

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

In re:

THE NEWS-GAZETTE, INC., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 19-11901 (KBO)

(Jointly Administered)

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

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Dated: June 25, 2020

Wilmington, Delaware

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: The News-Gazette, Inc. (0894) and D.W.S., Inc. (7985). The Debtors' headquarters are located at 15 East Main Street, Champaign, Illinois 61820.

**IMPORTANT INFORMATION FOR YOU TO READ**

THE DEBTORS ARE PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT FOR THE PURPOSE OF SOLICITING VOTES TO ACCEPT THE *DEBTORS' PLAN OF LIQUIDATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE* (THE "PLAN") FILED BY THE NEWS-GAZETTE, INC. AND D.W.S., INC. (COLLECTIVELY, THE "DEBTORS"). NOTHING IN THIS DISCLOSURE STATEMENT MAY BE RELIED UPON OR USED BY ANY PERSON OR ENTITY FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN.

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

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

**STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH THEY WERE PREPARED.**

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

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

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

**THIS DISCLOSURE STATEMENT CONTAINS, AMONG OTHER THINGS, SUMMARIES OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN ANTICIPATED EVENTS IN THE DEBTORS' CHAPTER 11 CASES, AND CERTAIN DOCUMENTS RELATED TO THE PLAN THAT ARE ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE. ALTHOUGH THE DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE, THESE SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY TO THE EXTENT THAT THE SUMMARIES DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS OR EVERY DETAIL OF SUCH EVENTS. IN THE EVENT OF ANY CONFLICT, INCONSISTENCY, OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR ANY OTHER DOCUMENTS INCORPORATED HEREIN BY REFERENCE, THE PLAN OR SUCH OTHER DOCUMENTS WILL GOVERN AND CONTROL FOR ALL PURPOSES. EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED, THE FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS OR THEIR PROFESSIONALS. THE DEBTORS DO NOT REPRESENT OR**

**WARRANT THAT THE INFORMATION CONTAINED HEREIN OR ATTACHED HERETO IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION. ALL HOLDERS OF CLAIMS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN ARE ENCOURAGED TO REVIEW THIS DISCLOSURE STATEMENT AND PLAN, INCLUDING ALL EXHIBITS ATTACHED HERETO AND THERETO, IN THEIR ENTIRETY BEFORE CASTING THEIR VOTES TO ACCEPT OR REJECT THE PLAN.**

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

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

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

**THE VOTING DEADLINE IS 5:00 P.M. (PREVAILING MOUNTAIN TIME) ON SEPTEMBER 16, 2020, UNLESS THE DEBTORS EXTEND THE VOTING DEADLINE.**

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

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**EXHIBITS TO DISCLOSURE STATEMENT**

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

Exhibit B Liquidation Analysis

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

## **I. INTRODUCTION**

### **A. Purpose of Disclosure Statement**

The News-Gazette, Inc., an Illinois corporation, and D.W.S., Inc., a Delaware corporation, with headquarters in Champaign, Illinois, provide this Disclosure Statement (the “**Disclosure Statement**”) to permit Holders of certain Claims against the Debtors to make an informed decision when voting to accept or reject the *Debtors’ Plan of Liquidation Under Chapter 11 of the Bankruptcy Code* (the “**Plan**”), filed herewith and attached hereto as Exhibit A, in connection with the above-captioned bankruptcy cases (the “**Chapter 11 Cases**”) pending in the United States Bankruptcy Court for the District of Delaware (the “**Bankruptcy Court**”) under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “**Bankruptcy Code**”). Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Rule 3019 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), the Debtors expressly reserve the right to alter, amend, modify, revoke, or withdraw the Plan at any time prior to its substantial consummation.

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

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

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

- alternatives to confirmation and consummation of the Plan; and
- the solicitation and voting procedures for the Plan.

This Disclosure Statement is based on information publicly available in filed pleadings; information provided by the Debtors; claims information provided by Stretto, the Debtors' Claims and Noticing Agent and Voting Agent ("**Stretto**"); and the Debtors' liquidation analysis.

This Disclosure Statement and the Plan were filed on June 25, 2020. The Bankruptcy Court will hold a hearing on confirmation of the Plan beginning at 1:00 p.m. (prevailing Eastern Time) on September 30, 2020, before the Honorable Karen B. Owens (the "**Confirmation Hearing**"). At the Confirmation Hearing, the Bankruptcy Court will consider whether the Plan satisfies the requirements of the Bankruptcy Code, including whether the Plan is in the best interests of the Debtors' creditors, and will review a ballot report concerning votes cast for acceptance or rejection of the Plan.

This Disclosure Statement and the Plan have been electronically filed with the Bankruptcy Court and may also be examined and inspected by interested parties by (i) accessing the Bankruptcy Court's website at <https://ecf.deb.uscourts.gov/>, or (ii) accessing the website maintained by the Debtors in connection with the Chapter 11 Cases at <https://case.stretto.com/news-gazette>. Note that a PACER password is needed to access documents on the Bankruptcy Court's website.

To obtain an additional copy of the Plan, this Disclosure Statement, or other Solicitation Package materials (except ballots), please refer to the Debtors' notice website at <https://case.stretto.com/news-gazette> or request a copy by first class mail at:

In re The News-Gazette, Inc., *et al.*  
c/o Stretto  
8269 E. 23<sup>rd</sup> Avenue, Suite 275  
Denver, CO 80238

A ballot for voting to accept or reject the Plan (the "**Ballot**") is enclosed with this Disclosure Statement for Holders of Claims who are entitled to vote to accept or reject the Plan. If you are a Holder of a Claim entitled to vote on the Plan and did not receive a Ballot, received a damaged Ballot or lost your Ballot, or if you have any questions concerning the procedures for voting on the Plan, please promptly contact Stretto through the notice website or by first class mail at the addresses above to request a Ballot.

**Each Holder of a Claim entitled to vote on the Plan should read this Disclosure Statement, the Plan, the other appendices attached hereto, and the instructions accompanying the Ballots in their entirety before voting on the Plan.** These documents contain important information concerning the classification of Claims for voting purposes and the process of tabulation of votes.

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

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

**B. Overview of the Plan**

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

The Plan provides for the Debtors, and the Reorganized Debtors after the Effective Date, to liquidate the remaining Assets of the Debtors and their Estates (referred to as the “Reorganized Debtor Assets”), including investigation and, if appropriate after investigation, prosecution of Retained Causes of Action. The Plan provides for the distribution of the remaining Assets to classes of creditors in the order of priority. After payment in full to Holders of Administrative, Priority and Secured Claims, the Plan establishes a reserve fund of \$300,000 to be distributed ratably to Holders of General Unsecured Creditors with the remaining Reorganized Debtor Assets (net of the costs of administering the Plan), to be Distributed ratably to Holders of Pension Claims. The Plan defines “Reorganized Debtor Assets” as all assets and properties of every kind, nature, character and description (whether real, personal, or mixed, whether tangible and intangible, including contract rights, wherever situated and by whomever possessed), operated, owned or leased by the Debtors as of the Effective Date and that constitute property of the Estates within the purview of section 541 of the Bankruptcy Code including, without limitation: (a) all Cash on hand; (b) all proceeds of the Sale; (c) all rights under (i) the Asset Purchase Agreement and payments owing to the Debtors thereunder, (ii) the Sale Order, and (iii) any other order of the Bankruptcy Court; (d) all Retained Causes of Action; (e) all tax refunds; (f) all assets not abandoned or sold pursuant to the Asset Purchase Agreement, the Real Estate Sale Agreement or otherwise; (g) all Debtor Privileges; (h) all rights of the Debtors or Reorganized Debtors under the Real Estate Purchase Agreements and the proceeds of the sales of the Champaign Property and the Paxton Property; and (i) all of the Debtors’ books and records.

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

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

- Holders of Allowed Administrative Claims, Professional Compensation Claims and Priority Claims will be paid in full, as required by the Bankruptcy Code, unless otherwise agreed by the Holders of such Claims.
- After payment in full of, or adequate reserve for, Claims entitled to payment in full, Allowed General Unsecured Claims will receive Distributions of Cash

in an amount equal to their respective Pro Rata shares of the Reorganized Debtor General Unsecured Claims Reserve. Holders of Allowed General Unsecured Claims will be entitled to vote to accept or reject the Plan.

- After payment in full of, or adequate reserve for, Claims entitled to payment in full, and after establishment of the Reorganized Debtor General Unsecured Claims Reserve, Allowed Pension Claims will Receive Distributions of Cash in an amount equal to their respective Pro Rata shares of the Reorganized Debtor Fund. Holders of Allowed Pension Claims will be entitled to vote to accept or reject the Plan. No distributions in any amount will be made on account of Intercompany Claims or to the Holders of Equity Interests in the Debtors.

### **C. Summary of Plan Classification, Treatment and Voting Rights**

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

**Class 1** consists of Secured Claims. Class 1 is Unimpaired, and each Holder of a Secured Claim is conclusively deemed to have accepted the Plan and, therefore, is not entitled to vote on the Plan.

**Class 2** consists of General Unsecured Claims. Class 2 is Impaired, and is entitled to vote to accept or reject the Plan.

**Class 3** consists of Pension Claims. Class 3 is Impaired, and is entitled to vote to accept or reject the Plan.

**Class 4** consists of Intercompany Claims. Class 4 is Impaired, and is not receiving any Distributions under the Plan. Class 4 is deemed to have rejected the Plan.

**Class 5** consists of Equity Interests. Class 5 is impaired by the Plan. Because Equity Interests are being cancelled under the Plan and no distributions will be made to any Holder of Equity Interests, Class 5 is deemed to have rejected the Plan.

The Debtors believe that the Distributions under the Plan will provide creditors of the Debtors at least the same level of recovery on account of Allowed Claims than they would receive from a chapter 7 trustee. However, Distributions under the Plan would be made more quickly than Distributions by a chapter 7 trustee and, in a chapter 7 case, a trustee would be entitled to a priority payment of a statutory commission on all amounts paid to creditors plus additional fees to become acquainted with the Debtors and the Chapter 11 Cases, which would reduce the overall recoveries. Therefore, the Debtors believe that the Distributions to be made under the Plan

would be greater and would be made more quickly than if the Chapter 11 Cases were converted to cases under chapter 7 of the Bankruptcy Code.

#### D. Summary of Estimated Allowed Claims

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

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

The Debtors then reviewed all filed and scheduled Claims asserting Secured Claims, Priority Claims, General Unsecured Claims, and Pension Claims, and allocated such Claims to such categories. The Debtors then determined a range of estimated Allowed Claims by reducing asserted Claim amounts for duplicate Claims, amended Claims, misclassified Claims, settled Claims, repaid Claims and Claims that lack merit. For purposes of the analysis that follows the Debtors assume the Effective Date will occur in October 2020.

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

<b>SUMMARY OF TREATMENT AND EXPECTED RECOVERIES</b>			
<b><u>Class</u></b>	<b><u>Claim/Interest</u></b>	<b><u>Estimated Allowed Amount</u></b>	<b><u>Estimated Percentage Recovery, Voting Status, and Treatment for Claim/Interest</u></b>
N/A	Administrative Claims	\$79,000 - \$85,000	<u>Recovery</u> : 100% <u>Voting Status</u> : Not applicable. <u>Treatment</u> : Subject to the provisions of sections 328, 330(a), and 331 of the Bankruptcy Code, the Debtors or the Reorganized Debtors, as applicable, shall pay each Holder of an Allowed Administrative Claim the full unpaid amount of such Allowed Administrative Claim in Cash: (i) on the Effective Date or as soon as practicable thereafter (or, if not then due, when such

<b>SUMMARY OF TREATMENT AND EXPECTED RECOVERIES</b>			
<b><u>Class</u></b>	<b><u>Claim/Interest</u></b>	<b><u>Estimated Allowed Amount</u></b>	<b><u>Estimated Percentage Recovery, Voting Status, and Treatment for Claim/Interest</u></b>
			Allowed Administrative Claim is due or as soon as practicable thereafter); (ii) if such Claim is Allowed after the Effective Date, on the date such Claim is Allowed or as soon as practicable thereafter (or, if not then due, when such Allowed Administrative Claim is due); (iii) at such time and upon such terms as may be agreed upon by such Holder and the Debtors or the Reorganized Debtors, as applicable; or (iv) at such time and upon such terms as set forth in an order of the Bankruptcy Court; <i>provided, however</i> , that the U.S. Trustee shall not be required to File a request for payment of fees and charges assessed against the Estates under 28 U.S.C. §1930 before the Administrative Bar Date.
N/A	Professional Compensation Claims	\$70,000 – \$80,000	<p><u>Recovery</u>: 100%</p> <p><u>Voting Status</u>: Not applicable.</p> <p><u>Treatment</u>: Any Professional Compensation Claim not Filed by the Professional Compensation Claims Bar Date shall be deemed disallowed under the Plan and shall be forever barred against the Debtors, the Estates, the Reorganized Debtors, or any of the Reorganized Debtor Assets or property, and the Holder thereof shall be enjoined from commencing or continuing any action, employment of process or act to collect, offset, recoup or recover such Claim. Subject to the provisions of sections 328, 330(a), and 331 of the Bankruptcy Code, the Reorganized Debtors shall pay each Holder of an Allowed Professional Compensation Claim the full unpaid amount of such Allowed Professional Compensation Claim in Cash no later than five (5) Business Days after the date that such Claim is Allowed by order entered by the Bankruptcy</p>



<b>SUMMARY OF TREATMENT AND EXPECTED RECOVERIES</b>			
<b><u>Class</u></b>	<b><u>Claim/Interest</u></b>	<b><u>Estimated Allowed Amount</u></b>	<b><u>Estimated Percentage Recovery, Voting Status, and Treatment for Claim/Interest</u></b>
			Court, notwithstanding any pending appeal or request for stay or reconsideration of such order.
N/A	Priority Claims	\$101,000	<p><u>Recovery</u>: 100%</p> <p><u>Voting Status</u>: Not applicable.</p> <p><u>Treatment</u>: Except to the extent that a Holder of an Allowed Priority Claim against a Debtor agrees to a different treatment, the Debtors or the Reorganized Debtors, as applicable, shall pay each Holder of an Allowed Priority Claim the full unpaid amount of such Allowed Priority Claim in Cash, on the latest of (i) the Effective Date, (ii) the date such Allowed Priority Claim becomes Allowed, or (iii) the date such Allowed Priority Claim is payable under applicable non-bankruptcy law.</p>
Class 1	Secured Claims	\$0 - 2,500	<p><u>Recovery</u>: 100%</p> <p><u>Voting Status</u>: Unimpaired / Deemed to Accept</p> <p><u>Treatment</u>: Unless the Holder of such Secured Claim and the Reorganized Debtor agree to a different treatment, thirty (30) days after the later of (a) the Effective Date and (b) the date on which the Allowed Secured Claim becomes Allowed, in full satisfaction of its Allowed Claim, each Holder of an Allowed Secured Claim shall receive, at the option of the Reorganized Debtors: (a) the net proceeds of the sale of the property securing such Claim, up to the Allowed amount of such Claim; (b) the return of property securing such Claim; or (c) Cash equal to the value of the property securing such Claim, up to the value of the Allowed Secured Claim.</p>

<b>SUMMARY OF TREATMENT AND EXPECTED RECOVERIES</b>			
<b><u>Class</u></b>	<b><u>Claim/Interest</u></b>	<b><u>Estimated Allowed Amount</u></b>	<b><u>Estimated Percentage Recovery, Voting Status, and Treatment for Claim/Interest</u></b>
Class 2	General Unsecured Claims	\$310,000 - \$420,000	<p><u>Recovery</u>: 60% - 81%</p> <p><u>Voting Status</u>: Impaired / Entitled to Vote</p> <p><u>Treatment</u>: On or as soon as practicable after the Initial Distribution Date and/or any Subsequent Distribution Date, the Reorganized Debtors shall pay each Holder of an Allowed General Unsecured Claim (subject to reserves for possible later Distributions on account of Disputed General Unsecured Claims), in full and final satisfaction of such Allowed General Unsecured Claim, its Pro Rata share of the Reorganized Debtor General Unsecured Claims Reserve. For the avoidance of doubt, the Reorganized Debtor General Unsecured Claims Reserve shall be the only source of funding under the Plan that is available for Distributions to Holders of Allowed General Unsecured Claims.</p>
Class 3	Pension Claims	\$9,746,000 \$22,050,000	<p><u>Recovery</u>: 16% - 44%</p> <p><u>Voting Status</u>: Impaired / Entitled to Vote</p> <p><u>Treatment</u>: On or as soon as practicable after the Initial Distribution Date and/or any Subsequent Distribution Date, the Reorganized Debtors shall pay to such Holder of an Allowed Pension Claim (subject to reserves for possible later Distributions on account of Disputed Pension Claims), in full and final satisfaction of such Allowed Pension Claim, its Pro Rata share of the Reorganized Debtor Fund.</p>

<b>SUMMARY OF TREATMENT AND EXPECTED RECOVERIES</b>			
<b><u>Class</u></b>	<b><u>Claim/Interest</u></b>	<b><u>Estimated Allowed Amount</u></b>	<b><u>Estimated Percentage Recovery, Voting Status, and Treatment for Claim/Interest</u></b>
Class 4	Intercompany Claims	N/A	<u>Recovery</u> : None <u>Voting Status</u> : Impaired / Deemed to Reject <u>Treatment</u> Intercompany Claims shall be deemed cancelled and disallowed on the Effective Date, and no Distributions shall be made on account of such Intercompany Claims.
Class 5	Equity Interests	N/A	<u>Recovery</u> : None <u>Voting Status</u> : Impaired / Deemed to Reject <u>Treatment</u> : On the Effective Date, all Equity Interests shall be deemed cancelled, null, and void.

