

EXHIBIT B

CREDITORS' COMMITTEE'S DISCLOSURE STATEMENT OBJECTIONS, AND DEBTORS' RESPONSES THERETO¹

References herein to the "Marked Disclosure Statement" and the "Marked Plan" are to the marked copies of Disclosure Statement and Plan filed as attachments to the Notice of Changes Made to Proposed Disclosure Statement Between October 31, 2009 and December 14, 2009 (Docket No. 832).

	Committee's Objections	Debtors' Responses
<p>A. Confirmation Issues: § 1129(a)(7)(A) Best Interests Test:</p>		
<p>1</p>	<p><i>Best Interests Test:</i> The Plan wrongly assumes and the Disclosure Statement sets forth that a Plan could be confirmed under which no holder of a Claim would be paid other than Existing Lenders. This assumes General Unsecured Claims would receive no distribution in ch. 7 liquidations of each Debtor, which is false.</p> <p>There clearly are unencumbered assets. For example, the Cash Collateral Order dated October 15, 2009, at paragraph 10 (b) and (c) makes clear that the Existing Lenders have no liens on avoidance claims or recoveries and that any priority claims of the Existing Lenders cannot be satisfied from avoidance recoveries. Avoidance recoveries would include the large anticipated recovery from the Existing Lenders based on insider preferences and the avoidance of security interests. Besides avoidance recoveries, there are other assets of Encumbered Debtors, such as commercial tort claims and assets of Lima News (as to which the Existing Lenders' UCC-1 expired).</p> <p>Yet, the Plan provides that these "Litigation Rights" are payable to the Debtors. (2nd quote to the right.) Moreover, the Plan limits distributions for Class 4A General Unsecured Claims to a <i>pro rata</i> portion of the \$5 million Unsecured</p>	<p>This is a confirmation issue that need not be addressed at this time.</p> <p>At confirmation, this issue will be determined based upon the evidence presented by the Debtors and the Committee at the Confirmation Hearing. The Debtors believe that the evidence will demonstrate either that (i) there is no unencumbered value for holders of General Unsecured Claims in Class A4 after the higher priority obligations of each Encumbered Debtor are paid in full, or (ii) that there is not enough unencumbered value to produce a recovery greater for holders of General Unsecured Claims in Class A4 than is provided under the Plan when the large deficiency claims of the Existing Lenders are factored in. The Debtors have supplemented the Disclosure Statement to make clear that if the Court agrees with the Committee on the issue, the Plan may not be confirmable. See <u>Marked Disclosure Statement, pages 4-5.</u></p> <p>The requirement for class acceptance of the Plan follows from the position that the value to be made available for holders of General Unsecured Claims deviates from encumbered value that should otherwise go to the Existing Lenders. The Existing Lenders have conditioned their willingness to allow that value to go to holders of General Unsecured Claims in Class A4, as well</p>

¹ Capitalized terms used, but not defined, herein have the meanings ascribed to them in the Plan.

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	<p>Compensation (3rd quote to the right). Further, the Plan pays nothing to sub-Classes of Class A4 General Unsecured Claims that reject the Plan and nothing if Class A2 rejects the Plan (4th and 5th quotes to the right).</p> <p>Further, the statement is false also because it uses the term "Claims," which, as defined, includes administrative, secured and priority claims. These Claims must receive distributions under <i>any</i> Plan.</p>	<p>as holders of Old Freedom Stock Interests in Class A7, on support for the Plan.</p> <p>Also, the Debtors have changed the word "Claims" to General Unsecured Claims" to address the last point complained of. See <u>Marked Disclosure Statement, page 5.</u></p>
<p>B. Confirmation Issues: § 1123(a)(1), (3) & (4):</p>		
<p>1</p>	<p><i>Trade Unsecured Claim Provisions:</i> Using classification that permits manipulation of voting and gerrymandering, the Debtors have put the Trade Unsecured Claims (likely to be paid substantially in full) in the Class of General Unsecured Claims (offered only a token recovery for sub-Classes that accept the Plan) for voting purposes.</p>	<p>This is a confirmation issue that need not be addressed at this time.</p> <p>The Plan's provisions relating to Trade Unsecured Claims are directed at ensuring that important business partners remain committed to the Debtors through the chapter 11 process and to the Reorganized Debtors thereafter, providing current and long-term value that will benefit all parties in interest.</p> <p>At the time of voting, there will be no holders of Trade Unsecured Claims. Providers of goods and services who are eligible to become such holders must satisfy certain requirements, including continuing to provide goods and services until the end of the case, and the Debtors must determine that they will have a continuing need for the goods and services after the Effective Date. Providers are initially holders of General Unsecured Claims, and if they do not become holders of Trade Unsecured Claims, they will remain holders of General Unsecured Claims. It is only fair under the circumstances that they are allowed to vote as holders of General Unsecured Claims. See <u>Marked Plan, Sections 1.110</u></p>

