 2 (City of Bend) are not impaired by the
7 Plan and are deemed to have accepted the Plan.

8 Class 3 (B of A), Class 4 (PAGE), Class 5 (Small Unsecured Claims), Class 6
9 (General Unsecured Creditors), and Class 7 (Interests) are impaired under the Plan and are
10 entitled to vote to accept or reject the Plan.

11 10.3 Votes Required for Class Acceptance of the Plan. For a Class of Claims to
12 accept the Plan, Section 1126 of the Bankruptcy Code requires acceptance by Creditors that
13 hold at least two-thirds in dollar amount and a majority in number of the Allowed Claims of
14 such Class, in both cases counting only those Claims actually voting to accept or reject the
15 Plan. The holders of Claims who fail to vote are not counted as either accepting or rejecting
16 the Plan. If the Plan is confirmed, the Plan will be binding with respect to all holders of
17 Claims in each Class, including Classes and members of Classes that did not vote or that
18 voted to reject the Plan.

19 If a proof of claim has been filed with respect to an impaired Claim, then the vote will
20 be based on the amount of the proof of claim. If no proof of claim has been filed, then the
21 vote will be based on the amount scheduled by Debtor in its Schedules. Holders of disputed
22 Claims who have settled their dispute with Debtor are entitled to vote the settled amount of
23 their Claim. The Bankruptcy Code provides that such votes will be counted unless the Claim
24 has been disputed, disallowed, disqualified or suspended prior to computation of the vote on
25 the Plan. The Claim to which an objection has been filed is not allowed to vote unless and
26 until the Bankruptcy Court rules on the objection. The Bankruptcy Code provides that the

1 Bankruptcy Court may, if requested to do so by the holder of such Claim, estimate or
2 temporarily allow a Disputed Claim for purposes of voting on the Plan.

3 **11. CONFIRMATION OF THE PLAN**

4 11.1 Confirmation Hearing. The Bankruptcy Court has scheduled a hearing on
5 confirmation of the Plan on _____, 2011 at _____ Pacific time. The hearing
6 will be held at the United States Bankruptcy Court for the District of Oregon, Courtroom
7 No. 1, 1001 SW Fifth Avenue, Portland, Oregon 97204, before the Honorable Elizabeth L.
8 Perris, United States Bankruptcy Judge. At that hearing, the Bankruptcy Court will consider
9 whether the Plan satisfies the various requirements of the Bankruptcy Code, including
10 whether it is feasible and whether it is in the best interests of creditors of Debtor. Debtor will
11 submit a report to the Bankruptcy Court at that time concerning the votes for acceptance or
12 rejection of the Plan by the parties entitled to vote thereon.

13 Section 1128(b) of the Bankruptcy Code provides that any party-in-interest may
14 object to confirmation of the Plan. Any objections to confirmation of the Plan must be made
15 in writing and filed with the Bankruptcy Court and received by counsel for Debtor no later
16 than _____, 2011, by _____ .m. Pacific time. Unless an objection to
17 confirmation is timely filed and received, it may not be considered by the Bankruptcy Court.

18 11.2 Requirements of Confirmation. At the hearing on confirmation, the
19 Bankruptcy Court will determine whether the provisions of Section 1129 of the Bankruptcy
20 Code have been satisfied. If all the provisions of Section 1129 are met, the Bankruptcy Court
21 may enter an order confirming the Plan. Debtor believes the Plan satisfies all the
22 requirements of Chapter 11 of the Bankruptcy Code, that it has complied or will have
23 complied with all the requirements of Chapter 11, and that the Plan has been proposed and is
24 made in good faith.

25 11.2.1 The Best Interests of Creditors – Liquidation Alternative. Among
26 other requirements for confirmation, to confirm the Plan the Bankruptcy Court must

1 determine that the Plan meets the requirements of Section 1129(a)(7) of the Bankruptcy
2 Code; that is, that the Plan is in the best interests of each holder of a Claim in an impaired
3 Class that has not voted to accept the Plan. Accordingly, if an impaired Class does not
4 unanimously accept the Plan, the "best interests" test requires that the Bankruptcy Court find
5 that the Plan provides to each holder of a Claim in such impaired Class a recovery on account
6 of the holder's Claim that has a value at least equal to the value of the distribution each such
7 holder would receive if Debtor was liquidated under Chapter 7 of the Bankruptcy Code.
8 Exhibit 5 attached hereto sets forth Debtor's liquidation analysis.

9 In the opinion of Debtor, confirmation of the Plan is in the best interests of the
10 holders of each impaired Class because it provides to holders of Allowed Claims in each
11 impaired Class a distribution equal to payment in full of such Claim. Consequently, it cannot
12 be less than the value such holders would likely receive if Debtor were liquidated under
13 Chapter 7 of the Bankruptcy Code. The attached liquidation analysis shows that Creditors
14 would not receive payment in full of their Claims under a Chapter 7 liquidation. In fact,
15 Debtor believes unsecured creditors would likely receive nothing on account of their
16 unsecured claims in a Chapter 7 liquidation. Debtor believes conversion of this Case to a
17 Chapter 7 liquidation is not in the best interest of its creditors.

18 11.2.2 Feasibility of the Plan. Among other requirements for confirmation, to
19 confirm the Plan the Court must find that the Plan is feasible; that is, that the confirmation of
20 the Plan is not likely to be followed by the liquidation of Debtor (other than as already
21 proposed in the Plan) or the need for a further financial reorganization of Debtor. Debtor
22 believes it will be able to make all payments required of it by the Plan and, therefore, that
23 confirmation of the Plan is not likely to be followed by the liquidation of Debtor (other than
24 as already proposed in the Plan) or the need for further financial reorganization.

25 * * *

26 * * *

1 **12. TAX CONSEQUENCES TO DEBTOR OF THE PLAN**

2 Although Debtor has not concluded its tax analysis, confirmation of the Plan is not
3 expected to generate substantial tax consequences to Debtor.

4 CIRCULAR 230 DISCLAIMER: TO ENSURE COMPLIANCE WITH
5 REQUIREMENTS IMPOSED BY THE INTERNAL REVENUE SERVICE, HOLDERS OF
6 CLAIMS ARE HEREBY NOTIFIED THAT (A) ANY DISCUSSION OF FEDERAL TAX
7 ISSUES IN THIS DISCLOSURE STATEMENT (INCLUDING ANY ATTACHMENTS) IS
8 NOT INTENDED OR WRITTEN TO BE USED OR RELIED UPON, AND CANNOT BE
9 USED OR RELIED UPON, FOR THE PURPOSE OF (1) AVOIDING TAX-RELATED
10 PENALTIES UNDER THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, OR
11 (2) PROMOTING, MARKETING OR RECOMMENDING TO ANOTHER PARTY ANY
12 TRANSACTION OR TAX MATTER(S) ADDRESSED HEREIN, AND (B) ANY
13 DISCUSSION OF FEDERAL TAX ISSUES IN THIS DISCLOSURE STATEMENT
14 (INCLUDING ANY ATTACHMENTS) IS WRITTEN IN CONNECTION WITH DEBTOR
15 SOLICITING ACCEPTANCES OF THE PLAN THROUGH THIS DISCLOSURE
16 STATEMENT.

17 YOU ARE URGED TO CONSULT YOUR OWN TAX ADVISOR ABOUT THE
18 FEDERAL, STATE, LOCAL, AND APPLICABLE FOREIGN, INCOME AND OTHER
19 TAX CONSEQUENCES OF THE PLAN.

20 **13. ALTERNATIVES TO CONFIRMATION OF THE PLAN**

21 If the Plan is not confirmed, Debtor or another party-in-interest may attempt to
22 formulate or propose a different plan or plans of reorganization. If no plan of reorganization
23 is determined by the Bankruptcy Court to be confirmable, this Chapter 11 case may be
24 converted to a liquidation proceeding under Chapter 7 of the Bankruptcy Code.

25 In a liquidation, a Chapter 7 trustee would be appointed with the purpose of
26 liquidating the assets of Debtor. Typically, in a Chapter 7 liquidation, the return to Creditors

1 is less than the return in a Chapter 11 reorganization. Proceeds from a Chapter 7 liquidation
2 would be distributed to creditors of Debtor in accordance with the priorities set forth in the
3 Bankruptcy Code.

4 Debtor's liquidation analysis shows that in a Chapter 7 liquidation general unsecured
5 creditors would likely receive nothing on account of their claims.

6 As the Plan provides for payment in full to all creditors, Debtor believes there is no
7 currently available alternative that would offer holders of Claims greater value than the Plan,
8 and urges all parties entitled to vote on the Plan to vote to accept the Plan.

9 **14. CONCLUSION**

10 Please read this Disclosure Statement and the Plan carefully. After reviewing all the
11 information and making an informed decision, please vote by using the enclosed ballot.