#### **E. Voting Instructions**

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

- The Holders of Secured Claims in Class 1 are Unimpaired. Thus, pursuant to section 1126(f) of the Bankruptcy Code, the claimants in Class 1 are deemed to have accepted the Plan and are not entitled to vote.
- The Holders of General Unsecured Claims in Class 2 and Pension Claims in Class 3 (the “**Voting Classes**”) will or may receive property under the Plan and may vote to accept or reject the Plan. The Debtors have enclosed Ballots with this Disclosure Statement to solicit the votes of the Holders of Claims in the Voting Classes.
- The Holders of Intercompany Claims in Class 4 and Equity Interests in Class 5 may not receive any Distribution under the Plan. Thus, pursuant to section 1126(g) of

the Bankruptcy Code, Holders of Intercompany Claims in Class 4 and Equity Interests in Class 5 are deemed to have rejected the Plan, and such Holders are not entitled to vote on the Plan.

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

You should use the Ballot sent to you with this Disclosure Statement to cast your vote for or against the Plan. **You may not cast Ballots or votes orally, by email, or by facsimile.** In order for your Ballot to be considered by the Bankruptcy Court, it must be **ACTUALLY RECEIVED** at the address set forth on the Ballot by **5:00 p.m. (prevailing Mountain Time) on September 16, 2020 (the “Voting Deadline”)**. If you are a claimant in a Voting Class and you did not receive a Ballot with this Disclosure Statement, received a damaged Ballot or lost your Ballot, or if you have any questions concerning the procedures for voting on the Plan, please promptly contact Stretto through the Debtors’ notice website at <https://case.stretto.com/news-gazette> or by first class mail at:

In re The News-Gazette, Inc., *et al.*  
c/o Stretto  
8269 E. 23<sup>rd</sup> Avenue, Suite 275  
Denver, CO 80238

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

**YOU ARE URGED TO COMPLETE, DATE, SIGN, AND PROMPTLY MAIL THE BALLOT. PLEASE BE SURE TO COMPLETE THE BALLOT PROPERLY, AND LEGIBLY IDENTIFY THE EXACT AMOUNT OF YOUR CLAIM AND THE NAME OF THE CREDITOR.**

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

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

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

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

#### **F. Confirmation of the Plan by the Bankruptcy Court**

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

In view of the deemed rejection by Holders of Class 4 Intercompany Claims and Class 5 Equity Interests, the Debtors will seek confirmation of the Plan pursuant to the “cramdown” provisions of section 1129 of the Bankruptcy Code. Specifically, section 1129(b) of the Bankruptcy Code provides that a plan can be confirmed even if the plan is not accepted by all impaired classes, as long as at least one impaired class of claims has accepted it. A bankruptcy court may confirm a plan at the request of a plan proponent if the plan “does not discriminate unfairly” and is “fair and equitable” as to each impaired class that has not accepted the plan. A

plan does not discriminate unfairly within the meaning of the Bankruptcy Code if a dissenting class is treated equally with respect to other classes of equal rank.

The Debtors believe the Plan does not discriminate unfairly with respect to Holders of Class 4 Intercompany Claims and Class 5 Equity Interests. Holders of Intercompany Claims in Class 4 and Holders of Equity Interests in Class 5 are not receiving any distribution under the Plan.

Moreover, a plan is fair and equitable as to a class of equity interests that rejects a plan if the plan provides: (i) that each holder of an interest included in the rejecting class receive or retain on account of that interest property that has a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such interest; or (ii) that the holder of any interest that is junior to the interests of such class will not receive or retain under the plan on account of such junior interest any property at all.

The Debtors believe that the Plan will meet the “fair and equitable” requirements of section 1129(b) of the Bankruptcy Code with respect to Holders of Class 5 Equity Interests. No Claim or Interest Holder junior to Holders of Class 5 Interests is receiving any recovery pursuant to their Claim or Interest, thereby satisfying section 1129(b) with respect to Class 5.

The Plan reserves the right of the Debtors to seek confirmation of the Plan through cramdown with respect to any other Class that is determined to be impaired or any creditor that has not accepted or is deemed not to have accepted the Plan pursuant to section 1126 of the Bankruptcy Code, including, to the extent necessary, Disputed Claims not entitled to vote under the Plan.

**THESE ARE COMPLEX STATUTORY PROVISIONS, AND THE PRECEDING PARAGRAPHS ARE NOT INTENDED TO BE A COMPLETE SUMMARY OF THE LAW. IF YOU DO NOT UNDERSTAND THESE PROVISIONS, PLEASE CONSULT WITH AN ATTORNEY QUALIFIED TO PROVIDE ADVICE ON SUCH PROVISIONS.**

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

## **II. OVERVIEW OF DEBTORS’ OPERATIONS AND CHAPTER 11 CASES**

### **A. Debtors’ Prepetition Business Operations**

Debtor The News-Gazette, Inc. was the leading local news source in Champaign County, Illinois. At the time of the filing of the Chapter 11 Cases, it published *The News-Gazette* daily newspaper, plus a number of surrounding weekly newspapers, companion websites and ancillary publications. Debtor D.W.S., Inc. is a wholly-owned subsidiary of The News-Gazette,

Inc. At the time of the filing of the Chapter 11 Cases, Debtor D.W.S., Inc. operated three (3) radio stations and companion websites.

The company was founded in 1919 by David W. Stevick, and was owned and operated by the Stevick family until the death of Marajen Stevick Chinigo (daughter of David W. Stevick) in 2002. In accordance with her wishes, and as part of the administration of her estates, all stock in the company was transferred to The Marajen Stevick Foundation, a not-for-profit entity, in 2008. The Marajen Stevick Foundation appoints a board of directors to govern The News-Gazette, Inc. and D.W.S., Inc.

At the time of the filing of the Chapter 11 Cases, *The News-Gazette* was published daily, with average circulation of 21,822 Monday through Friday and 24,324 on Sunday. The Debtors also published five (5) weekly newspapers in communities surrounding Champaign, Illinois, two (2) advertising-oriented shopper products, and two (2) magazines. Over the last decade, circulation trends had generally been better than industry averages owing in large part to a continued commitment to maintaining a very high-quality news product. During the last two years, however, the rate of decline in circulation had increased meaningfully.

The Debtors' radio operations included three stations. WDWS-AM is a news and sports talk format with eight hours of local programming Monday through Friday. It was consistently rated at the top of the local market in the 35+ age demographic. WHMS-FM is an adult contemporary music station, and WKIO-FM provides listeners with a classic hits music format.

The flagship website is available at [www.news-gazette.com](http://www.news-gazette.com) and is a co-branded offering of content generated by *The News-Gazette* and WDWS. At the time of the filing of the Chapter 11 Cases, it averaged over 600,000 unique users and 4.5 million page views a month. The weekly newspapers and music stations also have companion websites.

## **B. Debtors' Capital Structure**

As reflected in the Schedules, as of the Petition Date, the Debtors had total liabilities and other obligations of approximately \$17.2 million.

### **1. Debt Structure**

The Debtors had no funded secured debt. Nearly all of the Debtors' liabilities are unsecured. The largest categories consisted of: (a) pension termination and withdrawal obligations; (b) employee wage and severance obligations; and (c) other Claims that are more particularly described in Article VII hereof (Risk Factors) or are otherwise disputed.

### **2. Corporate Structure**

The News-Gazette, Inc. is 100% owned by The Marajen Stevick Foundation, and D.W.S., Inc. is 100% owned by The News-Gazette, Inc.

### 3. Events Leading to the Debtors' Chapter 11 Filings

#### a. Revenue Decline Across Industry

In 2008, the company took on substantial debt to complete the first phase of a new 48,865-square-foot printing and distribution facility. The first phase included only the distribution portion of the operation and became operational in the summer of 2008. Originally, plans called for an expansion of the facility and the acquisition of a new printing press with the goal of becoming a regional printing facility and adding meaningful commercial printing revenue.

The “great recession” of 2008, however, marked the beginning of an accelerated trend of advertising revenue declines for the newspaper business in general. As revenues fell and financial performance suffered, expansion plans had to be shelved because the Debtors could neither access nor afford the capital necessary to complete the project.

In response to declining revenues, the Debtors made significant efforts to right-size their expenses, including significant structural changes to their operations designed to position it for the future as a stand-alone media company. In addition to ongoing staff reductions, all newspaper production operations were outsourced and associated assets were liquidated. The radio and newspaper business were consolidated into a single operating entity. The net effect has been a continued reduction in expenses and the elimination of all secured debt.

While expense reduction efforts have shown success, total revenues have continued to erode. In recent years, the pace accelerated with total revenues of about \$17,170,000 in 2016 shrinking to about \$13,080,000 in 2018. The rapid loss of revenue, in turn, led to deterioration in earnings before interest, taxes, depreciation and amortization (“**EBITDA**”), a common benchmark for performance of a business, including media businesses.

Between 2016 and 2018, EBITDA declined from about \$70,000 to negative \$4,830,000. The 2018 amount includes about \$3,750,000 of a one-time expense associated with the recognition of multi-employer defined benefit plan withdrawal liabilities generated from the elimination of newspaper production operations.

Despite the Debtors' best efforts to increase revenues and decrease expenses while continuing to maintain the highest quality product, the Debtors were unable to achieve fully their financial goals to a degree that would have enabled them to continue to operate without significant changes. To preserve going-concern value and enable the Debtors to continue to serve the East Central Illinois community, the Debtors explored their strategic alternatives including a possible outside management arrangement and/or the sale of some or all of the business assets. Ultimately, the Debtors determined that a sale of the business as a going concern to a buyer with the financial resources and media footprint to further economize operations represented the best opportunity to maximize value for the benefit of the community and all stakeholders.

#### b. Prepetition Marketing Efforts of the Debtors' Assets

On December 20, 2018, the Debtors engaged Dirks, Van Essen, Murray & April (“**DVMA**”) to solicit interest from third parties with respect to a possible acquisition of either the newspaper or radio businesses individually, or the combined businesses.



DVMA drafted marketing materials and contacted potentially interested parties as detailed below (the “**Prepetition Marketing Process**”). In consultation with the Debtors’ management, DVMA prepared an information memorandum summarizing the Debtors’ business and the opportunity presented as well as financial and other information. Based on prior industry relationships and additional research, DVMA compiled a list of potential strategic and media-focused financial buyers who might be interested in investing in or acquiring the Debtors. The Debtors also built a comprehensive online data room to facilitate due diligence requests from potential investors or buyers.

DVMA contacted 35 potential purchasers and distributed the information memorandum to 22, all of which executed non-disclosure agreements. The parties that executed non-disclosure agreements were provided access to a confidential data room established by DVMA, and six of them conducted interviews with the Debtors’ management (collectively, “**Diligence Information**”). The Diligence Information provided prospective investors or buyers with detailed information on, among other topics, the Debtors’ business, strategy, growth opportunities, technology, legal and regulatory matters, and historical financial performance.

As the Prepetition Marketing Process continued, a process letter was sent to ten parties. Ultimately, three letters of intent were received. One letter proposed a purchase of the consolidated businesses, one proposed a purchase of newspaper business, and one proposed a purchase of the radio business. Ultimately, after exposing the assets to the open market for more than five months, the Debtors concluded that selling the business to Community Media Group LLC (“**CMG**”) represented the highest and best offer for the assets. Thus, on July 1, 2019, the Debtors and CMG executed a revised letter of intent, and on August 27, 2019, CMG’s affiliate, Champaign Multimedia Group LLC (the “**Stalking Horse Bidder**”) executed an Asset Purchase Agreement with the Debtors (the “**Stalking Horse Agreement**”) providing for the sale of substantially all of the Debtors’ operating assets to CMG through the Chapter 11 Cases.

### C. The Chapter 11 Cases

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

On August 30, 2019 (the “**Petition Date**”), each of the Debtors filed a petition for relief under Chapter 11 of the Bankruptcy Code.

The Debtors retained, *nunc pro tunc* to the Petition Date, Neal, Gerber & Eisenberg, LLP (and subsequently McDonald Hopkins LLC), and Chipman Brown Cicero & Cole, LLP [D.I. 98, 99, 290], as their bankruptcy co-counsel, and Dirks, Van Essen, Murray & April as broker [D.I. 100], CR3 Partners, LLC as restructuring/financial advisor [D.I. 101], and Stretto as their claims and noticing agent [D.I. 31]. No trustee, examiner, or official committee was ever appointed in the Chapter 11 Cases.

2. **Events During the Pendency of the Chapter 11 Cases**

a. **First Day Motions**

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

- a motion for the joint administration of the Chapter 11 Cases for procedural purposes only [D.I. 4];
- a motion to file a consolidated list of creditors and a consolidated list of the twenty creditors holding the largest unsecured claims [D.I. 5];
- an application to retain Stretto as the Debtors’ claims and noticing agent [D.I. 6];
- a motion for authority to pay certain prepetition employee-related obligations and certain related relief [D.I. 7];
- a motion to establish procedures for determining adequate assurance for the provision of utility services and to prohibit utility service providers from altering, refusing, or discontinuing service [D.I. 8];
- a motion relating to the continued use of the Debtors’ existing cash management system [D.I. 9];
- a motion for authority to pay certain prepetition taxes and fees [D.I. 10];
- a motion to continue insurance coverage and satisfy pre-petition obligations related thereto [D.I. 11];
- a motion to honor certain prepetition obligations pursuant to customer programs and the authority to pay prepetition claims of certain critical vendors [D.I. 12];
- a motion for authority to pay prepetition obligations to newspaper carriers and D.W.S., Inc. contractors [D.I. 13];
- a motion to authorize payment of prepetition obligations to freelancers [D.I. 14]; and
- a motion to establish bidding, auction, and sale procedures and to sell substantially all of the Debtors’ assets [D.I. 15].

The First Day Motions were granted with certain adjustments or modifications to accommodate the concerns of the Bankruptcy Court and/or the U.S. Trustee [D.I. 29, 30, 31, 32, 33, 34, 35, 36, 37, 39, 40, 66, 89, 90, 92, 93, 94, 95, 96, 97, and 129].

b. The Debtors' Other Professionals

In addition to the Professionals that they retained nunc pro tunc to the Petition Date, the Debtors retained several ordinary course professionals ("**Ordinary Course Professionals**") pursuant to the procedures set forth in the *Order Authorizing the Debtors to Retain, Employ and Compensate Certain Professionals Used in the Ordinary Course of Business* [D.I. 103]. The Debtors also retained AWS Commercial, LLC dba Colliers International ("**Colliers**") as their real estate broker for the sale of certain real property [D.I. 314].