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		and 5.10. <u>Marked Disclosure Statement, pages 77-80.</u>
2	<p><i>"Different" Treatment Issue:</i> The Plan provides, inter alia, that each administrative claim and each priority claims may receive the specified treatment or "different treatment" to which the Debtors and holders agree. For classified claims, § 1123(a)(4) requires all claims receive the "same" treatment or, if agreed by the particular creditor, "less favorable" treatment. "Different" treatment could include more favorable treatment and thus violates § 1123(a)(4) (and, because cram down must be sought, will violate the absolute priority rule).</p>	<p>The Debtors would never interpret the word "different" to mean that they could pay a creditor more than the creditor's allowed claim. Nevertheless, to accommodate the Committee, the Debtors' have modified all such provisions to read "different, but less favorable...." See <u>Marked Plan, Section 3.1(a) and (b), 3.2(a) and 3.3(a).</u></p>
<p>C. Confirmation Issues: §§ 1129(a)(2) & (a)(3) & (b):</p>		
1	<p><i>Voting Rights in Event of Claim Objection:</i> The Debtors can disenfranchise creditors who vote to reject the Plan simply by objecting to their Claims at any time before confirmation. Creditors thereafter must rush to Court, shorten time, and get their Claims allowed for voting before the Voting Deadline, unless the Debtors choose to extend it.</p>	<p>The Disclosure Statement has been conformed to the proposed solicitation procedures. Under the proposed procedures, if the Debtors object to a claim after the voting record date, the burden is on the Debtors to obtain an order temporarily disallowing the claim for voting purposes. In the absence of such an order, the claimant is entitled to vote. See <u>Marked Disclosure Statement, page 18.</u></p>
2	<p><i>Vote Manipulation Through Assumption Process:</i> Vote manipulation is important here because many Debtors may lack an impaired consenting Class excluding the votes of insiders. Thus, strict scrutiny of vote manipulation provisions is important. Here, the Plan provides that, after the Voting Deadline (and just 5 days before the Confirmation Hearing) the Debtors can first identify contracts and leases to be assumed. Thus, the Plan permits vote manipulation by enabling the Debtors to include</p>	<p>The Debtors have moved up the deadline for filing and serving the Contract/Lease Schedule to 10 days before the Voting Deadline. The change is reflected in the Plan and Disclosure Statement. See <u>Marked Plan, Section 6.1(a); Marked Disclosure Statement, page 84.</u></p> <p>The suggestion that the Debtors would base assumption or rejection decisions on voting results is ridiculous. Such decisions have been and will continue to be made based on the</p>