12 DATED this 15th day of November, 2011.

13 WESTERN COMMUNICATIONS, INC.

14
15 By /s/ Gordon Black
Gordon Black, President

16 Presented by:

17 TONKON TORP LLP

18
19 By /s/ Albert N. Kennedy
Albert N. Kennedy, OSB No. 82142
20 Michael W. Fletcher, OSB No. 010448
21 Of Attorneys for Debtor

22 000646/00039/3183921v4
23
24
25
26

EXHIBIT 1

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

Albert N. Kennedy, OSB No. 821429 (Lead Attorney)

Direct Dial: (503) 802-2013

Facsimile: (503) 972-3713

E-Mail: al.kennedy@tonkon.com

Michael W. Fletcher, OSB No. 010448

Direct Dial: (503) 802-2169

Facsimile: (503) 972-3869

E-Mail:michael.fletcher@tonkon.com

TONKON TORP LLP

1600 Pioneer Tower

888 S.W. Fifth Avenue

Portland, OR 97204

Attorneys for Debtor

UNITED STATES BANKRUPTCY COURT

DISTRICT OF OREGON

In re

Western Communications, Inc.,

Debtor.

Case No. 11-37319-elp11

**DEBTOR'S PLAN OF
REORGANIZATION
(NOVEMBER 15, 2011)**

DEBTOR'S PLAN OF REORGANIZATION (NOVEMBER 15, 2011)

TABLE OF CONTENTS

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

ARTICLE 1 DEFINITIONS.....1

ARTICLE 2 UNCLASSIFIED CLAIMS6

ARTICLE 3 CLASSIFIED CLAIMS.....7

ARTICLE 4 TREATMENT OF UNIMPAIRED CLASSES8

ARTICLE 5 TREATMENT OF IMPAIRED CLASSES.....9

ARTICLE 6 DISPUTED CLAIMS; OBJECTIONS TO CLAIMS; SETOFFS.....11

ARTICLE 7 MEANS FOR IMPLEMENTATION OF THE PLAN.....12

ARTICLE 8 EXECUTORY CONTRACTS.....13

ARTICLE 9 EFFECT OF CONFIRMATION14

ARTICLE 10 RETENTION OF JURISDICTION.....15

ARTICLE 11 ADMINISTRATIVE PROVISIONS.....16

ARTICLE 12 MISCELLANEOUS PROVISIONS.....18

1 Western Communications, Inc. ("Debtor") proposes the following Plan of
2 Reorganization (the "Plan") pursuant to Chapter 11 of the Bankruptcy Code. The Plan
3 provides for the payment in full of all Allowed Claims.

4 A Disclosure Statement is enclosed with this Plan to assist you in
5 understanding the Plan and making an informed decision whether to vote for or against the
6 Plan.

7 **ARTICLE 1**

8 **DEFINITIONS**

9 Definitions of certain terms used in the Plan are set forth below. Other terms
10 are defined in the text of the Plan or in the text of the Disclosure Statement. In either case,
11 when a defined term is used, the first letter of each word in the defined term is capitalized.
12 Terms used and not defined in the Plan or Disclosure Statement shall have the meanings
13 given in the Bankruptcy Code or Bankruptcy Rules, or otherwise as the context requires.
14 The meanings of all terms shall be equally applicable to both the singular and plural, and
15 masculine and feminine forms of the terms defined. The words "herein," "hereof," "hereto,"
16 "hereunder," and others of similar import, refer to the Plan as a whole and not to any
17 particular article, section, subsection, or clause contained in the Plan. Captions and headings
18 to articles, sections, and exhibits are inserted for convenience of reference only and are not
19 intended to be part of or to affect the interpretation of the Plan. The rules of construction set
20 forth in Section 102 of the Bankruptcy Code shall apply. In computing any period of time
21 prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.

22 1.1. "Administrative Expense Claim" means any Claim entitled to the
23 priority afforded by Sections 503(b) and 507(a)(2) of the Bankruptcy Code.

24 1.2. "Allowed" means, with respect to any Claim, (a) if no proof of
25 claim has been filed, the amount (if any) listed by Debtor in the Schedules as not being
26 disputed, contingent, or unliquidated, or (b) if a proof of claim has been filed (i) the

1 amount of the Claim as set forth on the proof of claim if no objection to such Claim, or
2 motion to estimate such Claim, has been Filed within any period of limitation fixed by
3 the Code or the rules or orders of the Court, or (ii) if an objection has been interposed,
4 (x) the amount determined by a Final Order with respect to such Claim or (y) the amount
5 set forth in this Plan as the allowed amount of such Claim, or (c) if a Final Order
6 allowing such Claim has been entered, the amount set forth in such Final Order.

7 1.3. "Avoidance Action" means any avoidance or recovery action of
8 Debtor that may be brought on behalf of Debtor or its estate under Sections 544, 545,
9 547, 548, 549, 550 and 553 of the Bankruptcy Code, or under any similar or related state
10 or federal statutes and common law, including, without limitation, state fraudulent
11 transfer or conveyance laws, whether or not such actions are pending on the Effective
12 Date or are thereafter asserted or commenced.

13 1.4. "Bankruptcy Code" or "Code" means the Bankruptcy Reform Act
14 of 1978, as amended from time to time, set forth in Sections 101 *et seq.* of Title 11 of the
15 United States Code.

16 1.5. "Bankruptcy Court" or "Court" means the United States
17 Bankruptcy Court for the District of Oregon or such other court that exercises jurisdiction
18 over the Chapter 11 Case or any proceeding therein, including the United States District
19 Court for the District of Oregon, to the extent the reference to the Chapter 11 Case or any
20 proceeding therein is withdrawn.

21 1.6. "Bankruptcy Rules" means, collectively, the Federal Rules of
22 Bankruptcy Procedure, as amended and promulgated under Section 2075, Title 28, of the
23 United States Code, and the local rules and standing orders of the Bankruptcy Court.

24 1.7. "B of A" means Bank of America, N.A.

25 1.8. "B of A Loan Agreement" means, collectively, that certain Loan
26 Agreement dated March 18, 2005 (generally referred to as the "Term Loan Agreement")

1 and that certain Loan Agreement dated March 18, 2005 (generally referred to as the
2 "Revolving Line of Credit Agreement") and all loan documents entered into in
3 connection therewith.

4 1.9. "B of A Loan Documents" means collectively the B of A Loan
5 Agreement and the B of A Swap Agreement, as amended.

6 1.10. "B of A Swap Agreement" means, collectively, the ISDA 2002
7 Master Agreement and Schedule to the Master Agreement, each dated March 18, 2005
8 (collectively, the "Master Agreement"), and those Interest Rate Swap Transactions
9 (Reference Nos. 4213458 and 4213457) (collectively the "Transactions") entered into
10 between B of A and Debtor, evidenced by SWAP Confirmations dated March 21, 2005
11 and March 22, 2005, that are subject to and form a part of the Master Agreement.

12 1.11. "B of A Swap Termination Fee" means any fee payable by Debtor
13 to B of A pursuant to the B of A Swap Agreement arising from the Transactions, which
14 fee B of A has asserted is in the amount of \$1,880,807.

15 1.12. "Cash" means lawful currency of the United States of America.

16 1.13. "Chapter 11 Case" or "Case" means the case under Chapter 11 of
17 the Bankruptcy Code with respect to Debtor, pending in the District of Oregon,
18 administered as *In re Western Communications, Inc.*, Case No. 11-37319-elp11.

19 1.14. "Claim" means (a) any right to payment from Debtor arising before
20 the Effective Date, whether or not such right is reduced to judgment, liquidated,
21 unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal,
22 equitable, secured, or unsecured; or (b) any right to an equitable remedy against Debtor
23 arising before the Effective Date for breach of performance if such breach gives rise to a
24 right of payment from Debtor, whether or not such right to an equitable remedy is
25 reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed,
26 secured, or unsecured.

1 1.15. "Claims Bar Date" means December 29, 2011.

2 1.16. "Class" means and refers to a class of Claims described in Article 3
3 hereof.

4 1.17. "Collateral" means any property in which Debtor has an interest
5 that is subject to a lien or security interest securing the payment of an Allowed Secured
6 Claim.

7 1.18. "Confirmation Date" means the date on which the Confirmation
8 Order is entered on the docket by the Clerk of the Bankruptcy Court.

9 1.19. "Confirmation Order" means the order of the Bankruptcy Court
10 confirming the Plan in accordance with the provisions of Chapter 11 of the Bankruptcy
11 Code.

12 1.20. "Debtor" means Western Communications, Inc., as Debtor and
13 Debtor-in-Possession.

14 1.21. "Disallowed Claim" means any Claim, or portion thereof, that has
15 been disallowed pursuant to a Final Order.

16 1.22. "Disclosure Statement" means Debtor's Disclosure Statement as
17 amended, modified, restated, or supplemented from time to time pertaining to the Plan.

18 1.23. "Disputed Claim" means any Claim that is not an Allowed Claim
19 or a Disallowed Claim.