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

As set forth above, on August 27, 2019, the Debtors and Champaign Multimedia Group LLC entered into the Stalking Horse Agreement. On the Petition Date, the Debtors filed a motion [D.I. 15] (the "**Sale Motion**") seeking entry of two orders related to the Sale. The first, the bidding procedures order (the "**Sale Procedures Order**"), sought approval of bidding procedures relating to the Sale including, among other things, designating CMG as the stalking horse purchaser, approving certain bid protections, approving certain auction procedures, and scheduling the hearing to approve the Sale (the "**Sale Hearing**"). The second, the Sale Order, sought approval of the Sale to CMG or the highest or otherwise best bidder (as determined at an Auction, if applicable).

Following the Petition Date and attendant publicity surrounding the proposed Auction and Sale of the Debtors' assets, DVMA expanded its marketing process. On September 9, 2019, DVMA sent a "teaser" with information regarding the Debtors' assets and the sale process to more than 900 potentially interested parties from the database of buyers DVMA has maintained over the past 30 years.

In response to the postpetition "teaser," DVMA received 10 additional non-disclosure agreements from parties who had an interest in acquiring assets at auction. All of those parties were given access to the diligence data room, and all were aware of the dates contained in the proposed bidding procedures. In addition, DVMA contracted with a consultant who has a database of radio buyers. The consultant was directly involved in the process from the outset and sent targeting emails to 634 radio prospects in his database as well.

On September 17, 2019, the Debtors filed the Declaration of Philip Murray in Support of the Sale Motion [D.I. 65] and on September 19, 2019, the Bankruptcy Court entered the Sale Procedures Order [D.I. 66].

Despite postpetition marketing efforts, no additional qualifying bids were received. On September 27, 2019, the Debtors filed a Notice of Cancellation of Auction [D.I. 114] and a Notice of Successful Bidder [D.I. 115] designating CMG as the successful bidder.

Each of the potentially interested parties with whom the Debtors discussed the Sale indicated that it would require, as a precondition to Closing, that the Debtors terminate and/or reject all CBAs. Accordingly, the Debtors began negotiations with their Unions to obtain concessions necessary to accomplish the Sale. Following extensive discussions, the Debtors reached an agreement with the Circulation District Managers Unit represented by the Printing Publishing and Media Workers Sector of the Communications Workers of America, Champaign-

Urbana Typographical Union Local No. 444/14407 (the “**Circulation Union**”) and the Newsroom Unit represented by the Printing Publishing and Media Workers Sector of the Communications Workers of America, Champaign-Urbana Typographical Union Local No. 444/14407 (the “**Newsroom Union**,” and together with the Circulation Union, the “**Unions**”), and on October 8, 2019, the Debtors filed settlement motions outlining the consensual settlement of claims and termination of the collective bargaining agreements upon the closing of the Sale. The Court approved the settlements, and ultimately granted all relief necessary to reject the CBAs as required in order to close the Sale. [D.I. 161 and 162].

On October 2, 2019, the Bankruptcy Court conducted the Sale Hearing and approved the Sale to CMG. The Sale to the Stalking Horse Bidder closed on November 10, 2019 (the “**Sale Closing Date**”). The cash portion of the Sale purchase price paid to the Debtors on the Sale Closing Date was \$4.5 million (less certain expenses and deductions).

d. Wind-down

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

To that end, following the closing of the Sale, the Debtors obtained the authority to (i) sell and/or abandon miscellaneous assets, (ii) reject non-residential real property leases and certain other executory contracts that are no longer of any value to the Debtors given the cessation of their business, and (iii) destroy certain obsolete records, (iv) establish an auction and sale process for real property located in Champaign, Illinois, and Paxton, Illinois. D.I. [221, 223, 341, 350]. Indeed, Colliers has commenced the marketing and sale process for those parcels of real estate, with an anticipated auction to occur in August 2020.

e. Schedules and Statements and Bar Dates

On September 27, 2019, the Debtors filed their Schedules and Statements of Financial Affairs (the “**Schedules**”).

On October 4, 2019, the Debtors filed a motion [D.I. 133] (the “**Bar Date Motion**”) to establish certain bar dates for filing proofs of Claim against the Debtors’ Estates. On October 25, 2019, the Bankruptcy Court entered an order granting the relief requested in the Bar Date Motion [D.I. 163] (the “**Bar Date Order**”), which established (I) December 3, 2019 at 5:00 p.m. (prevailing Eastern Time) as the General Bar Date; (II) February 26, 2020 at 5:00 p.m. (prevailing Eastern Time) as the Governmental Unit Bar Date; and (III) the later of (a) the General Bar Date and (b) twenty-one (21) days following service of an order approving rejection of any executory contract or unexpired lease, as the Rejection Bar Date.

Pursuant to the Bar Date Order, the Debtors have received and/or scheduled approximately 550 Claims. Certain of the filed Claims are duplicative, in that claimants have filed identical, co-extensive claims in each of the Chapter 11 Cases, most of which Claims would be consolidated pursuant to the Plan

The Debtors and their Representatives are in the process of reviewing proofs of claim and expect to file objections to certain Claims over the coming weeks or months. Consequently, the Debtors anticipate that the figures set forth above, which reflect the face amount of Claims Filed or scheduled, may be reduced following the claims reconciliation process.

### III. OVERVIEW OF THE PLAN

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

#### A. General

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

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

In addition, pursuant to section 1126 of the Bankruptcy Code, holders of impaired claims and equity interests are only required to vote on a plan if such holders are receiving or retaining property under the plan. Claims in Classes 2 and 3 (General Unsecured Claims and Pension Claims) are Impaired, and the Holders of such Claims are receiving or retaining property under the Plan and, therefore, may vote on the Plan. Class 4 Intercompany Claims and Class 5 Equity Interests also are Impaired. However, such Holders are not receiving or retaining any property under the Plan and, therefore, are deemed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code and are not entitled to vote.

A chapter 11 plan also may specify that certain classes of claims or equity interests are to have their claims or equity interests remain unaltered by the plan. Such classes are referred to as “Unimpaired” and (due to the favorable treatment accorded to such classes) are conclusively deemed to have accepted the plan and, therefore, need not be solicited to vote to accept or reject the plan. The Holders of Claims in Class 1 (Secured Claims) are Unimpaired and, therefore, are deemed to accept the Plan and are not being solicited in connection with the Plan pursuant to section 1126(f) of the Bankruptcy Code.

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

Therefore, based on the foregoing, only the Holders of Claims in Class 2 and Class 3 are receiving a ballot to submit their votes on the Plan, and all other Holders of Claims and Equity Interests are not entitled to vote on the Plan.

**B. Classification and Treatment of Claims and Interests**

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

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

**C. Elimination of Vacant Classes**

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

**D. Allocation of Distributions Between Principal and Interest**

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

**E. Provisions Governing Distributions Under the Plan**

**1. Initial Distribution Date**

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

**2. Establishment of Disputed Claims Reserve**

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

**3. Maintenance of Disputed Claims Reserve**

The Reorganized Debtors shall hold property in the Reorganized Debtor Disputed Claims Reserves in trust for the benefit of the Holders of Disputed Claims ultimately determined to be Allowed. The Reorganized Debtor Disputed Claims Reserve shall be closed and extinguished by the Reorganized Debtors when all Distributions and other dispositions of Cash or other property required to be made hereunder will have been made in accordance with the terms of the Plan. Upon closure of the Reorganized Debtor Disputed Claims Reserve, all Cash or other property held in the Disputed Claims Reserve shall revert in and become the property of the Reorganized Debtors. All funds or other property that vest or revert in the Reorganized Debtors pursuant to this paragraph shall be (a) used to pay the fees and expenses of the Reorganized Debtors in accordance with the Plan, and (b) thereafter distributed to Holders of Allowed Claims in accordance with the Plan. For the avoidance of doubt, if a Distribution on account of an Allowed General Unsecured Claim does not get claimed pursuant to the Plan, or if a Disputed General Unsecured Claim is disallowed in whole or in part, the funds held in the Reorganized Debtor Disputed Claims Reserve with respect to such disallowed General Unsecured Claims shall become part of the Reorganized Debtor General Unsecured Claims Reserve.

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

**4. Subsequent Distributions**

- a. Any Distribution that is not made on the Initial Distribution Date or on any Subsequent Distribution Date because the Claim that would have been entitled to receive that Distribution is not an Allowed Claim on such date, shall be held by the Reorganized Debtors in the Reorganized Debtor Disputed Claims Reserve pursuant to Article VI.B of the Plan and Distributed (in full, in the case of Administrative Expense Claims and Priority Claims; and up to its Ratable Proportion on account of its Allowed Claim with respect to the Claims in Classes 2 and 3) on the first Subsequent Distribution Date after such Claim is Allowed. No interest shall accrue or be paid on the unpaid amount of any Distribution paid on a Subsequent Distribution Date in accordance with Article VI.C of the Plan.
- b. To the extent any Holder of an Allowed General Unsecured Claim or Holder of an Allowed Pension Claim that received a Distribution on account of such Claim on the Initial Distribution Date or any Subsequent Distribution Date is entitled to receive an additional Distribution on account of such Claim for any reason, including due to an increase in the Ratable Proportion of such Claim or (for Pension Claims only) additional assets becoming part of the Reorganized Debtor Fund, the Reorganized Debtors shall, in their discretion, make such additional Distribution to such Holder on any Subsequent Distribution Date.

**5. Record Date for Distributions**

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

**6. Delivery of Distributions**

- a. General Provisions; Undeliverable Distributions

Subject to Bankruptcy Rule 9010 and except as otherwise provided in the Plan, Distributions to the Holders of Allowed Claims shall be made by the Reorganized Debtors or their designee, assuming the availability of funds and the economic feasibility of such Distributions, at



(a) the address of each Holder as set forth in the Schedules, unless superseded by the address set forth on proofs of Claim Filed by such Holder or (b) the last known address of such Holder if no proof of Claim is Filed or if the Debtors or Reorganized Debtors have been notified in writing of a change of address. The Plan Administrator shall have the ability to make Distributions under the Plan on behalf of the Reorganized Debtors. If any Distribution is returned as undeliverable, the Reorganized Debtors may, in their discretion, make reasonable efforts to determine the current address of the Holder of the Claim with respect to which the Distribution was made as the Reorganized Debtors deems appropriate, provided that (i) no Distribution to any such Holder shall be made unless and until the Reorganized Debtors have determined the then-current address of such Holder, at which time the Distribution to such Holder shall be made to such Holder without interest, and (ii) if the Reorganized Debtors are unable to determine the then-current address of such Holder, such Distribution shall be deemed unclaimed as of the first date of return as undeliverable and treated as set forth below in Article VI.E.3 of the Plan. The Reorganized Debtors shall have the discretion to determine how to make Distributions in the most efficient and cost-effective manner possible; *provided, however*, that their discretion may not be exercised in a manner inconsistent with any express requirements of the Plan.

b. Minimum Distributions

Notwithstanding anything in the Plan to the contrary, if a Distribution to be made to a Holder of an Allowed Claim on the Initial Distribution Date or any subsequent date for Distributions would be \$25.00 or less in the aggregate, no such Distribution will be made to that Holder unless a request therefor is made in writing to the Reorganized Debtors.

c. Unclaimed Property

Except with respect to property not Distributed because it is being held in the Reorganized Debtor Disputed Claims Reserve, Distributions that are not claimed by the expiration of ninety (90) days from the date of the relevant Distribution shall be deemed to be unclaimed property under section 347(b) of the Bankruptcy Code and shall vest or revert in the Reorganized Debtors, and the Claims with respect to which those Distributions are made shall be automatically cancelled. After the expiration of that ninety (90) day period, the Claim of any Entity to those Distributions shall be discharged and forever barred. Except as otherwise provided in Article VI of the Plan, nothing contained in the Plan shall require the Reorganized Debtors to attempt to locate any Holder of an Allowed Claim. All funds or other property that vest or revert in the Reorganized Debtors pursuant to this paragraph shall be (a) used to pay the fees and expenses of the Reorganized Debtors as and to the extent set forth in the Plan, and (b) thereafter distributed to Holders of Allowed Claims in accordance with the Plan. In the event the Reorganized Debtors hold Reorganized Debtor Assets after all Reorganized Debtor expenses are paid and all economically feasible Distributions are made, such remaining Reorganized Debtor Assets shall be liquidated to Cash and distributed to a charitable organization of the Reorganized Debtors' choice, including the Marajen Stevick Foundation, assuming such distribution is economically feasible. Neither unclaimed property nor any Reorganized Debtor Assets, shall escheat to any federal, state or local government or other entity.

**7. Manner of Cash Payments Under the Plan**

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

**8. Time Bar to Cash Payments by Check**

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

**9. Limitations on Funding of Reorganized Debtor Disputed Claims Reserve**

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

**10. Compliance with Tax Requirements**

In connection with making Distributions under the Plan, to the extent applicable, the Reorganized Debtors shall comply with all tax withholding and reporting requirements imposed on it by any Governmental Unit, and all Distributions pursuant to the Plan shall be subject to such withholding and reporting requirements. The Reorganized Debtors may require any Holder to provide the necessary information to comply with any withholding requirements of any Governmental Unit, including but not limited to Form W-9 or such Holder's tax identification number, provided that such requirement must be in writing and may be issued solely to the extent such information and documents are not contained in the Debtors' books and records or otherwise available absent such requirement. The Reorganized Debtors may condition any distribution to any Holder upon the receipt of information and documents properly requested pursuant to the other provisions of this paragraph. If such Holder does not furnish the required information and documents within thirty (30) days of such request, then such Holder's Distribution shall be treated as an undeliverable Distribution in accordance with Article VI.E.1. of the Plan.

**11. Postpetition Interest on Claims**

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

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

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

**13. Setoff and Recoupment**

The Reorganized Debtors may, but shall not be required to, setoff against, or recoup from, any Claim and the Distributions to be made pursuant to the Plan in respect thereof, any claims or defenses of any nature whatsoever that any of the Debtors, the Estates or the Reorganized Debtors may have against the Holder of such Claim, but neither the failure to do so nor the allowance of any Claim under the Plan shall constitute a waiver or release by the Debtors, the Estates or the Reorganized Debtors of any right of setoff or recoupment that any of them may have against the Holder of any Claim.

**F. Means for Implementation and Execution of the Plan**

**1. The Reorganized Debtors**

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

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

On the Effective Date, and in accordance with and pursuant to the terms of the Plan, all of the Debtors' and the Estates' rights, title, and interests in the Reorganized Debtor Assets shall be automatically deemed vested in the Reorganized Debtors, notwithstanding any prohibition on assignment under non-bankruptcy law. The Reorganized Debtors shall hold the Reorganized

Debtor Assets for the benefit of the Holders of Allowed Claims to be liquidated and distributed in accordance with the provisions of the Plan.

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

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

## **2. Appointment of the Plan Administrator**

Prior to the Confirmation Date, the Plan Administrator and the terms of service shall be identified by the Debtors in the Plan Supplement. The Person selected to be the Plan Administrator shall be approved by the Bankruptcy Court at the Confirmation Hearing. If the Person so selected is approved by the Bankruptcy Court, such approval shall be incorporated into the Confirmation Order. The Plan Administrator shall serve in such capacity until his or her resignation or discharge by the Reorganized Debtor Boards. In the event that the Plan Administrator resigns, dies or becomes incapacitated, the Reorganized Debtor Boards shall select a replacement Plan Administrator, and the Reorganized Debtors shall File a notice of such change of Plan Administrator with the Bankruptcy Court. The Plan Administrator shall be indemnified by and receive reimbursement from the Assets against and from any and all loss, liability, expense, or damage which he may incur or sustain, in good faith and without gross negligence, in the exercise and performance of his powers and duties under the Plan. The Plan Administrator may use the Reorganized Debtors Assets to purchase appropriate errors and omissions insurance and/or additional tail coverage under the D&O Insurance Policies.