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	<p>creditors in Class A4 sub-Classes who know that their claims are likely to be paid in full. (It also permits the Debtors to eliminate rejection votes by assuming a contract after voting.) Where the votes of Class A4 should determine whether the Plan is confirmable, assumption and rejection schedules to the Plan should be required to be provided 25 days before the date to object to the Disclosure Statement and modifications thereto should require an evidentiary showing that the changed decision has a reasonable basis.</p>	<p>Debtors' business judgment. To the extent that votes cast by contract and lease impact voting results, that issue can be reviewed after the Voting Deadline and in conjunction with the Confirmation Hearing.</p> <p>The suggestion that the Debtors must assume or reject contracts and leases before the Disclosure Statement objection deadline flies in the face of the time periods allowed to all chapter 11 debtors under the Bankruptcy Code.</p>
3	<p><i>Discretionary Acceptance of Faxed or Emailed Votes:</i> The Plan permits the Debtors to accept or reject faxed or emailed votes in its discretion. This permits vote manipulation because the Debtors could elect to so accept only votes "for" the Plan. (The Plan could condition acceptance of individual electronic ballots on Committee concordance or could set forth functional standards with an ability for Committee (and Court) review.)</p>	<p>To accommodate the Committee, the Debtors have removed the language suggesting discretion as to accepting faxed or other electronically delivered ballots. See <u>Marked Disclosure Statement, page 16.</u></p> <p>In any event, there was no discretion requested in the solicitation procedures motion, and the order entered pursuant to that motion would be controlling.</p>
4	<p><i>Plan Prevents Objections or Creditor Disclosure of Issues:</i> The Plan denies any distribution to an "Objecting Holder" who takes "any action" in opposition to the Plan. This <i>in terrorem</i> clause violates public policy, prevents the Plan from being proposed in good faith or from being fair and equitable.</p>	<p>This is a confirmation issue that need not be addressed at this time.</p> <p>The Disclosure Statement clearly discloses the "Objecting Holder" conditions on the right of old stockholders to receive a distribution. See <u>Marked Disclosure Statement, pages 18-20 and 62-64.</u></p> <p>In any event, the Committee does not have standing to raise issues that impact parties other than unsecured creditors.</p> <p>The old stockholders themselves have not objected to the forfeiture provisions. They recognize the limitations imposed by the absolute priority rule on their right to receive any</p>

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		<p>distribution.</p> <p>Most importantly, the Objecting Holder provision is by its terms only enforceable to the maximum extent permitted by law.</p>
5	<p><i>Classification Scheme:</i> For good reason, the Debtors list a classification objection as their first listed risk in the risk section of the Disclosure Statement. The Debtors, however, attempt to create a savings clause to say they can fix classification if the Court finds it improper (presumably without any delay in the plan process). The Plan is proposed in bad faith where it includes a blatantly impermissible classification scheme and permits amendment to such scheme without continuing the disclosure hearing to permit a full and fair review and analysis of (and opportunity to object to) any revised plan or disclosure statement. This "savings" clause should be required to be stricken.</p>	<p>The language in question is not a Plan provision. It is merely disclosure in the Disclosure Statement that has no force or effect. It merely puts parties in interest on notice that the Debtors may seek to correct a classification issue. Whether or not the Debtors are able to do so is entirely in the hands of the Court. The Debtors have added language to the Disclosure Statement to help focus the Creditor's Committee on the correct reading of the disclosure. See <u>Marked Disclosure Statement, page 53</u>.</p>
6	<p><i>Termination of the Committee:</i> The Plan sets a fee claim deadline applicable, inter alia, to the Committee professionals, of 60 days after confirmation and provides for dissolution of the Committee on <i>confirmation</i>. The attempt to prematurely cut off creditor participation and representation as of confirmation reflects a lack of good faith. The Committee and its professionals must be permitted to continue working and representing creditors to the Effective Date or beyond. Thus, the measuring date for any deadline to file fee applications should be the Effective Date or later. Moreover, as set forth below, the Committee should select the Disbursing Agent and person to object to Disputed General Unsecured Claims.</p>	<p>The provisions in question have been changed to use the term <u>Effective Date</u> instead of <u>Confirmation Date</u>. See <u>Marked Plan, Sections 11.1(a) and 11.17</u>.</p>
7	<p><i>Notice of Time to File Rejection Claim:</i> The rejection claim bar date of 30 days after Confirmation is tied to an event of which there is no reason to believe that the relevant creditors</p>	<p>Under the solicitation procedures motion, the Debtors have provided for a special notice to contract and lease parties who may not have claims that would otherwise entitle them to</p>