20 1.24. "Effective Date" means the later of July 1, 2012 or the first day of
21 the first month following the date that the Confirmation Order becomes a Final Order.

22 1.25. "Federal Judgment Rate" means, with respect to an Allowed
23 Claim, the interest rate as of the Petition Date established by 28 U.S.C. § 1961 as the
24 interest rate on federal court judgments.

25 1.26. "Filed" means filed with the Bankruptcy Court in the Chapter 11
26 Case.

1 1.27. "Final Order" means an order or judgment entered on the docket
2 by the Clerk of the Bankruptcy Court, or any other court exercising jurisdiction over the
3 subject matter and the parties, that has not been reversed, stayed, modified, or amended
4 and as to which the time for filing a notice of appeal, or petition for *certiorari* or request
5 for *certiorari*, or request for rehearing, shall have expired.

6 1.28. "General Unsecured Claim" means any Claim that is not an
7 Administrative Expense Claim, a Secured Claim, a Priority Tax Claim, or an Other
8 Priority Claim.

9 1.29. "Insider" shall have the meaning ascribed to it by Section 101(31)
10 of the Bankruptcy Code.

11 1.30. "Interests" means the rights of the owners of the issued and
12 outstanding shares of common stock of Debtor.

13 1.31. "Other Priority Claim" means any Claim for an amount entitled to
14 priority in right of payment pursuant to Section 507(a) of the Code, other than a Priority
15 Tax Claim or an Administrative Expense Claim.

16 1.32. "PAGE" means Page Cooperative, Inc.

17 1.33. "Petition Date" means August 23, 2011.

18 1.34. "Plan" means this Plan of Reorganization (including all exhibits
19 and schedules), as amended, modified, restated, or supplemented from time to time.

20 1.35. "Priority Tax Claim" means a Claim of a government unit of the
21 kind entitled to priority under Section 507(a)(8) of the Bankruptcy Code.

22 1.36. "Rejection Claim" means a Claim arising from the rejection of an
23 unexpired executory contract pursuant to this Plan or a Final Order.

24 1.37. "Reorganized Debtor" means Debtor from and after the Effective
25 Date. Unless the context clearly requires otherwise, any reference to "Debtor" herein for

26 * * *

1 a period from and after the Effective Date shall be deemed to refer to Reorganized
2 Debtor.

3 1.38. "Restated Articles of Incorporation" means the restated Articles of
4 Incorporation of Debtor, which shall modify and amend Debtor's Articles of
5 Incorporation to prohibit the issuance of non-voting equity securities to the extent
6 required by Section 1123(a)(6) of the Bankruptcy Code.

7 1.39. "Scheduled Amounts" means the amount of Claims stated in the
8 Schedules.

9 1.40. "Schedules" means the Schedules of Assets and Liabilities Filed by
10 Debtor pursuant to Section 521 of the Bankruptcy Code, as amended, modified, restated,
11 or supplemented from time to time.

12 1.41. "Secured Claim" means any Claim to the extent such Claim
13 constitutes a secured claim under the Bankruptcy Code.

14 1.42. "Small Unsecured Claim" means any Claim that would qualify as a
15 General Unsecured Claim and is equal to or less than \$1,000 or that has been reduced by
16 election in writing to \$1,000, provided that such written election shall be served on
17 Debtor not later than the first date fixed by the Court for the filing of acceptances or
18 rejections of the Plan.

19 **ARTICLE 2**

20 **UNCLASSIFIED CLAIMS**

21 2.1. Administrative Expense Claims. Each holder of an Allowed
22 Administrative Expense Claim shall receive payment of such Claim in full in Cash on the
23 later of (a) the Effective Date or (b) the date on which such Claim becomes Allowed,
24 unless such holder shall agree to a different treatment of such Claim (including, without
25 limitation, any different treatment that may be provided for in any documentation, statute,
26 or regulation governing such Claim); provided, however, that Administrative Expense

1 Claims representing obligations incurred in the ordinary course of business by Debtor
2 during the Chapter 11 Case shall be paid by Debtor or Reorganized Debtor in the
3 ordinary course of business and in accordance with any terms and conditions of the
4 particular transaction, and any agreements relating thereto. Any agreement between
5 Debtor and a holder of an Allowed Administrative Expense Claim for treatment other
6 than payment in full on the date described above shall be in writing.

7 2.2. Priority Tax Claims. Each holder of an Allowed Priority Tax
8 Claim shall receive payment of such Claim in full in Cash in a manner and within the
9 timeframes specified by Section 1129(a)(9)(C) and (D) of the Bankruptcy Code.

10 2.3. United States Trustee Fees. Fees payable by Debtor to the United
11 States Trustee under 28 U.S.C. § 1930(a)(6), or to the Clerk of the Bankruptcy Court, will
12 be paid in full on the Effective Date. Reorganized Debtor shall continue to pay such fees
13 to the Bankruptcy Court until this Case is closed by the Bankruptcy Court, dismissed, or
14 converted. This requirement is subject to any amendments to 28 U.S.C. § 1930(a)(6) that
15 Congress makes retroactively applicable to confirmed Chapter 11 cases.

16 **ARTICLE 3**

17 **CLASSIFIED CLAIMS**

18 All Claims (other than unclassified Claims addressed in Article 2 above) are
19 divided into the following Classes for all purposes of this Plan, including voting,
20 confirmation and distribution pursuant to this Plan.

21 3.1. Class 1 – Other Priority Claims. Class 1 consists of all Allowed
22 Other Priority Claims.

23 3.2. Class 2 – City of Bend. Class 2 consists of the Allowed Secured
24 Claim of the City of Bend.

25 3.3. Class 3 – B of A. Class 3 consists of the Allowed Secured Claim
26 of B of A.

1 3.4. Class 4 – PAGE. Class 4 consists of the Allowed Claim of PAGE
2 (exclusive of any Section 503(b)(9) Administrative Expense Claim of PAGE).

3 3.5. Class 5 – Small Unsecured Claims. Class 5 consists of Allowed
4 Small Unsecured Claims.

5 3.6. Class 6 – General Unsecured Claims. Class 6 consists of all
6 Allowed General Unsecured Claims.

7 3.7. Class 7 – Interests. Class 7 consists of all Interests.

8 **ARTICLE 4**

9 **TREATMENT OF UNIMPAIRED CLASSES**

10 Each of Class 1 (Other Priority Claims) and Class 2 (City of Bend) is
11 unimpaired under this Plan. Accordingly, pursuant to 11 U.S.C. § 1126(f), each of
12 Class 1 and Class 2, and each holder of a Claim in Class 1 or Class 2, is conclusively
13 presumed to have accepted this Plan, will not be solicited to accept this Plan, and is not
14 entitled to vote to accept or reject this Plan.

15 4.1. Class 1 - Other Priority Claims. Each holder of an Allowed
16 Class 1 Claim shall be paid the full amount of such Claim in Cash on the later of (a) the
17 Effective Date, or (b) the date on which such Claim becomes Allowed.

18 4.2. Class 2 – City of Bend, Oregon. The City of Bend shall have an
19 Allowed Class 2 Claim in an amount equal to the amount owing by Debtor to the City of
20 Bend as of the Petition Date (approximately \$11,800) with respect to a \$90,000 loan
21 made by the City of Bend to Debtor in 2003 in connection with the Southern Bridge
22 Local Improvement District (LID) No. 671 assessment imposed by the City of Bend on
23 Debtor in 2003 ("City of Bend Loan"). Debtor reaffirms its obligations under the City of
24 Bend Loan in accordance with its original terms. To the extent any payments are due and
25 owing under the City of Bend Loan as of the Effective Date, Reorganized Debtor will
26 make such payments, with interest at the contract rate (6.5%), on the Effective Date.

1 Thereafter, Reorganized Debtor will continue to make all regularly scheduled loan
2 payments to the City of Bend as and when such payments become due under the City of
3 Bend Loan. The City of Bend will retain its security interests in and liens upon its
4 Collateral with the same priority and to the same extent such security had as of the
5 Petition Date.

6 Class 2 is not impaired by this Plan. This Plan does not alter, and shall not be
7 deemed in any way to alter, the legal, equitable or contractual rights of the City of Bend with
8 respect to the City of Bend Loan or its Class 2 Claim.

9 **ARTICLE 5**

10 **TREATMENT OF IMPAIRED CLASSES**

11 Each holder of a Claim in Class 3 (B of A), Class 4 (PAGE), Class 5 (Small
12 Unsecured Claims), Class 6 (General Unsecured Claims) and Class 7 (Interests) is impaired
13 under this Plan and holders of Claims in such Classes are entitled to vote to accept or reject
14 this Plan.