## **3. Powers and Duties of the Reorganized Debtors**

From and after the Effective Date, the Reorganized Debtor Boards, the Plan Administrator, and any other duly appointed officers of the Reorganized Debtors shall have the fiduciary duties imposed under applicable law, subject to the provisions of the Plan and all Debtor Organizational Documents. The powers of the Reorganized Debtors, certain of which may be carried out by the Plan Administrator in the reasonable business judgment of the Reorganized Debtor Boards, shall include any and all powers previously held by the Debtors or the Estates, as

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

#### 4. Funding of the Reorganized Debtors

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

On the Effective Date, the Debtors shall fund, and the Reorganized Debtors shall establish and thereafter maintain, the Reorganized Debtor General Unsecured Claims Reserve,

which funds shall vest in the Reorganized Debtors free and clear of all Liens, Claims, encumbrances, charges, and other interests, except as otherwise specifically provided in the Plan and Confirmation Order. Funds in the Reorganized Debtor Disputed Claims Reserve shall be used as provided in Article VI of the Plan. Funds in the Reorganized General Unsecured Claims Reserve shall be used by the Reorganized Debtors only for the payment of Allowed Class 2 General Unsecured Claims after the Effective Date.

On the Effective Date, the Debtors shall fund, and the Reorganized Debtors shall establish and thereafter maintain, the Reorganized Debtor Fund, which funds shall vest in the Reorganized Debtors free and clear of all Liens, Claims, encumbrances, charges, and other interests, except as otherwise specifically provided in the Plan and Confirmation Order. Funds in the Reorganized Debtor Fund shall be used as provided in Article VI of the Plan. Funds in the Reorganized Debtor Fund shall be used by the Reorganized Debtors which as the source of payment of Reorganized Debtor Expenses and Distributions on account of Allowed Class 3 Pension Claims in accordance with the terms of the Plan after the Effective Date.

**5. Operations of the Debtors Between the Confirmation Date and the Effective Date**

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

**6. Reorganized Debtor Expenses**

After the Effective Date, all Reorganized Debtor Expenses, including those for attorneys, accountants and other persons employed or retained by the Reorganized Debtor, shall be paid in the ordinary course of business from the Reorganized Debtor Fund. In addition, the Plan Administrator shall be entitled to be compensated from the Reorganized Debtor Fund for his time at his customary hourly rate and upon terms as set forth in the Plan Supplement. The Plan Administrator shall also be reimbursed for all reasonable out-of-pocket expenses incurred in the performance of such duties thereunder.

**7. Establishment of the Administrative Bar Date**

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

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

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

**8. Term of Injunctions or Stays**

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

**9. Sale Order; Asset Purchase Agreement**

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

**10. Wind Down**

On the Effective Date, the members of the Debtor Boards of Directors shall be deemed to have become members of the Reorganized Debtor Boards, and all persons who are then officers and employees of the Debtors shall be deemed to have become officers and/or employees of the Reorganized Debtors. From and after the Effective Date, the Reorganized Debtor Boards and the officers of the Reorganized Debtors shall have such duties imposed on them by applicable Delaware law and the Debtor Organizational Documents; provided, however, notwithstanding anything to the contrary in the Debtor Organizational Documents, the Reorganized Debtors Boards may be reduced to only one (1) director serving in such capacity.

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

On or after the Filing of the Final Certification, the affairs of the Reorganized Debtors may be wound up, and the Reorganized Debtors may be dissolved at any time without the need for any further action or approval or filings with the Bankruptcy Court.

**11. Corporate Action; Effectuating Documents and Transactions**

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

The Reorganized Debtors are authorized to and may issue, execute, deliver, file, or record such contracts, securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence

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

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

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

The Plan Administrator shall have authority, including but not limited to signatory authority, as a representative of the Debtors and Reorganized Debtors, as applicable, with respect to any and all bank accounts of the Debtors, including but not limited to deposit or brokerage accounts held in the name of the Debtors or any employee benefits program administered in part or in whole thereby, and furthermore, (i) exercise of such authority shall be authorized solely to the extent necessary and appropriate to effectuate the Plan, and (ii) upon entry of the Confirmation Order, all applicable banking and brokerage institutions shall be directed to provide such authority to the Plan Administrator without further notice, hearing, or authorization. For the avoidance of doubt, the Reorganized Debtors shall be authorized by the Plan to continue to use the Debtors' existing bank accounts.

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

## **12. Final Certification and Case Closing**

As soon as practicable after the Effective Date, the Reorganized Debtors are authorized to and shall submit an order to the Bankruptcy Court under certification of counsel that is in form and substance acceptable to the U.S. Trustee that closes the D.W.S., Inc. (Case No. 19-11899) chapter 11 case. The Debtors' consolidated estate shall be administered through The News-Gazette, Inc. (Case No. 19-11901) pursuant to Article X.E of the Plan.

When all Disputed Claims have become Allowed or disallowed, the Reorganized Debtors have made Distributions on all Allowed Claims, and all of the Reorganized Debtors' duties otherwise have been completed, the Reorganized Debtors shall File the Final Certification and seek authority from the Bankruptcy Court to close The News-Gazette, Inc. Chapter 11 case in accordance with the Bankruptcy Code and the Bankruptcy Rules.



**G. Procedures for Resolving and Treating Disputed Claims**

**1. No Distribution Pending Allowance**

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

**2. Resolution of Disputed Claims**

Unless otherwise ordered by the Bankruptcy Court after notice and a hearing, the Debtors and Reorganized Debtors shall have the right, but not to the exclusion of all others, to make, File, prosecute, settle, compromise, withdraw or resolve in any manner approved by the Bankruptcy Court, objections to Claims by the Claims Objection Bar Date. From and after the Confirmation Date, all objections with respect to Disputed Claims shall be litigated to a Final Order except to the extent the objector elects to withdraw any such objection or the objector and the claimant elect to compromise, settle or otherwise resolve any such objection, in which event they may settle, compromise or otherwise resolve any Disputed Claim without approval of the Bankruptcy Court. Any request to extend the Claims Objection Bar Date shall not be considered a modification to the Plan under section 1127 of the Bankruptcy Code.

**3. Estimation of Claims**

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

**4. Disallowance of Claims**

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

**5. Adjustment to Claims Without Objection**

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

**6. Amendments to Claims or Interests**

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

**7. Effect of Bar Dates**

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

**H. Treatment of Executory Contracts and Unexpired Leases**

**1. Rejection of Executory Contracts and Unexpired Leases**

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

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

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

To the extent not previously rejected in accordance with an order of the Bankruptcy Court, Claims arising out of the rejection of an executory contract or unexpired lease pursuant to the Plan must be Filed with the Bankruptcy Court and by no later than thirty (30) days after the later of (a) notice of entry of an order approving the rejection of such Executory Contract or Unexpired Lease, including the Confirmation Order, or (b) notice of the entry of Confirmation Order, and upon allowance, shall be an Allowed General Unsecured Claim. Any Claims not Filed

within such applicable time periods shall be forever barred from receiving a distribution from the Debtors, the Estates, or the Reorganized Debtors. All such Claims shall, as of the Effective Date, be subject to the permanent injunction set forth in Article X.C. Unless otherwise ordered by the Bankruptcy Court, all such Claims that are timely Filed as provided in the Plan shall be treated as General Unsecured Claims under the Plan and shall be subject to the provisions of Article III of the Plan.

### **3. Debtors' Insurance Policies**

Nothing in the Plan or the Confirmation Order alters the rights and obligations of the Debtors (and their Estates) and the Debtors' insurers (and third-party claims administrators) under the D&O Insurance Policies and the Debtors' other insurance policies or modifies the coverage or benefits provided thereunder or the terms or conditions thereof or diminishes or impairs the enforceability of the Debtors' insurance policies. The Reorganized Debtors shall not be required to seek or enter into new any insurance policies and may rely upon the same insurance policies as the Debtors.

#### **I. Conditions Precedent to Effective Date of the Plan**

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

1. The Confirmation Order has become a Final Order.
2. The Confirmation Order shall be in full force and effect.
3. The sales of the Champaign Property and the Paxton Property shall have closed and funds shall have been received pursuant to the Real Estate Purchase Agreements.

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

#### **J. Establishing the Effective Date**

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

**K. Exculpation, Injunction, and Related Provisions**

**1. Compromise and Settlement**

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

**2. Exculpation**

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

**3. Injunction**

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

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

- a. **commencing or continuing in any manner any action or other proceeding of any kind against any of the Debtors, the Estates, the Reorganized Debtors, their successors and assigns, and any of their assets and properties;**
- b. **enforcing, attaching, collecting or recovering by any manner or means any judgment, award, decree or order against any of the Debtors, the Estates, the Reorganized Debtors, their successors and assigns, and any of their assets and properties;**

- c. **creating, perfecting or enforcing any encumbrance of any kind against any of the Debtors, the Estates, the Reorganized Debtors, their successors and assigns, and any of their assets and properties;**
- d. **asserting any right of setoff or subrogation of any kind against any obligation due from any of the Debtor, the Estates, the Reorganized Debtors or their successors and assigns, or against any of their assets and properties, except to the extent a right to setoff or subrogation is asserted with respect to a timely Filed proof of Claim; or**
- e. **commencing or continuing in any manner any action or other proceeding of any kind in respect of any Claim or Equity Interest or Cause of Action released or settled hereunder.**

**From and after the Effective Date, all Entities are permanently enjoined from commencing or continuing in any manner against the Debtors, the Estates, their successors and assigns, and any of their assets and properties, any suit, action or other proceeding, on account of or respecting any Claim or Cause of Action released or to be released pursuant to the Plan or the Confirmation Order.**

**From and after the Effective Date, all persons and Entities are permanently enjoined from commencing or continuing in any suit, action, or other proceeding on account of or respecting any Claim or Cause of Action released or to be released pursuant to the Plan or the Confirmation Order.**

#### **4. Releases of Liens**

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

#### **5. Substantive Consolidation**

The Debtors are requesting that the Bankruptcy Court approve the Debtors' election to deem the Estates of all of the Debtors consolidated into a single estate for the purposes of voting, confirmation, and distributions. Accordingly, for purposes of implementing the Plan, pursuant to such order: (a) all assets and liabilities of all the Debtors shall be pooled; and (b) with respect to any guarantees by one Debtor of the obligations of any Debtor, and with respect to any joint or several liability of any Debtor, the Holder of any Claims for such obligations will receive a single recovery on account of any such joint obligations of the Debtors, in each case except to the extent otherwise provided in the Plan.

Such election to treat the Estates as consolidated shall not constitute a waiver of the mutuality requirement for setoff under section 553 of the Bankruptcy Code, except to the extent

otherwise expressly waived by the Debtors or the Reorganized Debtors. The Plan serves as a motion seeking entry of an order consolidating the Debtors, as described in Article X.E. of the Plan. The entry of the Confirmation Order shall constitute approval by the Bankruptcy Court of the substantive consolidation of the Debtors and their respective Estates for all purposes relating to the Plan, including for purposes of voting, confirmation and distributions.

The Debtors submit that such consolidation of the Estates is appropriate under applicable law given the facts and circumstances of the Chapter 11 Cases. The Debtors are so interrelated that substantive consolidation is the best and most efficient way to make distributions under the Plan. Creditors will not be harmed by such consolidating and could actually be prejudiced if the Estates were not so consolidated. Indeed, the Debtors believe that such consolidation in these Chapter 11 Cases is appropriate because the Debtors have historically operated as an integrated business. The Debtors did maintain separate books and records prior to and after the commencement of the Chapter 11 Cases.

Nevertheless, the Debtors operated primarily on a consolidated basis, often with one Debtor using the assets of the other Debtor in its operations. The Debtors also operated with shared executive, financial and administrative staff, and occupied the same space. Most importantly, the Sale was conducted as the sale of substantially all of the assets of both Debtors, without allocation by any party of the value achieved among the Debtor entities. Accordingly, there is no practical or fair way, other than through after-the-fact estimation without material basis in fact, to allocate the Sale proceeds among distinct Estates. The Debtors believe it would be burdensome and expensive to disentangle the Debtors' claim obligations or assets in these Chapter 11 Cases; doing so might require retention of separate counsel for each entity and could result in allocation litigation among the entities. The Debtors believe that such allocation efforts would be wasteful and not likely to create material value for any constituent, and that substantive consolidation would otherwise avoid the erosion of cash and other value that would otherwise be made available to Holders of General Unsecured Claims or Pension Claims of a single estate. The impact of substantive consolidation, or of attempting to create two distinct estates, on each Debtor's creditors is also speculative.

Accordingly, the Debtors contend that, on balance, the practical necessity of consolidation outweighs the prospective harm (if any) to any particular creditor. The Plan therefore provides for substantive consolidation of the Estates as follows:

- a. The Plan shall serve as a motion by the Debtors seeking entry of an order deeming the Estates of all of the Debtors consolidated into a single estate for the purposes of voting, confirmation, and distributions under the Plan. Intercompany Claims are deemed to be satisfied and resolved by the substantive consolidation provided for in the Plan.
- b. The entry of the Confirmation Order shall constitute approval by the Bankruptcy Court of the substantive consolidation of the Debtors and their respective Estates for all purposes relating to the Plan, including for purposes of voting, confirmation and Distributions. If this substantive consolidation is approved, then for all purposes

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

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

from substantive consolidation under the Plan shall be deemed cured as of the Effective Date.

- e. The Debtors' consolidated Estate shall be administered in and through the Chapter 11 Cases.

**6. Preservation of Rights of Action**

**a. Retained Causes of Action**

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

Pursuant to the Bankruptcy Code, a debtor may seek to recover, through adversary proceedings in bankruptcy court, certain transfers of the debtor's property in respect of antecedent debts to the extent the transferees received more than they would have received on account of such pre-existing debts had the debtor been liquidated under chapter 7 of the Bankruptcy Code. Such transfers include cash payments, pledges of security interests or other transfers of interests in property. Such transfers must have been made while the debtor was insolvent, and the debtor is rebuttably presumed to have been insolvent during the 90-day period immediately prior to the commencement of its bankruptcy case with respect to all non-insiders and the one-year period prior to commencement of the case with respect to insiders. These provisions of the Bankruptcy Code can be broad in their application because they allow the debtor to recover payments regardless of whether there was any impropriety in such payments, with certain limited exceptions. If the debtor recovers a transfer, the transferee receives a general unsecured claim against the debtor to the extent of the recovery unless the transferee waives and releases such claim.

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



**b. Vesting of Causes of Action**

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

Except as otherwise provided in the Plan or Confirmation Order, after the Effective Date, the Reorganized Debtors shall have the exclusive right to institute and prosecute any Retained Causes of Action, without further order of the Bankruptcy Court, in any court or other tribunal, including, without limitation, in an adversary proceeding Filed in one or more of the Chapter 11 Cases. The Reorganized Debtors shall not settle, compromise, or otherwise resolve any Retained Causes of Action that are in excess of \$100,000 without first obtaining approval of the Bankruptcy Court.

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

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

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

Subject to the immediately preceding paragraph, (i) any Entity to whom the Debtors have incurred an obligation (whether on account of services, purchase or sale of goods or otherwise), (ii) any Entity who has received services from the Debtors or a transfer of money or property of the Debtors, or (iii) any Entity who has transacted business with the Debtors, or leased property from the Debtors should, in each case, assume that any such act, omission, obligation, transfer or transaction may be reviewed by the Reorganized Debtors subsequent to the Effective Date and may be the subject of an action after the Effective Date, regardless of whether: (A) such Entity has Filed a proof of Claim against the Debtors in the Chapter 11 Cases; (B) the Debtors or Reorganized Debtors have objected to any such Entity's proof of Claim; (C) any such Entity's

Claim was included in the Schedules; (D) the Debtors or Reorganized Debtors have objected to any such Entity's scheduled Claim; or (E) any such Entity's scheduled Claim has been identified by the Debtors or Reorganized Debtors as disputed, contingent or unliquidated.

#### **IV. ALTERNATIVES TO THE PLAN**

##### **A. Liquidation Under Chapter 7 of the Bankruptcy Code**

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

The primary reason why creditors would receive less is that in a chapter 7 case, the trustee would be entitled as a commission up to 3% of all funds disbursed to creditors or other parties in interest. Moreover, a chapter 7 trustee would not have historical knowledge of the Debtors, which could delay administration and require costs to become familiar with the Debtors' affairs. Those delays, in addition to being generally adverse to the interests of creditors, likely would cause extra administrative expenses to be incurred, including for counsel to such new trustee to educate her or himself of all the relevant background facts. A liquidation analysis demonstrating the potential recoveries to creditors under the Plan as compared to in chapter 7 liquidation is attached hereto as Exhibit 1.