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	<p>would receive timely notice. On the other hand, if a schedule of rejected contracts were attached to the Disclosure Statement such that "notice" of rejection was provided with the dissemination of the Plan and Disclosure Statement, then the lack of clarity as to the later measuring date should not be fatal to fair notice.</p>	<p>receive the solicitation package. That notice includes the complete article of the Plan governing executory contracts and unexpired leases, so all contract and leases parties will have advance notice of the 30-day deadline for filing rejection damage claims.</p> <p>Moreover, it is the Debtors' intention to provide notice to all parties in interest, including contract and lease parties, of the entry of the Confirmation Order, which notice would include notice of the 30-day deadline for filing rejection damage claims. The Disclosure Statement has been revised to state this intention. See <u>Marked Disclosure Statement, page 86.</u></p>
8	<p><i>De Minimis Distribution Provision.</i> The Plan calls for a 2-step distribution to the entitled holders of Class A4 General Unsecured Claims: first a <i>pro rata</i> distribution including Disputed Claims and, after all disputes are resolved, a single, second distribution only for Allowed Claims once the last litigation on the last Claim is completed. First, providing that the holder of a disputed claim that, by example, is resolved the week after the first distribution, must wait years for any payment until the last litigation on the last claim is resolved (and, as proposed, without any payment of interest) represents bad faith. Second, it also is proposed that claims can be "Disputed" without filing an objection to them, making this provision even more pernicious. Third, the <i>de minimis</i> distribution provision means that if most of the claims initially are disputed, many will lose a distribution (because under \$20) that would be over \$20 if claims objections had to be brought and resolved promptly. Another element of bad faith is that the money not paid due to this provision is left with the Debtors (to be at least 98% owned by the Existing Lenders). Moreover, the Plan's <i>de minimis</i> distribution provision could be interpreted to provide that where an initial distribution would be under</p>	<p>It is standard practice in plans to include <i>de minimis</i> claim provisions. Their intention is to save the estates from incurring distribution costs that exceed the value of the distribution. The Debtors believe that \$20 is a reasonable proxy for the aggregate costs of a single distribution.</p> <p>Nevertheless, to address the Committee concerns that the <i>de minimis</i> provision could be used for other purposes, the Debtors have added language to the Plan that makes it clear that all General Unsecured Claims are included in allocations to determine distribution entitlements and that General Unsecured Claims otherwise entitled to a subsequent distribution will not be discharged before the amount of that subsequent distribution is determined. See <u>Marked Plan, Section 7.11.</u></p>

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	<p>\$20, the entire "Claim" of the creditor is forfeited (and left with the Debtors / Existing Lenders) even if the creditor would be entitled to a much larger distribution after claims objections take place. Absent striking or correcting these provisions, the Plan is not proposed in good faith.</p>	
9	<p><i>Undeliverable Distribution:</i> Creditors are obligated to notify the Disbursing Agent of their changes of address. Yet, the Disclosure Statement does not advise creditors of the name and address of the Disbursing Agent to whom such notices must be sent. Absent correction, this provision would make the Plan unfair and one not proposed in good faith. Additionally, the Disclosure Statement and Plan are in conflict with respect to who gets certain of the undeliverable distributions. The Disclosure Statement simply provides that it "reverts to the Reorganized Debtors," whereas Plan § 7.6 provides that undeliverable distributions of Unsecured Compensation get distributed among other holders of General Unsecured Claims.</p>	<p>The Plan has been revised to provide that address corrections may be received by the Debtors and the claims agent, as well as by the Disbursing Agent. See <u>Marked Plan, Section 7.6(a)</u>.</p> <p>The Plan and the Disclosure Statement are not in conflict as to who gets the undeliverable distributions relating to the Unsecured Compensation. The relevant provision in the Disclosure Statement (and not the quotation in their objection that conveniently omits the relevant language), includes the following language: "(other than the undeliverable distributions of the Unsecured Compensation, which will be handled as provided in the Plan)...." See <u>Marked Disclosure Statement, page 91</u>.</p>
10	<p><i>Effective Date vs. Confirmation Date:</i> The confirmation order discharges claims arising prior to confirmation in accordance with § 1141(d)(1)(A). The Plan provides that later Claims arising before the later Effective Date also are discharged. This provision requires correction.</p>	<p>The provision in question has been changed to provide for the discharge of Claims that arise before the Confirmation Date, rather than the Effective Date. See <u>Marked Plan, Section 11.10</u>.</p>
11	<p><i>Consolidation Issues:</i> The Plan includes the following consolidated Classes (2 of which are voting Classes): Classes A1 (Other Priority Claims), Class A2 (Existing Lender Claims), Class A5 (Intercompany Claims), Class A6 (Subsidiary Interests), Class B1 (Other Priority Claims), Class B4 (Intercompany Claims) and Class B5 (Subsidiary Interests). Section 1123(a)(5)(C) does permit a merger or consolidation of debtors as part of the treatment of Claims, but the Debtors here expressly state they do not propose</p>	<p>The Plan has been revised to provide for deemed sub-classification of the Existing Lender Claims in Class A2, which will vote one ballot that will be applied to each of the Encumbered Debtors. Deemed sub-classification has also been provided for all other classes, although not particularly meaningful: Classes A5 and A6 contain Claims or Interests held only by insiders and all other Classes are Unimpaired. Sub-classification has primary significance for Class A3, which was already sub-classified by Claim (and, by implication, Debtor)</p>