15 5.1. Class 3 – B of A. B of A will have an Allowed Class 3 Claim in
16 the amount of all principal, accrued non-default interest, and reasonable fees (including
17 the B of A SWAP Termination Fee) and costs owing by Debtor to B of A as of the
18 Effective Date under the B of A Loan Documents (as such amount (including the B of A
19 SWAP Termination Fee) is determined by agreement of Debtor and B of A, or, absent
20 agreement, in such amount as is determined and Allowed by the Bankruptcy Court).

21 As Collateral for its Class 3 Claim, B of A will retain its security interests and
22 liens upon its Collateral with the same priority and to the same extent such security had as of
23 the Petition Date, and Reorganized Debtor will maintain the Collateral in good repair and
24 insure the Collateral to its full usable value.

25 The Class 3 Claim will be satisfied by the delivery of a promissory note to
26 B of A ("B of A Note") in the original principal amount of the Allowed Class 3 Claim, in the

1 form attached hereto as Exhibit 1. The B of A Note will bear interest from the Effective Date
2 at a fixed per annum rate of 4.5% and will be payable by Reorganized Debtor as follows:

3 Commencing on the first day of the first month following the Effective Date
4 and continuing on the first day of each month thereafter through and including the 24th
5 month following the Effective Date, Reorganized Debtor will make interest-only payments
6 on the B of A Note. Commencing on the first day of the 25th month following the Effective
7 Date and continuing on the first day of each month thereafter until the B of A Note has been
8 paid in full, Reorganized Debtor will make equal monthly amortizing payments of principal
9 and interest on the B of A Note based on a 30-year amortization schedule, with a balloon
10 payment due 10 years after the Effective Date.

11 B of A will have no Claim other than its Class 3 Claim.

12 5.2. Class 4 – PAGE. PAGE will have an Allowed Class 4 Claim in
13 the amount of (x) \$610,289.68 (which amount is equal to the total pre-petition amount
14 owing to PAGE), less (y) the amount of any Allowed Section 503(b)(9) Administrative
15 Expense Claim of PAGE, as such amount is determined by agreement of Debtor and
16 PAGE or, absent agreement, as such amount is determined and Allowed by the
17 Bankruptcy Court.

18 As Collateral for its Class 4 Claim, PAGE will retain its security interests in
19 and liens upon its Collateral with the same priority and to the same extent such security had
20 as of the Petition Date, and Reorganized Debtor will maintain the Collateral in good repair
21 and insure the Collateral to its full usable value.

22 The Class 4 Claim will be satisfied by the delivery of a promissory note to
23 PAGE ("PAGE Note") in the original principal amount of the Allowed Class 4 Claim, in the
24 form attached hereto as Exhibit 2. The PAGE Note will bear interest from the Petition Date
25 at a fixed per annum rate of 4.5% and will be payable by Reorganized Debtor in 20 equal
26 quarterly payments of principal and interest (with payments due each March 31, June 30,

1 September 30 and December 31), with the first quarterly payment due on the first day of the
2 first calendar quarter following the Effective Date.

3 5.3. Class 5 – Small Unsecured Claims. Each holder of an Allowed
4 Class 5 Claim will be paid in Cash the full amount of its Class 5 Claim, without interest,
5 no later than 120 days after the Effective Date.

6 5.4. Class 6 – General Unsecured Claims. Each holder of an Allowed
7 Class 6 Claim will be paid in Cash the full amount of its Class 6 Claim, with interest
8 accruing from the Petition Date at the Federal Judgment Rate, no later than two years
9 after the Effective Date. In addition, within 12 months after the Effective Date,
10 Reorganized Debtor shall have paid at least 50% of the principal amount of each General
11 Unsecured Claim. At the time Reorganized Debtor makes any principal payment on a
12 General Unsecured Claim, Reorganized Debtor shall also pay all accrued but unpaid
13 interest then owing under this Plan on such General Unsecured Claim.

14 5.5. Class 7 – Interests. Existing Interests in Debtor will be preserved.
15 However, until all Class 4, Class 5 and Class 6 Claims have been paid in full,
16 Reorganized Debtor will not repurchase any stock or make or pay any distributions or
17 dividends to its shareholders on account of their stock, except for tax distributions
18 necessary to meet income tax obligations arising from income attributable to Debtor or
19 Reorganized Debtor.

20 **ARTICLE 6**

21 **DISPUTED CLAIMS; OBJECTIONS TO CLAIMS; SETOFFS**

22 6.1. Disputed Claims; Objections to Claims. No payments or
23 distributions shall be made with respect to any Claim to the extent it is a Disputed Claim
24 unless and until the Disputed Claim becomes an Allowed Claim. Debtor reserves the
25 right to contest and object to any Claims and previously Scheduled Amounts, including,
26 without limitation, those Claims and Scheduled Amounts that are specifically referenced

1 will generate funds to satisfy such obligations from a recapitalization of Reorganized
2 Debtor or from a sale or refinance of some or all of Reorganized Debtor's business.

3 7.2. Corporate Action. Upon entry of the Confirmation Order by the
4 Clerk of the Bankruptcy Court, all actions contemplated by the Plan shall be authorized
5 and approved in all respects (subject to the provisions of the Plan), including, without
6 limitation, the following: (a) the adoption of Restated Articles and the filing of the
7 Restated Articles with the Oregon Secretary of State; and (b) the execution, delivery and
8 performance of all documents and agreements relating to the Plan and any of the
9 foregoing. On and following the Effective Date, the appropriate officers of Reorganized
10 Debtor are authorized and directed to execute and deliver any and all agreements,
11 documents, and instruments contemplated by the Plan and/or the Disclosure Statement in
12 the name of and on behalf of Reorganized Debtor.

13 **ARTICLE 8**

14 **EXECUTORY CONTRACTS**

15 8.1. Generally. Except as otherwise specifically provided in this Plan,
16 all of Debtor's executory contracts will be deemed assumed by operation of law on the
17 Effective Date, except any executory contract that has been specifically assumed or
18 rejected by Debtor on or before the Effective Date or in respect of which a motion for
19 assumption or rejection has been Filed by Debtor on or before the Effective Date. The
20 Confirmation Order shall constitute an order authorizing assumption of all such
21 executory contracts and unexpired leases. Reorganized Debtor shall promptly pay all
22 amounts required under Section 365 of the Bankruptcy Code to cure any monetary
23 defaults for executory contracts and unexpired leases being assumed and shall perform its
24 obligations under such assumed executory contracts and unexpired leases from and after
25 the Effective Date in the ordinary course of business. To the extent necessary, all
26 assumed executory contracts and unexpired leases shall be deemed assigned to

1 Reorganized Debtor as of the Effective Date. The Confirmation Order shall constitute an
2 order authorizing such assignment of assumed executory contracts and unexpired leases,
3 and no further assignment documentation shall be necessary to effectuate such
4 assignment.

5 8.2. Rejection Claims. A Rejection Claim must be filed no later than
6 the later of the Claims Bar Date or 30 days after the rejection of the executory contract.
7 Any Rejection Claim not Filed within such timeframe shall be forever barred. Each
8 Allowed Rejection Claim shall constitute a General Unsecured Claim.

9 8.3. Compensation and Benefit Programs. Except to the extent
10 specifically provided otherwise in this Plan or the Confirmation Order, all employee
11 compensation and benefit plans, policies and programs of Debtor applicable to its
12 employees as in effect on the Effective Date, including, without limitation, all savings
13 plans; retirement plans; health care plans (including Debtor's self-funded medical benefit
14 plan); disability plans; severance benefit plans; incentive plans; stock incentive plans; and
15 life, accidental death, and dismemberment insurance plans, shall continue in full force
16 and effect, without prejudice to Reorganized Debtor's rights under applicable
17 non-bankruptcy law to modify, amend or terminate any of the foregoing arrangements.

18 **ARTICLE 9**

19 **EFFECT OF CONFIRMATION**

20 9.1. Effect of Confirmation. The effect of confirmation shall be as set
21 forth in Section 1141 of the Bankruptcy Code.

22 9.2. Debtor's Injunction. Except to the extent specifically provided
23 otherwise in this Plan or in the Confirmation Order, confirmation of the Plan shall act as
24 a permanent injunction applicable to entities against (a) the commencement or
25 continuation, including the issuance or employment of process, of a judicial,
26 administrative, or other action or proceeding against Reorganized Debtor that was or

1 could have been commenced before the entry of the Confirmation Order; (b) the
2 enforcement against Reorganized Debtor or its assets of a judgment obtained before the
3 Petition Date; and (c) any act to obtain possession of or to exercise control over, or to
4 create, perfect or enforce a lien upon, all or any part of the assets.

5 9.3. Discharge. Except to the extent specifically provided otherwise in
6 this Plan or in the Confirmation Order, the confirmation of the Plan shall, provided that
7 the Effective Date shall have occurred, discharge all Claims to the fullest extent
8 authorized or provided for by the Bankruptcy Code, including, without limitation, to the
9 extent authorized or provided for by Sections 524 and 1141 thereof.