##### **B. Alternative Chapter 11 Plan**

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

#### **V. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN**

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

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

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

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

THE FOLLOWING SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM. THIS SUMMARY IS LIMITED TO THE U.S. FEDERAL INCOME TAX ISSUES ADDRESSED IN THIS DISCLOSURE STATEMENT. ADDITIONAL ISSUES MAY EXIST THAT ARE NOT ADDRESSED IN THIS SUMMARY AND THAT COULD AFFECT THE U.S. FEDERAL TAX TREATMENT OF CONSUMMATION OF THE PLAN. ALL HOLDERS OF CLAIMS ARE

URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE FEDERAL, STATE, LOCAL, U.S. POSSESSION INCOME, NON-U.S. INCOME, ESTATE, GIFT, AND OTHER TAX CONSEQUENCES OF THE PLAN.

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

**1. Sale of the Debtors' Assets**

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

**a. Cancellation of Indebtedness**

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

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

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

**a. General**

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

Because the Holders' Claims and tax situations differ, Holders should consult their own tax advisors to determine how the Plan affects them for U.S. federal, state, local, and non-U.S. tax purposes, based on their particular tax situations. Among other things, the

U.S. federal income tax consequences of a payment to a Holder may depend initially on the nature of the original transaction pursuant to which the Claim arose. The U.S. federal income tax consequences of a transfer to a Holder may also depend on whether the item to which the payment relates has previously been included in the Holder's gross income or has previously been subject to a loss or a worthless security or bad debt deduction.

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

b. Allocation of Plan Distributions between Principal and Interest

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

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

c. Information Reporting and Backup Withholding

In general, information reporting requirements may apply to distributions or payments under the Plan. Additionally, under the backup withholding rules, a Holder of an

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

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

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

## VI. CONFIRMATION PROCEDURES

### A. Confirmation Hearing

**The Confirmation Hearing will commence on September 30, 2020 at 1:00 p.m. (prevailing Eastern Time),** before The Honorable Karen B. Owens, United States Bankruptcy Judge, at the United States Bankruptcy Court for the District of Delaware, 824 North Market Street, 6th Floor, Courtroom 1, Wilmington, Delaware 19801. The Confirmation Hearing may be continued from time to time without further notice other than the announcement by the Debtors in open court of the adjourned date(s) at the Confirmation Hearing or any continued hearing or as indicated in any notice filed with the Bankruptcy Court.

**The Plan Objection Deadline is 4:00 p.m. (prevailing Eastern Time) on September 16, 2020.**

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

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

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

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

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

**1. Best Interests of Creditors Test**

Often called the “best interests” test, section 1129(a)(7) of the Bankruptcy Code requires that a bankruptcy court find, as a condition to confirmation, that a chapter 11 plan provides, with respect to each class, that each holder of a claim or an equity interest in such class either (a) has accepted the plan or (b) will receive or retain under the plan property with a value,

as of the effective date of the plan, that is not less than the amount that such holder would receive or retain if the debtors liquidated under chapter 7 of the Bankruptcy Code. To make these findings, the bankruptcy court usually: (a) estimates the cash liquidation proceeds that a chapter 7 trustee would generate if each of the debtors' chapter 11 cases were converted to a chapter 7 case and the assets of such debtor's estate were liquidated; (b) determines the liquidation distribution that each non-accepting holder of a claim or an equity interest would receive from such liquidation proceeds under the priority scheme dictated in chapter 7; and (c) compares such holder's liquidation distribution to the plan distribution that such holder would receive if the plan were confirmed.

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

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

## 2. Feasibility

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

## 3. Acceptance by Impaired Classes

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

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



two-thirds in amount and a majority in number actually voting cast their ballots in favor of acceptance.

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

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

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan even if all impaired classes entitled to vote on the plan have not accepted it; *provided, however*, that the plan has been accepted by at least one impaired class (without regard to the votes of insiders).<sup>2</sup> Pursuant to Section 1129(b) of the Bankruptcy Code, notwithstanding an impaired class's rejection or deemed rejection of the plan, such plan will be confirmed, at the plan proponent's request, in a procedure commonly known as a "cram down," so long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each class of claims or equity interests that is impaired under, and has not accepted, the plan. These concepts are described immediately below.

#### 5. **No Unfair Discrimination**

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

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

#### 6. **Fair and Equitable Test**

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

Secured Claims: The condition that a plan be "fair and equitable" to a non-accepting class of secured claims includes the requirements that: (1) the holders of such secured claims retain the liens securing such claims to the extent of the allowed amount of the claims, whether the

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<sup>2</sup> Under the Plan, Classes 2 and 3 are entitled to vote on the Plan. If each of Classes 2 and 3 votes to reject the Plan, the Debtors reserve the right to amend the Plan to the extent necessary to confirm the Plan notwithstanding such rejection.

property subject to the liens is retained by the debtor or transferred to another entity under the plan; and (2) each holder of a secured claim in the class receives deferred Cash payments totaling at least the allowed amount of such claim with a present value, as of the effective date of the plan, at least equivalent to the value of the secured claimant's interest in the debtor's property subject to the liens. To the extent of any Allowed Secured Claims, the Plan provides for either option and therefore meets this test.

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

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

## **VII. CERTAIN RISK FACTORS TO BE CONSIDERED BEFORE VOTING**

Holders of Claims in Classes 2 and 3 should read and consider carefully the risk factors below, as well as the other information set forth in this Disclosure Statement, the documents delivered together with this Disclosure Statement, and the documents referred to or incorporated by reference in this Disclosure Statement, before voting to accept or reject the Plan. These factors should not be regarded as constituting the only risks present in connection with the Plan and its implementation.

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

#### **1. Failure to Satisfy Vote Requirement**

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

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

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

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

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

## 3. Nonconsensual Confirmation

In the event that any impaired class of claims or equity interests does not accept a chapter 11 plan, a bankruptcy court may nevertheless confirm such a plan at the Debtors’ request if at least one impaired class has accepted the plan (with such acceptance being determined without including the vote of any “insider” in such class), and, as to each impaired class that has not accepted the plan, the bankruptcy court determines that the plan “does not discriminate unfairly” and is “fair and equitable” with respect to the dissenting impaired classes.

As indicated above, in the event that the Holders of Claims in either Class 2 or Class 3 vote to reject the Plan, the Debtors, subject to the terms and conditions of the Plan, reserve the right to modify the Plan and to seek to confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code.

## 4. The Level of Administrative Claims and Priority Claims

The Plan sets an Administrative Bar Date and the Bar Date Order set a Governmental Unit Bar Date for Governmental Units to, among other things, file Priority Claims. The Debtors believe that Cash on hand far exceeds the estimated levels of Allowed Administrative Claims and Allowed Priority Claims; however, there can be no assurances that significant

Administrative Claims and Priority Claims may be asserted (through amendment or otherwise) and ultimately Allowed. While the Debtors believe their estimations are accurate, the Debtors may have to allocate more Cash for payment of such Claims, which may impact distributions to the remaining Classes of Claims under the Plan.

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

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

**6. Risk of Non-Occurrence of the Effective Date**

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

**B. Risk Factors That May Affect Distributions Under the Plan**

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

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

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

**2. Substantial Disputed or Unliquidated Claims**

There are disputed or unliquidated proofs of claim, the resolution of which could affect the level of Distributions to creditors. The potential recovery to Class 2 and Class 3 depends on, among other things, the outcome of the Claims reconciliation and objection process, conducted

pre-confirmation by the Debtors and post post-confirmation by the Reorganized Debtors. Therefore, the distribution to Holders of Class 2 General Unsecured Claims and Class 3 Pension Claims may increase or decrease depending on the resolution of outstanding Claims. There is a risk that a creditor's claim, as filed, could be valid and enforceable when the Plan is confirmed, but could be objected to later even though such creditor voted in favor of the Plan

### 3. Sale of Real Property

The Debtors are in the process of marketing and selling the Champaign Property and the Paxton Property at auction currently scheduled for August 2020. While the Debtors have made provision for such funds in their projections, the amount of the proceeds generated from such sales could differ materially, which would impact overall Distributions under the Plan.

## C. Disclosure Statement Disclaimer

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

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

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

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

### 3. No Admissions Made

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

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

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

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

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

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

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

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

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

## VIII. SOLICITATION AND VOTING PROCEDURES

On August [•], 2020, the Bankruptcy Court entered the Disclosure Statement Order approving the adequacy of this Disclosure Statement and approving certain procedures for the solicitation and tabulation of votes on the Plan (the "**Solicitation Procedures**"). In addition to approving the Solicitation Procedures, the Disclosure Statement Order established certain dates and deadlines, including the date of the hearing on confirmation of the Plan (the "**Confirmation Hearing**"), the deadline for parties to object to confirmation (the "**Plan Objection Deadline**"), the record date for purposes of determining which creditors are entitled to receive Solicitation Packages and, where applicable, vote on the Plan (the "**Voting Record Date**"), and the date by which ballots must be properly executed, completed, and delivered to Stretto (as the Voting Agent) to be counted as votes to accept or reject the Plan (the "**Voting Deadline**"). The Disclosure Statement Order also approved the form of ballot and certain confirmation-related notices. The Disclosure Statement Order and the Solicitation Procedures should be read in conjunction with this Disclosure Statement.

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

**1. Distribution of the Solicitation Materials**

Pursuant to the Disclosure Statement Order, Holders of Claims in Classes 2 and 3, which are entitled to vote on the Plan, will receive the following (collectively, the “**Solicitation Package**”):

- either a hard copy or a disc or thumb-drive containing this Disclosure Statement, the Plan and the Disclosure Statement Order in PDF format;
- a notice containing, among other things, the Voting Deadline, the date and time of the Confirmation Hearing and the Plan Objection Deadline (the “**Confirmation Hearing Notice**”); and
- a Ballot.

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

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

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

a. Voting Record Date

The Bankruptcy Court has approved August 6, 2020, as the Voting Record Date. Only Holders of Claims in Classes 2 and 3 as of the Voting Record Date are eligible to vote on the Plan.

b. Voting Deadline

The Bankruptcy Court has approved September 16, 2020 at 5:00 p.m. (prevailing Mountain Time), as the Voting Deadline. The Debtors may extend the Voting Deadline in accordance with the Disclosure Statement Order.

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

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

**BALLOT, PARTIES MAY SUBMIT INQUIRIES TO STRETTO, THE VOTING AGENT, AT <https://case.stretto.com/news-gazette> or emailing [TeamGazette@stretto.com](mailto:TeamGazette@stretto.com).**

To obtain an additional copy of the Plan, this Disclosure Statement, or other Solicitation Package materials (except Ballots), please refer to the Debtors' notice website at <https://case.stretto.com/news-gazette> or request a copy from Stretto, by writing to The News-Gazette, Inc., c/o Stretto, 8269 E. 23<sup>rd</sup> Avenue, Suite 275, Denver, Colorado 80238.

**IX. CONCLUSION**

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

**THE DEBTORS RECOMMEND THAT THE HOLDERS OF CLAIMS IN CLASS 2 AND CLASS 3 VOTE TO ACCEPT THE PLAN.**



Dated: June 25, 2020  
Wilmington, Delaware

THE NEWS-GAZETTE, INC.

By: /s/ John Reed  
JOHN REED, CHIEF EXECUTIVE OFFICER

D.W.S., INC.

By: /s/ John Reed  
JOHN REED, CHIEF EXECUTIVE OFFICER

# **EXHIBIT A**

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

In re:

THE NEWS-GAZETTE, INC., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 19-11901 (KBO)

(Jointly Administered)

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

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**McDONALD HOPKINS LLC**

Nicholas M. Miller (admitted *pro hac vice*)

Michael J. Kaczka (admitted *pro hac vice*)

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--and--

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Wilmington, DE 19801

Telephone: (302) 295-0191

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

Dated: June 25, 2020

Wilmington, Delaware

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: The News-Gazette, Inc. (0894) and D.W.S., Inc. (7985). The Debtors' headquarters are located at 15 East Main Street, Champaign, Illinois 61820.

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**TABLE OF EXHIBITS**

TO BE INCLUDED IN THE PLAN SUPPLEMENT

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

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The Debtors, as joint plan proponents, propose the following plan of liquidation for the resolution of the outstanding claims against and interests in the Debtors' bankruptcy estates. Reference is made to the Disclosure Statement with Respect to Debtors' Plan of Liquidation Under Chapter 11 of the Bankruptcy Code for a discussion of the history, business, properties, and operations of the Debtors, a summary and analysis of this Plan, risk factors related to this Plan, and certain related matters. This Plan follows the closing of the sale of substantially all of the Debtors' operating assets to Champaign Multimedia Group, LLC and contemplates the winddown and liquidation of the Debtors' remaining assets and distributions to creditors. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019, the Debtors reserve the right to alter, amend, modify, revoke, or withdraw this Plan prior to its substantial consummation.

**ARTICLE I.**

**DEFINED TERMS AND RULES OF INTERPRETATION**

A. Defined Terms

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

1. "*Administrative Bar Date*" means the date determined pursuant to Article V.G of this Plan.

2. "*Administrative Claims*" means Claims that have been timely Filed before the Administrative Bar Date, pursuant to the deadline and procedure set forth herein (except as otherwise provided herein or by a separate order of the Bankruptcy Court), for costs and expenses of administration under sections 503(b), 507(b) or 1114(e)(2) of the Bankruptcy Code, including, without limitation: (a) the actual and necessary costs and expenses incurred after the Petition Date and prior to the Effective Date of preserving the Estates and operating the businesses of the Debtors (such as wages, salaries or commissions for services and payments for goods and other services); and (b) all fees and charges assessed against the Estates under 28 U.S.C. §1930; *provided, however*, that the U.S. Trustee shall not be required to File a request for payment of fees and charges assessed against the Estates under 28 U.S.C. § 1930 before the Administrative Bar Date. As used herein, the term "Administrative Claims" shall exclude Professional Compensation Claims.

3. "*Affiliate*" has the meaning set forth in section 101(2) of the Bankruptcy Code.

4. "*Allowed*" means, with respect to any Claim, except as otherwise provided herein: (a) a Claim that has been scheduled by the Debtors in their Schedules as other than "disputed, contingent or unliquidated" (as such terms are defined in the Schedules); (b) a proof of Claim that has been Filed and as to which the Debtors, the Reorganized Debtors, or other parties-in-interest have not Filed an objection by the applicable Claims Objection Bar Date; (c) a Proof of Claim that



is neither Disputed nor has been disallowed by a Final Order; (d) a Claim that is allowed pursuant to the terms of this Plan; (e) a Claim that is estimated pursuant to section 502(c) of the Bankruptcy Code, unless otherwise and explicitly provided by order of the Bankruptcy Court.

5. “*Asset Purchase Agreement*” means that certain *Asset Purchase Agreement* dated as of August 27, 2019, made by and among the Debtors and the Purchaser, as amended (including ancillary documents).

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

7. “*Bankruptcy Code*” means title 11 of the United States Code, 11 U.S.C. §§ 101-1532, as amended from time to time.

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

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

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

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

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

13. “*Champaign Property*” means any real and personal property of the Debtors located at 15 East Main Street, Champaign, IL, 61820 as of the Effective Date.

14. “*Chapter 11 Cases*” means the chapter 11 cases commenced when the Debtors each Filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code on the Petition Date, which are jointly administered in the Bankruptcy Court under Case No. 19-11901 (KBO).

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

16. “*Claims Objection Bar Date*” means the bar date for objecting to proofs of claim, which shall be ninety (90) days after the Effective Date; *provided, however*, that the Reorganized Debtors may seek by motion additional extensions of this date from the Bankruptcy Court.

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

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

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

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

21. “*CWA/ITU Claim*” means any Claim scheduled for or asserted by the CWA/ITU Negotiated Pension Plan.

22. “*D&O Insurance Policies*” means all primary and excess insurance policies that provide coverage for liability related to the actions or omissions of the Debtors’ directors and officers, and, if applicable, “tail” or “runoff” coverage for such policies.

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

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

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

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

27. “*Disclosure Statement Order*” means the order approving the Disclosure Statement, which was entered by the Bankruptcy Court on August ●, 2020 [D.I. ●].

28. “*Disclosure Statement*” means the disclosure statement for this Plan approved by the Disclosure Statement Order.

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

30. “*Distributions*” means the distributions of Cash or other property to be made in accordance with this Plan.

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

32. “*Effective Date*” means the date established pursuant to Article IX.B of this Plan.

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

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

35. “*Estate*” means the estate of each Debtor created on the Petition Date pursuant to section 541 of the Bankruptcy Code.

36. “*Exculpated Parties*” means, collectively, the Debtors, the Debtors’ officers and directors, the Plan Administrator, and the Debtors’ professionals retained under sections 327 or 328 of the Bankruptcy Code (each in their capacities as such) that served in such capacities at any time between the Petition Date and the Effective Date.

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

38. “*Final Certification*” means a Filing by the Reorganized Debtor (a) certifying that all required Distributions have been made, and (b) certifying that the Reorganized Debtors’ duties have all been completed.

39. “*Final Order*” means an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction with respect to the subject matter, which has not been reversed, stayed, modified or amended, and as to which the time to appeal, petition for certiorari or move for reargument or rehearing has expired and no appeal or petition for certiorari has been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been or may be

Filed has been resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought or has otherwise been dismissed with prejudice.

40. “*GCIU Claim*” means any Claim scheduled for or asserted by the GCIU-Employer Retirement Fund.

41. “*General Bar Date Order*” means the *Order Pursuant to Bankruptcy Rule 3003(C)(3) and Local Rule 2002-1(E) Establishing Bar Dates and Related Procedures for Filing Proofs of Claim (Including for Administrative Expense Claims Arising Under Section 503(B)(9) of the Bankruptcy Code) and Approving the Form and Manner of Notice Thereof*, entered by the Bankruptcy Court on October 25, 2019 [D.I. 163].

42. “*General Bar Date*” means December 3, 2019 at 5:00 p.m. (Prevailing Eastern Time), as established in the General Bar Date Order.

43. “*General Unsecured Claims*” means Claims that are not Secured Claims, Administrative Claims, Priority Claims, Pension Claims, Intercompany Claims, or Equity Interests.

44. “*Governmental Unit Bar Date*” means February 26, 2020 at 5:00 p.m. (Prevailing Eastern Time), as established in the General Bar Date Order for each and every Governmental Unit.

45. “*Governmental Unit*” has the meaning set forth in section 101(27) of the Bankruptcy Code.

46. “*Holder(s)*” means holder(s) of Claims or Equity Interests whether or not such Claims were Allowed Claims on the Effective Date.

47. “*Impaired*” means, with respect to a Claim, Equity Interest, or Class of Claims or Equity Interests, “impaired” within the meaning of sections 1123(a)(4) and 1124 of the Bankruptcy Code.

48. “*Initial Distribution Date*” means the date selected by the Plan Administrator on which the Reorganized Debtors will make their first Distribution.

49. “*Insider*” means an “insider” (as that term is defined in section 101(31) of the Bankruptcy Code) of a Debtor.

50. “*Intercompany Claims*” means Claims held by a Debtor against another Debtor.

51. “*Noticing Agent*” means Stretto, or any successor, in its capacity as claims and noticing agent pursuant to an order entered by the Bankruptcy Court on September 4, 2019 [D.I. 31].

52. “*Paxton Property*” means any real and personal property of the Debtors located at 208 North Market Street, Paxton, IL, 60957 as of the Effective Date.

53. “*PBGC*” means the Pension Benefit Guaranty Corporation.
54. “*PBGC Claim*” means any Claim scheduled for or asserted by the PBGC.
55. “*Pension Claims*” means collectively the CWA/ITU Claim, the GCIU Claim and the PBGC Claim.
56. “*Petition Date*” means August 30, 2019, the date on which the Debtors Filed the Chapter 11 Cases.
57. “*Plan*” means this plan of liquidation under chapter 11 of the Bankruptcy Code, either in its present form or as it may be altered, amended, modified or supplemented from time to time in accordance with the Bankruptcy Code, the Bankruptcy Rules or herewith, as the case may be, and the Plan Supplement, which is incorporated herein by reference.
58. “*Plan Administrator*” means John L. Reed or his successor who serves to administer this Plan according to the terms of his engagement set forth in the Plan Supplement.
59. “*Plan Supplement*” means the compilation of documents and forms of documents, schedules and exhibits to this Plan, as the same may be altered, amended, modified, or supplemented from time to time.
60. “*Priority Claims*” means Claims or portions thereof entitled to priority in payment pursuant to sections 507(a)(4), 507(a)(5), 507(a)(7) or 507(a)(9) of the Bankruptcy Code, in any case to the greatest extent permitted.
61. “*Pro Rata*” means the ratio of the amount of an Allowed Claim in a particular Class to the aggregate amount of all Allowed Claims in such Class.
62. “*Professional*” means any Entity employed pursuant to a Final Order in accordance with sections 327, 328, or 1103 of the Bankruptcy Code, and to be compensated for services rendered and expenses incurred pursuant to sections 327, 328, 329, 330, or 331 of the Bankruptcy Code.
63. “*Professional Compensation Claim*” means a Claim of a Professional for professional services rendered or costs incurred on or after the Petition Date through and including the Effective Date.
64. “*Professional Claims Bar Date*” means 5:00 p.m. (Prevailing Eastern Time) on the date that is the first Business Day after the date that is thirty (30) days after the Effective Date unless extended by agreement of the Reorganized Debtors.
65. “*Purchaser*” means Champaign Multimedia Group, LLC.
66. “*Ratable Proportion*” means, with reference to any Distribution on account of any Allowed Claim in any Class, the ratio (expressed as a percentage) that the amount of the Allowed Claim bears to the aggregate amount of all Allowed and Disputed Claims in that Class.

67. “*Real Estate Purchase Agreements*” means the Real Estate Purchase and Sale Agreements for each of the Champaign Property and the Paxton Property sold pursuant to the Real Estate Sale Order.

68. “*Real Estate Sale Order*” means that certain Order (A) *Approving Auction Procedures with Respect to the Sale of Certain Real Property*; (B) *Approving Form of Asset Purchase Agreement*; (C) *Authorizing the Sale of Such Real Property through Public Auction*; and (D) *Granting Related Relief* entered by the Bankruptcy Court on June 10, 2020 [D.I. 350].

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

70. “*Rejection Claims Bar Date*” means the bar date for filing a proof of claim on account of executory contracts or unexpired leases that are deemed rejected pursuant to this Plan, which bar date shall be thirty (30) days after the Effective Date.

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

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

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

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

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

76. “*Reorganized Debtor General Unsecured Claim Reserve*” means the reserve established on the Effective Date to hold Cash in the amount of two-hundred fifty thousand dollars (\$250,000), which shall be the pool of funds set aside and available only for Distributions to Holders of Allowed General Unsecured Claims.

77. “*Reorganized Debtor Fund*” means the fund established on the Effective Date to hold Cash from the Reorganized Debtor Assets net of all Cash established by (i) the Reorganized Debtor Administrative and Priority Claims Reserve, and (ii) the Reorganized Debtor General Unsecured Claim Reserve, which shall be utilized as the source of payment of Reorganized Debtor Expenses and Distributions on account of Allowed Pension Claims in accordance with the terms of this Plan.

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

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

80. “*Retained Causes of Action*” mean all Causes of Action of the Debtors, the Debtors-in-Possession, the Reorganized Debtors, other than those Causes of Action that are released, compromised or settled pursuant to Article X hereof, including but not limited to avoidance actions arising under chapter 5 of the Bankruptcy Code, recovery of deposits and/or cash collateral, and actions for breach of contract.

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

82. “*Sale Closing Date*” means November 10, 2019.

83. “*Sale Order*” means the *Order (A) Authorizing and Approving (A) the Sale of Substantially All of The News-Gazette, Inc. and D.W.S., Inc. to Champaign Multimedia Group, LLC Free and Clear of All Liens, Claims, Encumbrances, and Interests; and (B) the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases; and (III) Granting Related Relief* [D.I. 129], which approved the Sale.

84. “*Schedules*” means the schedules of assets and liabilities, schedules of executory contracts and statements of financial affairs Filed on September 27, 2019, as may be amended.

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

86. “*Subsequent Distribution Date*” means the date(s) selected by the Plan Administrator following the Initial Distribution Date on which the Reorganized Debtors will make one or more Distribution(s).

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

88. “*Utility Deposits*” means deposits with utilities made by the Debtors after the Petition Date pursuant to section 366(b) of the Bankruptcy Code.

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

## B. Rules of Interpretation

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

2. The provisions of Bankruptcy Rule 9006(a) shall apply in computing any period of time prescribed or allowed hereby.

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

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

## C. Exhibits

All exhibits to this Plan will be included with the Plan Supplement, which will be Filed in substantially final form with the Bankruptcy Court no later than ten (10) calendar days prior to the deadline to vote to accept or reject this Plan. The Plan Supplement shall be available for inspection



(i) at the Office of the Clerk of the Bankruptcy Court; (ii) at <http://www.pacer.gov>, or (iii) from the Noticing Agent website at <https://case.stretto.com/news-gazette>; or (iv) once Filed, from the Debtors by a written request sent to the following addressee:

McDonald Hopkins LLC  
Attn: Nicholas M. Miller  
300 N. LaSalle Street, Suite 1400  
Chicago, IL 60654  
Email: [nmiller@mcdonaldhopkins.com](mailto:nmiller@mcdonaldhopkins.com)

## ARTICLE II.

### ADMINISTRATIVE AND PRIORITY CLAIMS

#### A. Administrative Claims

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

#### B. Professional Compensation Claims

1. Any Professional Compensation Claim not Filed by the Professional Compensation Claims Bar Date shall be deemed disallowed under this Plan and shall be forever barred against the Debtors, the Estates, the Reorganized Debtors, or any of the Reorganized Debtor Assets or property, and the Holder thereof shall be enjoined from commencing or continuing any action, employment of process or act to collect, offset, recoup or recover such Claim. Subject to the provisions of sections 328, 330(a), and 331 of the Bankruptcy Code, the Reorganized Debtors shall pay each Holder of an Allowed Professional Compensation Claim the full unpaid amount of such Allowed Professional Compensation Claim in Cash no later than five (5) Business Days after the date that such Claim is Allowed by order entered by the Bankruptcy Court, notwithstanding any pending appeal or request for stay or reconsideration of such order.

2. From and after the Effective Date, (a) the Reorganized Debtors shall, in the ordinary course of business and without any further notice or application to or action, order, or approval of the Bankruptcy Court, pay in Cash the reasonable legal, professional, or other fees and expenses related to the implementation of this Plan incurred on or after the Effective Date by the Reorganized Debtors. Upon the Effective Date, any requirement that Professionals comply with

sections 327-331, 363, and 1103 of the Bankruptcy Code and Local Bankruptcy Rules, or any order of the Bankruptcy Court in seeking retention or compensation for services rendered after such date shall terminate, and the Reorganized Debtors may employ and pay any Professional in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Court.

C. Priority Claims

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

**ARTICLE III.**

**CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS**

A. Summary

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

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

<u>Class</u>	<u>Claim</u>	<u>Status</u>	<u>Voting Rights</u>
1	Secured Claims	Unimpaired	Deemed to Accept
2	General Unsecured Claims	Impaired	Entitled to Vote
3	Pension Claims	Impaired	Entitled to Vote
4	Intercompany Claims	Impaired	Deemed to Reject
5	Equity Interests	Impaired	Deemed to Reject

B. Classification and Treatment of Claims and Equity Interests

1. Secured Claims (Class 1)

(a) *Classification:* Class 1 consists of Secured Claims.

(b) *Treatment:* Unless the Holder of such Secured Claim and the Reorganized Debtor agree to a different treatment, thirty (30) days after the later of (a) the Effective Date and (b) the date on which the Allowed Secured Claim becomes Allowed, in full satisfaction of its Allowed Claim, each Holder of an Allowed Secured Claim shall receive, at the option of the Reorganized Debtors: (a) the net proceeds of the sale of the property securing such Claim, up to the Allowed amount of such Claim; (b) the return of property securing such Claim; or (c) Cash equal to the value of the property securing such Claim, up to the value of the Allowed Secured Claim.

(c) *Voting:* Class 1 is Unimpaired, and each Holder of a Secured Claim is conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code, and therefore is not entitled to vote on this Plan.

2. General Unsecured Claims (Class 2)

(a) *Classification:* Class 2 consists of General Unsecured Claims.

(b) *Treatment:* On or as soon as practicable after the Initial Distribution Date and/or any Subsequent Distribution Date, the Reorganized Debtors shall pay each Holder of an Allowed General Unsecured Claim (subject to reserves for possible later Distributions on account of Disputed General Unsecured Claims), in full and final satisfaction of such Allowed General Unsecured Claim, its Pro Rata share of the Reorganized Debtor General Unsecured Claims Reserve. For the avoidance of doubt, the Reorganized Debtor General Unsecured Claims Reserve shall be the only source of funding under this Plan that is available for Distributions to Holders of Allowed General Unsecured Claims.

(c) *Voting:* Class 2 is Impaired, and Holders of General Unsecured Claims are entitled to vote to accept or reject this Plan.

3. Pension Claims (Class 3)

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

(b) *Treatment:* On or as soon as practicable after the Initial Distribution Date and/or any Subsequent Distribution Date, the Reorganized Debtors shall pay to such Holder of an Allowed Pension Claim (subject to reserves for possible later Distributions on account of Disputed Pension Claims), in full and final satisfaction of such Allowed Pension Claim, its Pro Rata share of the Reorganized Debtor Fund.

(c) *Voting:* Class 3 is Impaired, and Holders of Pension Claims are entitled to vote to accept or reject this Plan.

4. Intercompany Claims (Class 4)

(a) *Classification:* Class 4 consists of Intercompany Claims.

(b) *Treatment:* Intercompany Claims shall be deemed cancelled and disallowed on the Effective Date, and no Distributions shall be made on account of such Intercompany Claims.

(c) *Voting:* Holders of Class 4 Intercompany Claims are deemed to have rejected this Plan pursuant to section 1126(g) of the Bankruptcy Code, and therefore are not entitled to vote.

5. Equity Interests (Class 5)

(a) *Classification:* Class 5 consists of Equity Interests.

(b) *Treatment:* On the Effective Date, all Equity Interests shall be deemed cancelled, null, and void.

(c) *Voting:* Holders of Class 5 Equity Interests are deemed to have rejected this Plan pursuant to section 1126(g) of the Bankruptcy Code, and therefore are not entitled to vote.

C. Elimination of Vacant Classes

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

D. Allocation of Distributions Between Principal and Interest

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

E. Special Provision Governing Unimpaired Claims

Except as otherwise provided in this Plan, nothing under this Plan shall affect the Reorganized Debtors' right in respect of any Unimpaired Claim, including, without limitation, all rights in respect of legal and equitable defenses to or setoffs or recoupments against any such Unimpaired Claim. Nothing in this Plan is intended to, or shall be interpreted to, approve any creditor's effectuation of a postpetition setoff, and creditors may not effectuate any postpetition setoff without the consent of the Reorganized Debtors or the Plan Administrator, unless prior Bankruptcy Court approval has been obtained.

F. Non-Consensual Confirmation

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

**ARTICLE IV.**

**ACCEPTANCE OR REJECTION OF THIS PLAN**

A. Impaired Classes of Claims Entitled to Vote

Only the Holders of Class 2 General Unsecured Claims and Class 3 Pension Claims are entitled to vote to accept or reject this Plan.

B. Acceptance by an Impaired Class

In accordance with section 1126(c) of the Bankruptcy Code, an impaired Class of Claims shall have accepted this Plan if this Plan is accepted by the Holders of at least two-thirds in amount and fifty percent in number that have timely and properly voted to accept or reject this Plan. Because Class 2 and Class 3 are Impaired, the votes of such Holders shall be solicited.

C. Presumed Acceptances by Unimpaired Classes

Allowed Class 1 Secured Claims are not Impaired by this Plan. Under section 1126(f) of the Bankruptcy Code, Holders of such Claims are conclusively presumed to have accepted this Plan, and the votes of the Holders of such Claims shall not be solicited.