10 9.4. Revesting; Operation of Business. Except as otherwise expressly
11 provided in this Plan, on the Effective Date all property and assets of the estate of Debtor
12 shall revert in Reorganized Debtor, free and clear of all claims, liens, encumbrances,
13 charges, and other interests of Creditors arising on or before the Effective Date; and
14 Reorganized Debtor may operate, from and after the Effective Date, free of any
15 restrictions imposed by the Bankruptcy Code or the Bankruptcy Court.

16 **ARTICLE 10**

17 **RETENTION OF JURISDICTION**

18 10.1. Jurisdiction of the Bankruptcy Court. Notwithstanding the entry of
19 the Confirmation Order, the Court shall retain jurisdiction of this Chapter 11 Case
20 pursuant to and for the purposes set forth in Sections 1127(b) and 1141 through 1146 of
21 the Code to enforce the provisions of this Plan and to ensure that the intent and purposes
22 of this Plan are carried out and given effect. Without limiting the preceding, the Court
23 shall retain jurisdiction to:

24 (a) Classify the Claim or interest of any Creditor, reexamine
25 Claims or Interests that have been allowed for voting purposes, and determine any objections
26 that may be Filed to Claims or Interests;

1 (b) Determine requests for payment of Claims entitled to priority
2 under Section 507(a) of the Bankruptcy Code, including compensation and reimbursement of
3 expenses in favor of professionals employed at the expense of the Estate;

4 (c) Avoid transfers or obligations to subordinate Claims under
5 Chapter 5 of the Bankruptcy Code;

6 (d) Approve the assumption, assignment, or rejection of an
7 executory contract or unexpired lease pursuant to this Plan;

8 (e) Resolve controversies and disputes regarding the interpretation
9 or enforcement of this Plan;

10 (f) Implement the provisions of this Plan and enter orders in aid of
11 confirmation;

12 (g) To the extent the Court has jurisdiction, adjudicate adversary
13 proceedings and contested matters pending or hereafter commenced in this Chapter 11 Case;
14 and

15 (h) Enter a final decree closing this Chapter 11 Case.

16 10.2. Failure of Bankruptcy Court to Exercise Jurisdiction. If the
17 Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction over any
18 matter arising under, arising in, or related to the Chapter 11 Case, this Article shall not
19 prohibit or limit the exercise of jurisdiction by any other court having competent
20 jurisdiction with respect to such subject matter.

21 **ARTICLE 11**

22 **ADMINISTRATIVE PROVISIONS**

23 11.1. Modification or Withdrawal of the Plan. Debtor may alter, amend,
24 or modify the Plan pursuant to Section 1127 of the Bankruptcy Code and Bankruptcy
25 Rule 3019 at any time prior to the time the Bankruptcy Court has signed the
26 Confirmation Order. After such time, and prior to the substantial consummation of the

1 Plan, Debtor may, so long as the treatment of holders of Claims and Interests under the
2 Plan is not adversely affected, institute proceedings in Bankruptcy Court to remedy any
3 defect or omission or to reconcile any inconsistencies in the Plan, Disclosure Statement,
4 or Confirmation Order, and any other matters as may be necessary to carry out the
5 purposes and effects of the Plan; provided, however, that prior notice of such proceedings
6 shall be served in accordance with Bankruptcy Rule 2002.

7 11.2. Revocation or Withdrawal of Plan

8 11.2.1. Right to Revoke. Debtor reserves the right to revoke or
9 withdraw the Plan at any time prior to the Effective Date.

10 11.2.2. Effect of Withdrawal or Revocation. If Debtor revokes or
11 withdraws the Plan prior to the Effective Date, then the Plan shall be deemed null and void.
12 In such event, nothing contained herein shall be deemed to constitute a waiver or release of
13 any claims by or against Debtor or any other Entity or to prejudice in any manner the rights
14 of Debtor or any Entity in any further proceeding involving Debtor.

15 11.2.3. Nonconsensual Confirmation. Debtor shall request that the
16 Bankruptcy Court confirm the Plan pursuant to Section 1129(b) of the Bankruptcy Code if
17 the requirements of all provisions of Section 1129(a) of the Bankruptcy Code, except
18 subsection 1129(a)(8), are met.

19 11.3. Compromise of Controversies. Pursuant to Bankruptcy Rule 9019,
20 and in consideration for the classification, distributions, and other benefits provided
21 under the Plan, the provisions of the Plan shall constitute a good faith compromise and
22 settlement of all Claims or controversies resolved pursuant to the Plan. The entry of the
23 Confirmation Order shall constitute the Court's approval of each of the compromises and
24 settlements provided for in the Plan, and the Court's findings shall constitute its
25 determination that such compromises and settlements are in the best interests of Debtor.

26 * * *

1 **ARTICLE 12**

2 **MISCELLANEOUS PROVISIONS**

3 12.1. Restated Articles. On or promptly following the Effective Date,
4 Reorganized Debtor shall cause the Restated Articles to be filed with the Oregon
5 Secretary of State.

6 12.2. Utility Deposits. All utilities holding a utility deposit obtained as a
7 result of this Bankruptcy Case shall immediately after the Effective Date return or refund
8 such utility deposit to Reorganized Debtor. At the sole option of Reorganized Debtor,
9 Reorganized Debtor may apply any such utility deposit that has not been refunded to
10 Reorganized Debtor in satisfaction of any payments due or to become due from
11 Reorganized Debtor to a utility holding such a utility deposit.

12 12.3. Retiree Benefits. On or after the Effective Date, to the extent
13 required by Section 1129(a)(13) of the Bankruptcy Code, Reorganized Debtor shall
14 continue to pay all retiree benefits (if any) as that term is defined in Section 1114 of the
15 Bankruptcy Code, maintained or established by Debtor prior to the Effective Date,
16 without prejudice to Reorganized Debtor's rights under applicable non-bankruptcy law to
17 modify, amend or terminate the foregoing arrangements.

18 12.4. Rights of Action. Except as otherwise expressly provided herein,
19 any rights or causes of action (including, without limitation, any and all avoidance
20 actions) accruing to Debtor shall remain assets of Reorganized Debtor. Reorganized
21 Debtor may pursue such rights of action, as appropriate, in accordance with what is in its
22 best interests and for its benefit.

23 12.5. Governing Law. Except to the extent the Bankruptcy Code, the
24 Bankruptcy Rules, or other federal laws are applicable, the laws of the State of Oregon
25 shall govern the construction and implementation of the Plan, and all rights and
26 obligations arising under the Plan.

1 12.6. Withholding and Reporting Requirements. In connection with the
2 Plan and all instruments issued in connection therewith and distributions thereon, Debtor
3 and Reorganized Debtor shall comply with all withholding, reporting, certification, and
4 information requirements imposed by any federal, state, local, or foreign taxing
5 authorities, and all distributions hereunder shall, to the extent applicable, be subject to
6 any such withholding, reporting, certification, and information requirements. Entities
7 entitled to receive distributions hereunder shall, as a condition to receiving such
8 distributions, provide such information and take such steps as Reorganized Debtor may
9 reasonably require to ensure compliance with such withholding and reporting
10 requirements, and to enable Reorganized Debtor to obtain the certifications and
11 information as may be necessary or appropriate to satisfy the provisions of any tax law.

12 12.7. Time. Unless otherwise specified herein, in computing any period
13 of time prescribed or allowed by the Plan, the day of the act or event from which the
14 designated period begins to run shall not be included. The last day of the period so
15 computed shall be included, unless it is not a Business Day, in which event the period
16 runs until the end of the next succeeding day that is a Business Day.

17 12.8. Section 1146(c) Exemption. Pursuant to Section 1146(c) of the
18 Bankruptcy Code, the issuance, transfer, or exchange of any security under the Plan; or
19 the execution, delivery, or recording of an instrument of transfer pursuant to, in
20 implementation of, or as contemplated by the Plan; or the revesting, transfer, or sale of
21 any real property of Debtor or Reorganized Debtor pursuant to, in implementation of, or
22 as contemplated by the Plan; shall not be taxed under any state or local law imposing a
23 stamp tax, transfer tax, or similar tax or fee. Consistent with the foregoing, each recorder
24 of deeds or similar official for any city, county, or governmental unit in which any
25 instrument hereunder is to be recorded shall, pursuant to the Confirmation Order, be

26 * * *

1 ordered and directed to accept such instrument without requiring the payment of any
2 documentary stamp tax, deed stamps, transfer tax, intangible tax, or similar tax.

3 12.9. Severability. In the event any provision of the Plan is determined
4 to be unenforceable, such determination shall not limit or affect the enforceability and
5 operative effect of any other provisions of the Plan. To the extent any provision of the
6 Plan would, by its inclusion in the Plan, prevent or preclude the Bankruptcy Court from
7 entering the Confirmation Order, the Bankruptcy Court, on the request of Debtor, may
8 modify or amend such provision, in whole or in part, as necessary to cure any defect or
9 remove any impediment to the confirmation of the Plan existing by reason of such
10 provision.