D. Classes Deemed to Reject this Plan

Holders of Class 4 Intercompany Claims and Class 5 Equity Interests are not entitled to receive any distribution under this Plan. Pursuant to section 1126(g) of the Bankruptcy Code, Holders of Class 4 Intercompany Claims and Class 5 Equity Interests are conclusively deemed to have rejected this Plan and the votes of these Holders, therefore, shall not be solicited.

E. Claims Subject to Section 502(d) of the Bankruptcy Code

Pursuant to section 502(d) of the Bankruptcy Code, a Claim shall be disallowed if it is held by a Holder from which property is recoverable under section 542, 543, 550, or 553 of the Bankruptcy Code or that is a transferee of a transfer avoidable under section 522(f), 522(h), 544, 545, 547, 548, 549, or 724(a) of the Bankruptcy Code, unless such Holder has paid the amount, or turned over any such property, for which such Holder is liable under section 522(i), 542, 543, 550, or 553 of the Bankruptcy Code.

## ARTICLE V.

### MEANS FOR IMPLEMENTATION OF THIS PLAN

#### A. The Reorganized Debtors

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

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

3. On the Effective Date, and in accordance with and pursuant to the terms of this Plan, all of the Debtors' and the Estates' rights, title, and interests in the Reorganized Debtor Assets shall be automatically deemed vested in the Reorganized Debtors, notwithstanding any prohibition on assignment under non-bankruptcy law. The Reorganized Debtors shall hold the Reorganized Debtor Assets for the benefit of the Holders of Allowed Claims to be liquidated and distributed in accordance with the provisions of this Plan.

4. This Plan shall be considered a motion pursuant to sections 105, 363, 365, and 1141 of the Bankruptcy Code for such relief, and the Confirmation Order shall be considered an order granting such relief. As of the Effective Date, all Reorganized Debtor Assets vested in the Reorganized Debtors shall be free and clear of all liens, claims, encumbrances, and interests, except as otherwise specifically provided in this Plan or in the Confirmation Order. Upon the transfer by the Debtors of the Reorganized Debtor Assets to the Reorganized Debtors, the Estates will have no reversionary or further interest in or with respect to any Reorganized Debtor Assets or the Reorganized Debtor. Any Distributions to be made under this Plan from the Reorganized Debtor Assets shall be made by the Reorganized Debtors. The Reorganized Debtors shall be responsible for filing all applicable tax returns and paying all taxes (including any withholding

taxes) that it may be required to file and/or pay, arising from or relating to the Reorganized Debtors, from the Reorganized Debtor Assets.

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

B. Appointment of the Plan Administrator

Prior to the Confirmation Date, the Plan Administrator and the terms of service shall be identified by the Debtors in the Plan Supplement. The Person selected to be the Plan Administrator shall be approved by the Bankruptcy Court at the Confirmation Hearing. If the Person so selected is approved by the Bankruptcy Court, such approval shall be incorporated into the Confirmation Order. The Plan Administrator shall serve in such capacity until his or her resignation or discharge by the Reorganized Debtor Boards. In the event that the Plan Administrator resigns, dies or becomes incapacitated, the Reorganized Debtor Boards shall select a replacement Plan Administrator, and the Reorganized Debtors shall File a notice of such change of Plan Administrator with the Bankruptcy Court. The Plan Administrator shall be indemnified by and receive reimbursement from the Assets against and from any and all loss, liability, expense, or damage which he may incur or sustain, in good faith and without gross negligence, in the exercise and performance of his powers and duties under this Plan. The Plan Administrator may use the Reorganized Debtors Assets to purchase appropriate errors and omissions insurance and/or additional tail coverage under the D&O Insurance Policies.

C. Powers and Duties of the Reorganized Debtors

From and after the Effective Date, the Reorganized Debtor Boards, the Plan Administrator, and any other duly appointed officers of the Reorganized Debtors shall have the fiduciary duties imposed under applicable law, subject to the provisions of this Plan and all Debtor Organizational Documents. The powers of the Reorganized Debtors, certain of which may be carried out by the Plan Administrator in the reasonable business judgment of the Reorganized Debtor Boards, shall include any and all powers previously held by the Debtors or the Estates, as limited by the terms of this Plan and including but not limited to authority to implement this Plan and to administer and distribute the Reorganized Debtor Assets and wind down the business and affairs of the Debtors and the Reorganized Debtors, including (a) liquidating, receiving, holding, investing, supervising, and protecting the Reorganized Debtor Assets, (b) taking all steps to execute all instruments and documents necessary to effectuate the Distributions to be made under this Plan from the Reorganized Debtor Assets, (c) resolving all Claims, (d) selecting dates for the Initial Distribution Date and each Subsequent Distribution Date and making Distributions from the Reorganized Debtor Assets as contemplated under this Plan, (e) establishing and maintaining bank accounts (only if necessary) in the name of the Reorganized Debtors, including the Administrative and Priority Claims Reserve and General Unsecured Claim Reserve, (f) employing, retaining, terminating, or replacing Professionals to represent them with respect to their responsibilities or otherwise effectuating this Plan to the extent necessary, (g) paying all reasonable costs, fees, expenses, debts, charges, employee wages, and liabilities of the Reorganized Debtors,

(h) maintaining, transferring, or terminating the Reorganized Debtors' insurance policies, as deemed necessary by the Reorganized Debtors, in accordance with the terms of this Plan, (i) administering and paying taxes of the Reorganized Debtors, including filing tax returns, (j) representing the interests of the Reorganized Debtors or the Estates before any taxing authority in all matters, including any action, suit, proceeding or audit, and (k) exercising such other powers as may be vested in it pursuant to an order of the Bankruptcy Court, the Confirmation Order or this Plan, or as it reasonably deems to be necessary and proper to carry out the provisions of this Plan. The powers, authority, responsibilities, and duties of the Reorganized Debtors will be governed by this Plan and the Confirmation Order.

D. Funding of the Reorganized Debtors

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

2. On the Effective Date, the Debtors shall fund, and the Reorganized Debtors shall establish and thereafter maintain, the Reorganized Debtor General Unsecured Claims Reserve, which funds shall vest in the Reorganized Debtors free and clear of all Liens, Claims, encumbrances, charges, and other interests, except as otherwise specifically provided in this Plan and Confirmation Order. Funds in the Reorganized Debtor Disputed Claims Reserve shall be used as provided in Article VI of this Plan. Funds in the Reorganized General Unsecured Claims Reserve shall be used by the Reorganized Debtors only for the payment of Allowed Class 2 General Unsecured Claims after the Effective Date.

3. On the Effective Date, the Debtors shall fund, and the Reorganized Debtors shall establish and thereafter maintain, the Reorganized Debtor Fund, which funds shall vest in the Reorganized Debtors free and clear of all Liens, Claims, encumbrances, charges, and other interests, except as otherwise specifically provided in this Plan and Confirmation Order. Funds in the Reorganized Debtor Fund shall be used as provided in Article VI of this Plan. Funds in the Reorganized Debtor Fund shall be used by the Reorganized Debtors as the source of payment of



Reorganized Debtor Expenses and Distributions on account of Allowed Class 3 Pension Claims in accordance with the terms of this Plan after the Effective Date.

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

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

F. Reorganized Debtor Expenses

After the Effective Date, all Reorganized Debtor Expenses, including those for attorneys, accountants and other persons employed or retained by the Reorganized Debtor, shall be paid in the ordinary course of business from the Reorganized Debtor Fund. In addition, the Plan Administrator shall be entitled to be compensated from the Reorganized Debtor Fund for his time at his customary hourly rate and upon terms as set forth in the Plan Supplement. The Plan Administrator shall also be reimbursed for all reasonable out-of-pocket expenses incurred in the performance of such duties hereunder.

G. Establishment of the Administrative Bar Date

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

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

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

H. Term of Injunctions or Stays

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

I. Sale Order; Asset Purchase Agreement

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

J. Utility Deposits

All utilities holding a Utility Deposit shall immediately after the Effective Date return or refund such Utility Deposit to the Reorganized Debtors. At the sole option of the Plan Administrator, the Reorganized Debtors may apply any Utility Deposit that has not been refunded to the Reorganized Debtors in satisfaction of any payments due or to become due from the Reorganized Debtors to a utility holding such a Utility Deposit.

K. Wind Down

1. On the Effective Date, the members of the Debtor Boards of Directors shall be deemed to have become members of the Reorganized Debtor Boards, and all persons who are then officers and employees of the Debtors shall be deemed to have become officers and/or employees of the Reorganized Debtors. From and after the Effective Date, the Reorganized Debtor Boards and the officers of the Reorganized Debtors shall have such duties imposed on them by applicable Delaware law and the Debtor Organizational Documents; *provided, however*, notwithstanding anything to the contrary in the Debtor Organizational Documents, the Reorganized Debtors Boards may be reduced to only one (1) director serving in such capacity.

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

3. On or after the Filing of the Final Certification, the affairs of the Reorganized Debtors may be wound up and the Reorganized Debtors may be dissolved at any time without the need for any further action or approval or filings with the Bankruptcy Court.

L. Corporate Action; Effectuating Documents and Transactions

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

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

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

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

5. The Plan Administrator shall have authority, including but not limited to signatory authority, as a representative of the Debtors and Reorganized Debtors, as applicable, with respect to any and all bank accounts of the Debtors, including but not limited to deposit or brokerage accounts held in the name of the Debtors or any employee benefits program administered in part or in whole thereby, and furthermore, (i) exercise of such authority shall be authorized solely to the extent necessary and appropriate to effectuate this Plan, and (ii) upon entry of the Confirmation Order, all applicable banking and brokerage institutions shall be directed to provide such authority to the Plan Administrator without further notice, hearing, or authorization. For the avoidance of doubt, the Reorganized Debtors shall be authorized by this Plan to continue to use the Debtors' existing bank accounts.

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

**M. Final Certification and Case Closing**

1. As soon as practicable after the Effective Date, the Reorganized Debtors are authorized to and shall submit an order to the Bankruptcy Court under certification of counsel that is in form and substance acceptable to the U.S. Trustee that closes the D.W.S., Inc. (Case No. 19-11899) chapter 11 case. The Debtors' consolidated estate shall be administered through The News-Gazette, Inc. (Case No. 19-11901) pursuant to Article X.E hereof.

2. When all Disputed Claims have become Allowed or disallowed, the Reorganized Debtors have made Distributions on all Allowed Claims, and all of the Reorganized Debtors' duties otherwise have been completed, the Reorganized Debtors shall File the Final Certification and seek authority from the Bankruptcy Court to close The News-Gazette, Inc. Chapter 11 case in accordance with the Bankruptcy Code and the Bankruptcy Rules.

**ARTICLE VI.**

**PROVISIONS GOVERNING DISTRIBUTIONS**

**A. Initial Distribution Date**

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

B. Reorganized Debtor Disputed Claims Reserve

1. Establishment of Reorganized Debtor Disputed Claims Reserve

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

2. Maintenance of Reorganized Debtor Disputed Claims Reserves

The Reorganized Debtors shall hold property in the Reorganized Debtor Disputed Claims Reserves in trust for the benefit of the Holders of Disputed Claims ultimately determined to be Allowed. The Reorganized Debtor Disputed Claims Reserve shall be closed and extinguished by the Reorganized Debtors when all Distributions and other dispositions of Cash or other property required to be made hereunder will have been made in accordance with the terms of this Plan. Upon closure of the Reorganized Debtor Disputed Claims Reserve, all Cash or other property held in the Disputed Claims Reserve shall revert in and become the property of the Reorganized Debtors. All funds or other property that vest or revert in the Reorganized Debtors pursuant to this paragraph shall be (a) used to pay the fees and expenses of the Reorganized Debtors in accordance with this Plan, and (b) thereafter distributed to Holders of Allowed Claims in accordance with this Plan. For the avoidance of doubt, if a Distribution on account of an Allowed General Unsecured Claim does not get claimed pursuant to this Plan, or if a Disputed General Unsecured Claim is disallowed in whole or in part, the funds held in the Reorganized Debtor Disputed Claims Reserve with respect to such disallowed General Unsecured Claims shall become part of the Reorganized Debtor General Unsecured Claims Reserve.

C. Subsequent Distributions

1. Any Distribution that is not made on the Initial Distribution Date or on any Subsequent Distribution Date because the Claim that would have been entitled to receive that Distribution is not an Allowed Claim on such date, shall be held by the Reorganized Debtors in the Reorganized Debtor Disputed Claims Reserve pursuant to Article VI.B and Distributed (in full, in the case of Administrative Expense Claims and Priority Claims; and up to its Ratable Proportion on account of its Allowed Claim with respect to the Claims in Classes 2 and 3) on the first Subsequent Distribution Date after such Claim is Allowed. No interest shall accrue or be paid on the unpaid amount of any Distribution paid on a Subsequent Distribution Date in accordance with this Article VI.C.

2. To the extent any Holder of an Allowed General Unsecured Claim or Holder of an Allowed Pension Claim that received a Distribution on account of such Claim on the Initial Distribution Date or any Subsequent Distribution Date is entitled to receive an additional Distribution on account of such Claim for any reason, including due to an increase in the Ratable Proportion of such Claim or (for Pension Claims only) additional assets becoming part of the

Reorganized Debtor Fund, the Reorganized Debtors shall, in their discretion, make such additional Distribution to such Holder on any Subsequent Distribution Date.

D. Record Date for Distributions

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

E. Delivery of Distributions

1. General Provisions; Undeliverable Distributions

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

2. Minimum Distributions

Notwithstanding anything herein to the contrary, if a Distribution to be made to a Holder of an Allowed Claim on the Initial Distribution Date or any subsequent date for Distributions would be \$25.00 or less in the aggregate, no such Distribution will be made to that Holder unless a request therefor is made in writing to the Reorganized Debtors.

3. Unclaimed Property

Except with respect to property not Distributed because it is being held in the Reorganized Debtor Disputed Claims Reserve, Distributions that are not claimed by the expiration of ninety (90) days from the date of the relevant Distribution shall be deemed to be unclaimed property under section 347(b) of the Bankruptcy Code and shall vest or re-vest in the Reorganized Debtors, and the Claims with respect to which those Distributions are made shall be automatically cancelled. After the expiration of that ninety (90) day period, the Claim of any Entity to those Distributions shall be discharged and forever barred. Except as otherwise provided in this Article VI, nothing contained in this Plan shall require the Reorganized Debtors to attempt to locate any Holder of an Allowed Claim. All funds or other property that vest or re-vest in the Reorganized Debtors pursuant to this paragraph shall be (a) used to pay the fees and expenses of the Reorganized Debtors as and to the extent set forth in this Plan, and (b) thereafter distributed to Holders of Allowed Claims in accordance with this Plan. In the event the Reorganized Debtors hold Reorganized Debtor Assets after all Reorganized Debtor expenses are paid and all economically feasible Distributions are made, such remaining Reorganized Debtor Assets shall be liquidated to Cash and distributed to a charitable organization of the Reorganized Debtors' choice, including the Marajen Stevick Foundation, assuming such distribution is economically feasible. Neither unclaimed property nor any Reorganized Debtor Assets, shall escheat to any federal, state or local government or other entity.

F. Manner of Cash Payments Under This Plan

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

G. Time Bar to Cash Payments by Check

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

H. Limitations on Funding of Reorganized Debtor Disputed Claims Reserves

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

I. Compliance with Tax Requirements

1. In connection with making Distributions under this Plan, to the extent applicable, the Reorganized Debtors shall comply with all tax withholding and reporting requirements

imposed on it by any Governmental Unit, and all Distributions pursuant to this Plan shall be subject to such withholding and reporting requirements.

2. The Reorganized Debtors may require any Holder to provide the necessary information to comply with any withholding requirements of any Governmental Unit, including but not limited to Form W-9 or such Holder's tax identification number, provided that such requirement must be in writing and may be issued solely to the extent such information and documents are not contained in the Debtors' books and records or otherwise available absent such requirement.

3. The Reorganized Debtors may condition any distribution to any Holder upon the receipt of information and documents properly requested pursuant to paragraph (2) above. If such Holder does not furnish the required information and documents within thirty (30) days of such request, then such Holder's Distribution shall be treated as an undeliverable Distribution in accordance with Article VI.E.1.

J. Postpetition Interest on Claims

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

K. No Distribution in Excess of Allowed Amount of Claim

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

L. Setoff and Recoupment

The Reorganized Debtors may, but shall not be required to, setoff against, or recoup from, any Claim and the Distributions to be made pursuant to this Plan in respect thereof, any claims or defenses of any nature whatsoever that any of the Debtors, the Estates or the Reorganized Debtors may have against the Holder of such Claim, but neither the failure to do so nor the allowance of any Claim under this Plan shall constitute a waiver or release by the Debtors, the Estates or the Reorganized Debtors of any right of setoff or recoupment that any of them may have against the Holder of any Claim.

**ARTICLE VII.**

**DISPUTED CLAIMS**

A. No Distribution Pending Allowance

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

B. Resolution of Disputed Claims

Unless otherwise ordered by the Bankruptcy Court after notice and a hearing, the Debtors and Reorganized Debtors shall have the right, but not to the exclusion of all others, to make, File, prosecute, settle, compromise, withdraw or resolve in any manner approved by the Bankruptcy Court, objections to Claims by the Claims Objection Bar Date. From and after the Confirmation Date, all objections with respect to Disputed Claims shall be litigated to a Final Order except to the extent the objector elects to withdraw any such objection or the objector and the claimant elect to compromise, settle or otherwise resolve any such objection, in which event they may settle, compromise or otherwise resolve any Disputed Claim without approval of the Bankruptcy Court. Any request to extend the Claims Objection Bar Date shall not be considered a modification to this Plan under section 1127 of the Bankruptcy Code.

C. Estimation of Claims

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

D. Disallowance of Claims

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

E. Adjustment to Claims Without Objection

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



F. Amendments to Claims or Equity Interests

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

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

**ARTICLE VIII.**

**TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

A. Rejection of Executory Contracts and Unexpired Leases

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

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

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

To the extent not previously rejected in accordance with an order of the Bankruptcy Court, Claims arising out of the rejection of an executory contract or unexpired lease pursuant to this Plan must be Filed with the Bankruptcy Court and by no later than thirty (30) days after the later of (a) notice of entry of an order approving the rejection of such Executory Contract or Unexpired Lease, including the Confirmation Order, or (b) notice of the entry of Confirmation Order, and upon

allowance, shall be an Allowed General Unsecured Claim. Any Claims not Filed within such applicable time periods shall be forever barred from receiving a distribution from the Debtors, the Estates, or the Reorganized Debtors. All such Claims shall, as of the Effective Date, be subject to the permanent injunction set forth in Article X.C. Unless otherwise ordered by the Bankruptcy Court, all such Claims that are timely Filed as provided herein shall be treated as General Unsecured Claims under this Plan and shall be subject to the provisions of Article III of this Plan.

C. Debtors' Insurance Policies

Nothing in this Plan or the Confirmation Order alters the rights and obligations of the Debtors (and their Estates) and the Debtors' insurers (and third-party claims administrators) under the D&O Insurance Policies and the Debtors' other insurance policies or modifies the coverage or benefits provided thereunder or the terms or conditions thereof or diminishes or impairs the enforceability of the Debtors' insurance policies. The Reorganized Debtors shall not be required to seek or enter into new any insurance policies and may rely upon the same insurance policies as the Debtors.

**ARTICLE IX.**

**CONDITIONS PRECEDENT TO THE EFFECTIVE DATE**

A. Conditions Precedent to the Effective Date

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

1. The Confirmation Order has become a Final Order.
2. The Confirmation Order shall be in full force and effect.
3. The sales of the Champaign Property and the Paxton Property shall have closed and funds shall have been received pursuant to the Real Estate Purchase Agreements.
4. Notwithstanding the foregoing, the Debtors reserve the right to waive the occurrence of any condition precedent to the Effective Date or to modify any of the foregoing conditions precedent. Any such waiver of a condition precedent set forth in this Article may be effected at any time, without notice, without leave or order of the Bankruptcy Court, and without any formal action other than proceeding to consummate this Plan. Any actions required to be taken on the Effective Date shall take place and shall be deemed to have occurred simultaneously, and no such action shall be deemed to have occurred prior to the taking of any other such action.

B. Establishing the Effective Date

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

other things, the Administrative Bar Date, the Professional Claims Bar Date, and the Rejection Claims Bar Date.

## ARTICLE X.

### EXCULPATION, INJUNCTION AND RELATED PROVISIONS

#### A. Compromise and Settlement

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

#### B. Exculpation

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

#### C. Injunction

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

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

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

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

(c) **creating, perfecting or enforcing any encumbrance of any kind against any of the Debtors, the Estates, the Reorganized Debtors, their successors and assigns, and any of their assets and properties;**

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

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

3. **From and after the Effective Date, all Entities are permanently enjoined from commencing or continuing in any manner against the Debtors, the Estates, their successors and assigns, and any of their assets and properties, any suit, action or other proceeding, on account of or respecting any Claim or Cause of Action released or to be released pursuant to this Plan or the Confirmation Order.**

4. **From and after the Effective Date, all persons and Entities are permanently enjoined from commencing or continuing in any suit, action, or other proceeding on account of or respecting any Claim or Cause of Action released or to be released pursuant to this Plan or the Confirmation Order.**

#### D. Releases of Liens

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

#### E. Substantive Consolidation

1. This Plan shall serve as a motion by the Debtors seeking entry of an order deeming the Estates of all of the Debtors consolidated into a single estate for the purposes of voting, confirmation, and distributions under this Plan. Intercompany Claims are deemed to be satisfied and resolved by the substantive consolidation provided for herein.

2. The entry of the Confirmation Order shall constitute approval by the Bankruptcy Court of the substantive consolidation of the Debtors and their respective Estates for all purposes relating to this Plan, including for purposes of voting, confirmation and Distributions. If this

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

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

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

5. The Debtors' consolidated Estate shall be administered in and through the Chapter 11 Cases.

#### F. Preservation of Rights of Action

##### 1. Vesting of Causes of Action

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

(b) Except as otherwise provided in this Plan or Confirmation Order, after the Effective Date, the Reorganized Debtors shall have the exclusive right to institute and prosecute any Retained Causes of Action, without further order of the Bankruptcy Court, in any court or other tribunal, including, without limitation, in an adversary proceeding Filed in one or more of the Chapter 11 Cases. The Reorganized Debtors shall not settle,

compromise, or otherwise resolve any Retained Causes of Action that are in excess of \$100,000 without first obtaining approval of the Bankruptcy Court.

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

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

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

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

## ARTICLE XI.

### RETENTION OF JURISDICTION

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

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

10. resolve any cases, controversies, suits or disputes with respect to the injunction and other provisions contained in Article X, and enter such orders as may be necessary or appropriate to implement or enforce all such injunctions and other provisions;

11. enter and implement such orders as necessary or appropriate if the Confirmation Order is modified, stayed, reversed, revoked or vacated;

12. resolve any other matters that may arise in connection with or relate to this Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document adopted in connection with this Plan or the Disclosure Statement;

13. resolve any disputes and determine any other matters that may arise in connection with or related to the Sale Order or any contract, instrument, release, indenture or other agreement or document created or implemented in connection with the Sale Order;

14. hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code; and

15. enter an order and/or the decree contemplated in Bankruptcy Rule 3022 concluding the Chapter 11 Cases.

## **ARTICLE XII.**

### **MISCELLANEOUS PROVISIONS**

#### **A. Payment of Statutory Fees**

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

#### **B. Modification of Plan**

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



C. Revocation of Plan

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

D. Successors and Assigns

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

E. Governing Law

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

F. Reservation of Rights

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

G. Section 1146 Exemption

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

H. Section 1125(e) Good Faith Compliance

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

I. Further Assurances

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

J. Service of Documents

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

McDonald Hopkins LLC  
Attn: Nicholas Miller  
300 N. LaSalle Street, Suite 1400  
Chicago, IL 60654

Chipman Brown Cicero & Cole LLP  
Attn: William Chipman  
Hercules Plaza, 1313 North Market St., Suite 5400  
Wilmington, DE, 19801

K. Filing of Additional Documents

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

L. No Stay of Confirmation Order

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

M. Aid and Recognition

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

\* \* \* \* \*

Dated: June 25, 2020  
Wilmington, Delaware

By: THE NEWS-GAZETTE, INC.

By: /s/John Reed  
JOHN REED, CEO

D.W.S., INC.

By: /s/John Reed  
JOHN REED, CEO

# **EXHIBIT B**

The News-Gazette, Inc. and D.W.S., Inc.  
Consolidated Liquidation Analysis

	Notes	May 31, 2020		<u>Estimated Chapter 11 Net Proceeds</u>		<u>Estimated Chapter 7 Net Proceeds</u>	
		Book Value (Unaudited)	Low (\$)	High (\$)	Low (\$)	High (\$)	
<b>Current Assets</b>							
Cash	[A1]	4,175,776	4,175,776	4,175,766		4,175,776	4,175,766
Accounts Receivable, Net	[A2]	103,153	82,522	92,838		82,522	92,838
Professional Retainers	[A3]	73,383	73,383	73,383		73,383	73,383
<b>Non-Current Assets</b>							
Champaign & Paxton Real Property	[A4]	482,720	500,000	1,500,000		500,000	1,500,000
Misc. Fixed Assets	[A5]	15,836	13,000	15,000		13,000	15,000
<b>Total Assets</b>		<b>4,850,869</b>	<b>4,844,681</b>	<b>5,856,987</b>		<b>4,844,681</b>	<b>5,856,987</b>
<b>Liquidation and Admin. Expense</b>							
Chapter 7 Trustee Fees	[L1]		-	-		195,340	275,710
Real Estate Carrying & Selling Expenses	[L2]		327,480	410,245		327,480	410,245
Retained Professionals	[L3]		259,345	342,755		259,345	342,755
Wind-Down Admin. Expenses	[L4]		345,653	422,589		280,586	341,522
<b>Total Liquidation and Admin. Expense</b>			<b>932,478</b>	<b>1,175,589</b>		<b>1,062,751</b>	<b>1,370,231</b>
<b>Net Proceeds Available to Creditors</b>			<b>3,912,204</b>	<b>4,681,399</b>		<b>3,781,930</b>	<b>4,486,756</b>
<b>Allocation of Proceeds</b>							
		<u>Estimated Claims</u>		<u>Estimated Chapter 11 Recoveries</u>		<u>Estimated Chapter 7 Recoveries</u>	
		Low (\$)	High (\$)	Low (\$)	High (\$)	Low (%)	High (%)
Priority Claims	[L5]	180,000	186,000	180,000	186,000	100%	100%
Class 1 - Secured Claims	[L6]	-	2,500	-	2,500	100%	100%
Class 2 - General Unsecured Claims	[L7]	310,000	420,000	250,000	250,000	60%	81%
Class 3 - Pension Claims	[L8]	9,746,000	22,050,000	3,482,204	4,242,899	16%	44%
Class 4 - Intercompany Claims		-	-	-	-	-	-
Class 5 - Equity Interests		-	-	-	-	-	-
<b>Total Estimated Claims and Recoveries</b>		<b>10,236,000</b>	<b>22,658,500</b>	<b>3,912,204</b>	<b>4,681,399</b>	<b>17.3%</b>	<b>45.7%</b>
						<b>16.7%</b>	<b>43.8%</b>

**The News-Gazette, Inc. and D.W.S., Inc.**  
**Notes to Consolidated Liquidation Analysis**  
*Notes are integral to the projected liquidation proceeds*

**Net Proceeds Available To Creditors**

**Note [A1] – Cash**

Cash balances are as of May 31, 2020 and represent the two remaining accounts held at JPMorgan Chase.

**Note [A2] – Accounts Receivable**

Accounts receivable consists of:

- \$55,279 in receivables associated with former radio operations to be collected and remitted by Purchaser in accordance with the Asset Purchase Agreement.
- \$35,252 due from Purchaser for rent and miscellaneous prorations net of offsets for payments received on Purchaser's behalf.
- \$11,622 in monies being held by American Express as a reserve against potential chargebacks.
- \$1,000 in rent from lower-level tenant.

Given the age of some of the receivables, Debtors anticipate that \$15,000 – \$20,000 is likely uncollectable, leaving recoveries in the range of \$82,522 to \$92,838.

**Note [A3] – Professional Retainers**

Retainers associated with retained legal and claims/noticing professionals involved with administering the estate.

**Note [A4] – Real Property**

Two parcels of real estate (Champaign, IL and Paxton, IL) will be sold at auction. Debtors currently anticipate the auction occurring in August 2020, with closing to follow in September. Debtors expect the gross aggregate value of the sales to range from \$500,000 to \$1,500,000.

**Note [A5] – Misc. Fixed Assets**

Debtors retain a small amount of personal property consisting primarily of furnishings, memorabilia, hand tools, and office furniture/equipment that remains to be liquidated. Debtors do not anticipate being able to liquidate these items for their full book value.

**Note [L1] – Chapter 7 Trustee Fees**

Chapter 7 Trustee Fees estimated at 3% of assets available for distribution. Additionally, Debtors believe that a Chapter 7 Trustee would need to utilize their own legal and financial professionals to assist in the liquidation process. In consultation with their advisors, Debtors have estimated expenses to the estate in the range of \$50,000 to \$100,000 for these services.

**Note [L2] – Real Estate Carrying and Selling Expenses**

Carrying costs for real estate until the planned September 2020 closing include:

- \$222,442 in estimated Property Taxes
- A range of \$26,503 to \$29,303 for utilities and maintenance

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*Notes are integral to the projected liquidation proceeds*

Selling expenses consist of:

- \$23,800 in marketing and advertising expense
- 8% commission to broker / auctioneer yielding a range of \$66,000 to \$146,000 based on anticipated proceeds.
- \$12,500 in survey and misc. closing fees

**Note [L3] – Retained Professionals**

Retained professionals include legal, accounting, and advisory service providers required to assist with the administration of the estate and ultimate wind-down of Debtors' businesses. Total estimated expenses are \$301,050. Given the number of variables that may impact the costs of administration, a range of +/- 15% has been used in the analysis.

**Note [L4] – Wind-down Administrative Expenses**

Expenses associated with professional and administrative costs consist primarily of:

- Between \$107,712 and \$131,648 in payroll expenses for existing staff to administer the plan and wind-down the businesses under Chapter 11. Debtors estimate 35% of these amounts would still be required in order to support liquidation under Chapter 7 to support the Trustee and facilitate the wind-down.
- A range of \$114,750 to \$155,250 for claims and noticing services.
- \$75,016 for insurance tail coverage.
- 12,500 in prepaid long-term document retention and destruction costs.
- \$23,550 in other expenses including IT services, misc. office expense, supplies, and board expenses.

**Allocation of Proceeds**

High claim amounts are calculated using the greater of scheduled or filed amounts where the two differ. Low claim amounts are based on the lower of originally scheduled amounts or estimates of actual allowed claims. No amounts for unliquidated claims have been included.

**Note [L5] – Priority Claims**

Priority claims consist of:

- \$3,434 to four general unsecured creditors.
- \$178,391 for unpaid prepetition and postpetition minimum contributions to PBGC.

**Note [L6] – Class 1 Secured Claims**

There are two filed claims asserting secured status. Debtors believe one to be erroneous and that the other may be satisfied by the return of collateral.

**Note [L7] – General Unsecured Claims**

General unsecured claims consist of employee wages, undeposited checks for subscription refunds from Jan 1, 2016 through the petition date, and various trade creditors.

**Note [L8] – Pension Claims**

The largest claims pool is associated with three separate pension plan obligations:

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- Debtor has executed a trusteeship agreement with Pension Benefit Guarantee Corporation related to its single-employer defined benefit plan. The non-priority amount filed by PBGC is \$6,303,473 plus other unliquidated amounts.
- CWA/ITU Negotiated Pension Plan has asserted a claim for prior partial withdrawals in 2016 and 2017 of \$2,617,104 plus additional unliquidated amounts. Debtors original scheduled amount of \$3,629,995 was used in the analysis.
- GCIU-employer Retirement fund has asserted a claim for a complete withdrawal in 2017 of \$12,116,015.

For illustrating recoveries under a Chapter 7 scenario, all Pension Claims have been grouped with other general unsecured creditors.