11 12.10. Binding Effect. The provisions of the Plan shall bind Debtor,
12 Reorganized Debtor and all holders of Claims and Interests, and their respective
13 successors, heirs, and assigns.

14 12.11. Recordable Order. The Confirmation Order shall be deemed to be
15 in recordable form, and shall be accepted by any recording officer for filing and
16 recording purposes without further or additional orders, certifications, or other supporting
17 documents.

18 12.12. Plan Controls. In the event and to the extent any provision of the
19 Plan is inconsistent with the provisions of the Disclosure Statement, or any other
20 instrument or agreement contemplated to be executed pursuant to the Plan, the provisions
21 of the Plan shall control and take precedence.

22 12.13. Effectuating Documents and Further Transactions. Debtor and
23 Reorganized Debtor shall execute, deliver, file, or record such contracts, instruments,
24 assignments, and other agreements or documents, and take or direct such actions as may
25 be necessary or appropriate to effectuate and further evidence the terms and conditions of
26 this Plan.

1 12.14. Saturday, Sunday or Legal Holiday. If any payment or act under
2 the Plan is required to be made or performed on a date that is not a Business Day, then
3 the making of such payment or the performance of such act may be completed on the
4 next succeeding Business Day, but shall be deemed to have been completed as of the
5 required date.

6 12.15. Timing of Distributions. Notwithstanding anything to the contrary
7 herein: (a) any distribution required by the Plan to be made on the Effective Date in
8 respect of a Claim shall be made as soon as practicable after (but in any event within 30
9 days of) the later of (i) the Effective Date and (ii) the date on which such Claim becomes
10 Allowed and any other conditions to distribution with respect to such Claim shall have
11 been satisfied; and (b) any distribution required by the Plan or any instrument issued
12 pursuant to the Plan to be made on a date subsequent to the Effective Date shall be made
13 on the later of (i) such date and (ii) as soon as practicable after (but in any event within
14 30 days of) the date on which the pertinent Claim becomes Allowed and any other
15 conditions to distribution with respect to such Claim shall have been satisfied.

16 12.16. Final Order. Any requirement in the Plan for a Final Order may be
17 waived by Debtor or Reorganized Debtor; provided, however, that nothing contained
18 herein shall prejudice the right of any party in interest to seek a stay pending appeal with
19 respect to such Final Order.

20 12.17. Event of Default; Remedy. Except as otherwise provided in the
21 Plan or in the Confirmation Order, in the event Reorganized Debtor shall default in the
22 performance of any of its obligations under the Plan, and shall not have cured such a
23 default within 10 days after receipt of written notice of default from the Creditor or
24 Member to whom the performance is due, then such Creditor or Member may seek an
25 order from the Bankruptcy Court to compel such performance. An event of default

26 * * *

1 | occurring with respect to one Creditor, Claim or Member shall not be an event of default
2 | with respect to any other Creditor, Claim or Member.

3 | DATED this 15th day of November, 2011.

4 | WESTERN COMMUNICATIONS, INC.

5 |
6 | By /s/ Gordon Black
7 | Gordon Black, President

8 | Presented by:

9 | TONKON TORP LLP

10 | By /s/ Albert N. Kennedy
11 | Albert N. Kennedy, OSB No. 82142
12 | Michael W. Fletcher, OSB No. 010448
13 | Of Attorneys for Debtor

14 | 000646/00039/3174053v9
15 |
16 |
17 |
18 |
19 |
20 |
21 |
22 |
23 |
24 |
25 |
26 |

EXHIBIT 1

**TERM PROMISSORY NOTE
BANK OF AMERICA**

\$ _____

_____, _____
(the "Effective Date")

For value received, Western Communications, Inc. ("Debtor") promises to pay to the order of the Bank of America, N.A. ("Creditor"), in lawful money of the United States of America, the principal sum of _____ Dollars (\$ _____) together with interest at the rate specified below.

This Term Promissory Note ("Note") is executed and delivered in connection with and pursuant to that certain Debtor's Plan of Reorganization in Case No. 11-37319-elp11 confirmed on _____, _____ ("Plan").

1. Interest. This Note will bear interest from the Effective Date at a fixed rate of 4.5% per annum.
2. Maturity. This Note shall mature and be payable in full on _____, _____ (the "Maturity Date"). On the Maturity Date, all unpaid principal and all accrued and unpaid interest and other amounts owing under this Note shall be paid in full.
3. Principal and Interest Payments. Commencing on the first day of the first month following the Effective Date and continuing on the first day of each month thereafter through and including the 24th month following the Effective Date, Debtor will make interest-only payments on this Note. Commencing on the first day of the 25th month following the Effective Date and continuing on the first day of each month thereafter until this Note has been paid in full, Debtor will make equal monthly amortizing payments of principal and interest on this Note based on a 30-year amortization schedule, with a balloon payment due 10 years after the Effective Date.
4. Prepayment. Debtor may prepay this Note without penalty in whole or in part at any time without the prior consent of Creditor.
5. Default. An "Event of Default" shall occur under this Note if Debtor fails to make any payment required by this Note within 10 days after such payment is due.
6. Remedies. Upon the occurrence of an Event of Default:
 - (a) The entire unpaid principal balance of this Note, together with all accrued interest and other sums due under this Note, will upon demand by Creditor become immediately due and payable;
 - (b) Creditor may exercise any right or remedy it has under this Note, the Plan, at law, in equity or otherwise; and

(c) Creditor will be entitled to collect from Debtor all costs of collection, including reasonable attorney fees, incurred in connection with the collection of sums due under this Note.

The rights and remedies of Creditor under this Note are cumulative and not alternative.

7. Waivers

(a) No failure on Creditor's part to exercise any right or remedy under this Note, whether before or after an Event of Default, will constitute a waiver of the default, and no waiver of any past Event of Default will constitute a waiver of any other or future Event of Default. Without limiting the preceding, no failure to accelerate the debt evidenced by this Note after an Event of Default, no acceptance of a past due installment of interest, no acceptance of a late payment or a late charge, and no indulgence granted from time to time will be construed to waive Creditor's right to insist on prompt payment thereafter or will be deemed to be a novation of this Note, or waive such right of acceleration or any other right.

(b) Debtor waives the benefit of any statute or rule of law or equity that would produce a result contrary to or in conflict with the preceding. This Note may not be changed orally, but only by an agreement in writing signed by the party against whom such agreement is sought to be enforced.

(c) Debtor waives presentment, protest, demand, diligence, notice of dishonor and of nonpayment and any other notice.

8. Governing Law. This Note will be governed by and construed under the laws of the state of Oregon, excluding its choice of law rules.

9. Severability. If any term or provision of this Note is held to be unenforceable, then that term or provision will be eliminated and the balance of this Note will be fully enforceable.

10. Parties in Interest. This Note will bind Debtor and each of Debtor's successors and will inure to the benefit of Creditor and its successors and assigns.

11. Usury. If any payment in the nature of interest or other charges under this Note is held to be in excess of the limits imposed by any applicable usury laws, then that amount held to be in excess will be considered payment of principal owing under this Note, and the indebtedness evidenced under this Note will be reduced by such amount so that the total liability for payments in the nature of interest or other charges will not exceed the applicable limits imposed by any applicable usury laws.

12. Attorneys' Fees. If any action is brought with respect to this Note, or in any appeal therefrom, the prevailing party will be entitled to its reasonable attorneys' fees as determined by the court or courts in which the action or appeal is tried or heard.

13. Interpretation. Section and other headings contained in this Note are for reference purposes only. The word "including" is deemed to be followed by the phrase "without

limitation." No rule of construction or interpretation that disfavors the party drafting this Note or any of its provisions will apply to the interpretation of this Note. Instead, this Note will be interpreted according to the fair meaning of its terms.

In Witness Whereof, Debtor has executed and delivered this Note as of the Effective Date.

DEBTOR:

WESTERN COMMUNICATIONS, INC.

By: _____

000646/00039/3215042v1

EXHIBIT 2

**TERM PROMISSORY NOTE
PAGE COOPERATIVE, INC.**

\$ _____

_____, _____
(the "Effective Date")

For value received, Western Communications, Inc. ("Debtor") promises to pay to the order of the PAGE Cooperative, Inc. ("Creditor"), in lawful money of the United States of America, the principal sum of _____ Dollars (\$ _____) together with interest at the rate specified below.

This Term Promissory Note ("Note") is executed and delivered in connection with and pursuant to that certain Debtor's Plan of Reorganization in Case No. 11-37319-elp11 confirmed on _____, _____ ("Plan").

1. Interest. This Note will ear interest from August 23, 2011 at a rate of 4.5% per annum.
2. Maturity. This Note shall mature and be payable in full on _____, _____ ("Maturity Date"). On the Maturity Date, all unpaid principal, and all accrued and unpaid interest and other amounts owing under this Note, shall be paid in full.
3. Principal and Interest Payments. This Note is payable by Reorganized Debtor in 20 equal quarterly payments of principal and interest (with payments due each March 31, June 30, September 30 and December 31), with the first quarterly payment due on the first day of the first calendar quarter following the Effective Date.
4. Prepayment. Debtor may prepay this Note without penalty in whole or in part at any time without the prior consent of Creditor.
5. Default. An "Event of Default" shall occur under this Note if Debtor fails to make any payment required by this Note within 10 days after such payment is due.
6. Remedies. Upon the occurrence of an Event of Default:
 - (a) The entire unpaid principal balance of this Note, together with all accrued interest and other sums due under this Note, will upon demand by Creditor become immediately due and payable;
 - (b) Creditor may exercise any right or remedy it has under this Note, the Plan, at law, in equity, or otherwise; and
 - (c) Creditor will be entitled to collect from Debtor all costs of collection, including reasonable attorney fees, incurred in connection with the collection of sums due under this Note.

The rights and remedies of Creditor under this Note are cumulative and not alternative.

7. Waivers

(a) No failure on Creditor's part to exercise any right or remedy under this Note, whether before or after an Event of Default, will constitute a waiver of the default, and no waiver of any past Event of Default will constitute a waiver of any other or future Event of Default. Without limiting the preceding, no failure to accelerate the debt evidenced by this Note after an Event of Default, no acceptance of a past due installment of interest, no acceptance of a late payment or a late charge, and no indulgence granted from time to time will be construed to waive Creditor's right to insist on prompt payment thereafter or will be deemed to be a novation of this Note, or waive such right of acceleration or any other right.

(b) Debtor waives the benefit of any statute or rule of law or equity that would produce a result contrary to or in conflict with the preceding. This Note may not be changed orally, but only by an agreement in writing signed by the party against whom such agreement is sought to be enforced.

(c) Debtor waives presentment, protest, demand, diligence, notice of dishonor and of nonpayment and any other notice.

8. Governing Law. This Note will be governed by and construed under the laws of the state of Oregon, excluding its choice of law rules.

9. Severability. If any term or provision of this Note is held to be unenforceable, then that term or provision will be eliminated and the balance of this Note will be fully enforceable.

10. Parties in Interest. This Note will bind Debtor and each of Debtor's successors and will inure to the benefit of Creditor and its successors and assigns.

11. Usury. If any payment in the nature of interest or other charges under this Note is held to be in excess of the limits imposed by any applicable usury laws, then that amount held to be in excess will be considered payment of principal owing under this Note, and the indebtedness evidenced under this Note will be reduced by such amount so that the total liability for payments in the nature of interest or other charges will not exceed the applicable limits imposed by any applicable usury laws.

12. Attorneys' Fees. If any action is brought with respect to this Note, or in any appeal therefrom, the prevailing party will be entitled to its reasonable attorneys' fees as determined by the court or courts in which the action or appeal is tried or heard.

13. Interpretation. Section and other headings contained in this Note are for reference purposes only. The word "including" is deemed to be followed by the phrase "without limitation." No rule of construction or interpretation that disfavors the party drafting this Note or any of its provisions will apply to the interpretation of this Note. Instead, this Note will be interpreted according to the fair meaning of its terms.

In Witness Whereof, Debtor has executed and delivered this Note as of the Effective Date.

DEBTOR:

WESTERN COMMUNICATIONS, INC.

By: _____

000646/00039/3215686v1

EXHIBIT 2

Western Communications, Inc.
Case No. 11-37319-11elp
Balance Sheet

	September 30 2011	December 31 2010	December 31 2009	December 31 2008
CURRENT ASSETS				
Cash	933,189	894,594	900,148	251,111
Investments	58,923	812,682	819,959	1,859,977
CASH TOTAL	<u>992,112</u>	<u>1,707,276</u>	<u>1,720,107</u>	<u>2,111,088</u>
Receivables Less Doubtful Accounts	2,000,770	2,542,129	2,992,854	2,817,955
Shareholder Notes Receivable	277,967	277,967	268,075	278,091
Inventory/Supplies less LIFO Reserve	298,789	317,432	324,460	352,339
Deposits and Prepaid Expenses	479,289	753,270	567,756	299,890
CURRENT ASSETS TOTAL	<u>4,048,927</u>	<u>5,598,074</u>	<u>5,873,252</u>	<u>5,859,363</u>
PROPERTY				
Land & Land Improvements	2,149,426	2,149,426	2,149,426	2,163,789
Buildings and Construction in Progress	12,504,501	12,487,523	12,487,523	12,434,260
Machinery & Equipment	15,693,433	15,667,106	15,156,841	15,267,179
Furniture & Office Equipment	450,608	443,313	443,313	464,649
Vehicles	352,310	352,019	465,661	465,661
PROPERTY TOTAL (At Cost)	<u>31,150,278</u>	<u>31,099,387</u>	<u>30,702,764</u>	<u>30,795,538</u>
Less Accumulated Depreciation	(18,422,231)	(17,732,956)	(16,657,833)	(15,277,019)
PROPERTY TOTAL (Net)	<u>12,728,047</u>	<u>13,366,431</u>	<u>14,044,931</u>	<u>15,518,519</u>
OTHER NON-CURRENT ASSETS				
Intangible Assets/Cash Value Life Ins.	7,853,011	7,854,510	7,855,020	8,200,244
Notes Receivable	25,804	27,218	28,493	29,180
OTHER NON-CURRENT ASSETS TOTAL	<u>7,878,815</u>	<u>7,881,728</u>	<u>7,883,513</u>	<u>8,229,424</u>
TOTAL ASSETS	<u>24,655,789</u>	<u>26,846,233</u>	<u>27,801,696</u>	<u>29,607,306</u>
CURRENT LIABILITIES				
Accounts Payable	408,557	1,003,743	1,093,525	692,352
Accrued Expenses	1,567,510	1,532,342	1,594,456	1,633,421
Line of Credit				2,615,388
Current Portion of Long-Term Debt		18,430,569	19,500,348	1,081,296
Prepaid Subscriptions	1,289,612	1,300,618	1,321,997	1,401,206
CURRENT LIABILITIES TOTAL	<u>3,265,679</u>	<u>22,267,272</u>	<u>23,510,326</u>	<u>7,423,663</u>
SERP/Other Liability	1,690,476	1,533,421	1,314,216	1,483,340
Pre-Petition Liability	940,344			
Long Term Debt Pre-Petition	17,884,740			
Long Term Debt				16,251,924
NON-CURRENT LIABILITIES TOTAL	<u>20,515,560</u>	<u>1,533,421</u>	<u>1,314,216</u>	<u>17,735,264</u>
TOTAL LIABILITIES	23,781,239	23,800,693	24,824,542	25,158,927
STOCKHOLDERS EQUITY				
Common Stock	1,181	1,181	1,181	1,181
Paid in Capital	139,733	139,733	139,733	139,733
Retained Earnings	2,931,717	2,836,240	4,307,466	6,814,408
Current Year Profit & Loss	(2,198,081)	68,386	(1,471,226)	(1,746,969)
Less Distributions		0	0	(759,974)
TOTAL STOCKHOLDERS EQUITY	<u>874,550</u>	<u>3,045,540</u>	<u>2,977,154</u>	<u>4,448,379</u>
TOTAL LIABILITIES AND EQUITY	<u>24,655,789</u>	<u>26,846,233</u>	<u>27,801,696</u>	<u>29,607,306</u>

EXHIBIT 3

Western Communications, Inc.
Case No. 11-37319-11elp
Income Statement

	9 months Ending September 30, 2011	Year Ending December 31		
		2010	2009	2008
OPERATING REVENUE				
Advertising	13,524,775	21,541,779	21,047,111	25,312,663
Circulation	3,144,424	4,176,309	4,369,089	4,521,505
Commercial Printing	1,214,444	1,713,302	1,632,834	1,601,186
New Media	8,868	12,277	10,040	14,759
Distribution	12,963	17,714	21,077	24,419
Newspapers in Education	0	(4,168)	(3,059)	97
Miscellaneous Income	101,922	152,664	168,406	199,208
TOTAL OPERATING REVENUE	18,007,396	27,609,877	27,245,498	31,673,837
OPERATING EXPENSES				
Advertising	2,514,806	3,432,061	3,527,952	4,358,662
Circulation	2,207,597	3,001,086	3,095,775	3,613,487
Commercial Printing	147,582	195,696	143,755	148,407
Creative Services	296,420	389,966	401,618	537,666
Editorial	4,154,053	5,474,544	5,632,079	6,827,665
Production	4,013,671	5,269,557	5,078,107	6,787,407
Distribution	924,699	1,348,093	1,331,868	1,590,275
Building Services	212,351	283,631	335,607	377,210
New Media	184,611	253,307	260,054	304,220
Distribution Services	4,797	6,396	11,096	18,195
Newspapers in Education	0	169	2,972	11,834
Information Services	633,040	780,399	758,324	873,566
General & Administrative	2,433,517	3,218,090	3,680,689	4,406,815
TOTAL OPERATING EXPENSES	17,727,144	23,652,995	24,259,896	29,855,409
NET OPERATING INCOME	280,252	3,956,882	2,985,602	1,818,428
NON-OPERATING INC/EXP				
Depreciation	715,050	1,235,176	1,497,566	1,808,968
Amortization Expense	95,000	244,054	398,908	7,643
Interest Expense	1,150,549	1,597,945	1,888,045	1,144,592
Other Income & Expenses	517,736	811,320	672,311	604,194
TOTAL NON-OPERATING INC/EXP	2,478,335	3,888,495	4,456,830	3,565,397
NET INCOME	(2,198,083)	68,387	(1,471,228)	(1,746,969)

EXHIBIT 4

Western Communications Inc.
Case No. 11-37319-elp11
Financial Plan
2012 - 2016

	2012	2013	2014	2015	2016
Revenue					
Advertising	18,800,000	19,350,000	19,550,000	19,843,000	20,141,000
Circulation	4,267,000	4,352,000	4,439,000	4,528,000	4,619,000
Commercial Printing	1,604,000	1,636,000	1,669,000	1,702,000	1,736,000
Other	153,000	156,000	159,000	162,000	165,000
Total Revenue	24,824,000	25,494,000	25,817,000	26,235,000	26,661,000
Operating Expenses					
Salaries/Wages Expense	11,900,000	11,960,000	12,020,000	12,080,000	12,140,000
Newsprint	2,515,000	2,595,000	2,595,000	2,595,000	2,595,000
Health Insurance	1,900,000	1,948,000	1,997,000	2,047,000	2,098,000
Other departmental expenses:					
Advertising	755,000	758,000	762,000	766,000	770,000
Circulation	1,560,000	1,567,000	1,575,000	1,583,000	1,591,000
Commercial Printing	95,000	95,000	95,000	95,000	95,000
Creative Services	48,000	48,000	48,000	48,000	48,000
Editorial	1,252,000	1,258,000	1,264,000	1,270,000	1,276,000
Production	985,000	989,000	994,000	999,000	1,004,000
Distribution	275,000	276,000	277,000	278,000	279,000
Building Services	195,000	196,000	197,000	198,000	199,000
New Media	168,000	169,000	170,000	171,000	172,000
Distribution Services	6,500	7,000	7,000	7,000	7,000
Information Services	475,000	477,000	479,000	481,000	483,000
General & Administrative	1,450,000	1,457,000	1,464,000	1,471,000	1,478,000
total other departmental exp	7,264,500	7,297,000	7,332,000	7,367,000	7,402,000
Total Operating Exp	23,579,500	23,800,000	23,944,000	24,089,000	24,235,000
Net Operating Income	1,244,500	1,694,000	1,873,000	2,146,000	2,426,000
Less:					
Property Taxes	215,000	226,000	235,000	245,000	260,000
Other Non Op expenses	207,000	210,000	210,000	210,000	210,000
EBITDA/Cashflow from operations	822,500	1,258,000	1,428,000	1,691,000	1,956,000
Cashflow items:					
Capital	200,000	200,000	200,000	200,000	200,000
Interest Expense	488,650	949,285	943,745	926,470	906,385
Principal Payments	30,000	88,000	257,055	437,945	458,130
Net Cashflow	103,850	20,715	27,200	126,585	391,485
Beginning Cash Estimate	<u>800,000</u>	<u>903,850</u>	<u>924,565</u>	<u>951,765</u>	<u>1,078,350</u>
Ending Cash	903,850	924,565	951,765	1,078,350	1,469,835

EXHIBIT 5

Western Communications, Inc.

Case No. 11-37319-elp11

Liquidation Analysis

Assets	Estimated Liquidation Value:
Current Assets	
Cash	933,189 ¹
Investments	58,923 ¹
Accounts Receivable	1,300,501 ²
Notes Receivable	16,772 ²
Insider Receivables	180,679 ²
Inventory Newsprint (LIFO)	80,205 ³
Inventory Plates (Cost)	24,371 ³
Prepaid Expenses and Deposits	0 ⁴
Total Current Assets	<u>2,594,640</u>
Fixed Assets	
Real Property/Buildings	9,503,000 ⁵
Equipment, F&F, and Autos	1,750,000 ⁶
Total Fixed Assets	<u>11,253,000</u>
CSV Life Ins	30,455 ¹
Goodwill-Book Value	0 ⁴
Total Assets	<u><u>13,878,095</u></u>

Recovery Analysis

Liquidation Value of Assets	13,878,095
Liabilities (exclusive of unsecured claims)	
Bank of America secured claim (estimated)	18,000,000
PAGE Co-Op secured claim (estimated)	225,000
Ch. 11 administrative expenses (estimated)	300,000
Ch. 7 administrative expenses (estimated)	1,387,809
Total Liabilities (estimated)	<u>19,912,809</u>
Total Available to Unsecured Creditors	<u><u>(6,034,715)</u></u>
Estimated Recovery to Unsecured Creditors	0%

NOTES:¹ 100% of book value (as of 9/30/11).² 65% of book value (as of 9/30/11).³ 35% of book value (as of 9/30/11).⁴ 0% of book value (as of 9/30/11).⁵ 85% of appraised fair market value of \$11,180,000 (per October 29, 2010 FirstService PGP Valuation appraisal).⁶ 50% of appraised fair market value of \$3,500,000 (per July 8, 2011 Pahl Industries appraisal).

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

CERTIFICATE of SERVICE

I hereby certify that I served the foregoing **DEBTOR'S DISCLOSURE STATEMENT (NOVEMBER 15, 2011)** on the parties indicated as "ECF" on the attached List of Interested Parties by electronic means through the Court's Case Management/Electronic Case File system on the date set forth below.

In addition, I served the foregoing on the parties indicated as "Non-ECF" on the attached List of Interested Parties by mailing a copy thereof in a sealed, first-class postage prepaid envelope, addressed to each party's last-known address and depositing in the U.S. mail at Portland, Oregon on the date set forth below.

DATED this 15th day of November, 2011.

TONKON TORP LLP

By /s/ Albert N. Kennedy
Albert N. Kennedy, OSB No. 821429
Michael W. Fletcher, OSB No. 010448
Attorneys for Debtor

LIST OF INTERESTED PARTIES

In re Western Communications, Inc.
U.S. Bankruptcy Court Case No. 11-37319-elp11

ECF PARTICIPANTS:

- MICHAEL W FLETCHER michael.fletcher@tonkon.com, tammy.brown@tonkon.com
- BRAD A GOERGEN bgoergen@grahamdunn.com, dpurdy@grahamdunn.com
- ALBERT N KENNEDY al.kennedy@tonkon.com, leslie.hurd@tonkon.com;andy.haro@tonkon.com
- MARK D. NORTHRUP, mnorthrup@grahamdunn.com
- US Trustee, Portland USTPRegion18.PL.ECF@usdoj.gov

NON-ECF PARTICIPANTS:

TOP 20 UNSECURED CREDITORS

PAGE Cooperative, Inc. c/o John Snyder 700 American Ave., #101 King of Prussia, PA 19406	Cascade Natural Gas Corp. POB 7608 Boise, ID 83707-9928	Stanley Convergent Security 55 Shuman Blvd., #900 Naperville, IL 60563
PAGE Cooperative, Inc. c/o Lucian B. Murley, Atty. 222 Delaware Ave. #1200 POB 1266 Wilmington DE 19801-1266	Traneoregon, Inc. POB 23579 Portland, OR 97281	Airfilco, Inc. 415 N Tillamook St. Portland, OR 97227-1823
City of Bend – Finance c/o Sonia Andrews POB 431 Bend, OR 97709	Publishing Group of America, Inc. 341 Cool Springs Blvd., #400 Franklin, TN 37067	Databar, Inc. 2908 Meridian E #201 Edgewood, WA 98371-2111
Bendtel, Inc. POB 356 Bend, OR 97709	Band-It Rubber Co. 1711 Delilah St. Corona, CA 92879-1865	All Press Parts & Equipment, Inc. 612 Shorehaven Lane Oshkosh, WI 54904
PDI Plastics, Inc. 5037 Pine Creek Dr. Westerville, OH 43081	Global Electronic Services, Inc. 5325 Palmero Ct. Buford, GA 30518	Digital Technology International 1180 N Mountain Springs Pkwy Springville, UT 84663
Schermerhorn Bros. Co. POB 668 Lombard, IL 60148-0668	Lubcon Turmo Lubrication, Inc. 5460 33rd St., SE Grand Rapids, MI 49512	OTHER
	ITD Print Solutions POB 6205 Carson, CA 90749	SEC Attn: Bankruptcy Counsel 5670 Wilshire Blvd., 11th Flr. Los Angeles, CA 90036