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	<p>substantive consolidation (and reserve the right to eliminate any Debtor from the joint Plan). Instead, the Debtors propose consolidation for classification, for counting votes, and for measuring appropriate distributions. Consolidation only for these purposes is impermissible (and violates the requirements of § 1122). (Absent substantive consolidation, claims against 2 different, unconsolidated Debtors are not substantially similar and cannot be in the same class.) Consistent with this errant approach, disclosures of financial information and projections are provided only on a consolidated basis (Exh. 4-6). Information on a debtor-by-debtor basis is not provided.</p>	<p>and Class A4, which was already sub-classified by Debtor. See <u>Marked Plan, Section 2.2.</u></p> <p>As to separate financial information for separate Debtors, the Disclosure Statement appropriately refers parties in interest to each of the Debtors' Amended and Restated Statement of Financial Affairs and Amended and Restated Schedules of Assets and Liabilities, which are readily available at www.loganandco.com. See <u>Marked Disclosure Statement, page 41.</u> An exhibit containing scheduled claim information by Debtor has also been added to the Disclosure Statement. See <u>Exhibit 4.</u></p>
12	<p><i>Plan Designation of Class A3 as 'Impaired':</i> Treating Class A3 as "impaired" for purposes of § 1129(a)(10) is inappropriate (or reflects an unfair Plan not proposed in good faith). Section 1129(a)(10) requires at least one impaired Class to accept the Plan not counting insider votes. If the Existing Lenders are insiders, as alleged by the Committee, the only other alleged, impaired, voting non-insider classes under the Plan would be Classes A4 (General Unsecured Claims) and Class A3 (Other Secured Claims). Class A4 clearly is impaired. With only a token distribution being afforded for this class, the Debtors and Existing Lenders must be aware that the Class A4 sub-Classes of many (or all) Debtors likely will reject the Plan. For Class A3, the Plan provides 4 treatment options, of which 3 represent unimpairment (and the 4th is full payment with interest over 5 years). Section 1123(a)(3) requires the Plan to specify the treatment of each Class. This Plan does not specify the Class' treatment, but instead provides that the Debtors, not the Plan, will elect the applicable treatment for each Class A3 sub-Class just 10 days prior to Confirmation. Where 3 of 4 possible treatments are unimpairment, the</p>	<p>Class A2 consists of the Existing Lender Claims. The Debtors strenuously object to any suggestion that the Existing Lenders are insiders. Class A2 is clearly Impaired. See <u>Marked Plan, Section 3.2(b).</u></p> <p>As to Class A3, the Debtors do not agree with the Committee's view that Class A3 is not Impaired. Two of the four options are Impaired. See <u>Marked Plan, Section 3.2(c).</u> The fact that a particular treatment satisfies the cramdown requirements does not render it unimpaired. At the time of voting, it will not be known whether a particular secured creditor will receive an Impaired treatment and, thus, that creditor should be entitled to vote. To the extent that any Class A3 vote is relevant in the context of confirmation, the Court may review the issue at the Confirmation Hearing. At that time, votes cast by secured creditors who are identified for nonimpaired treatment can be disregarded.</p> <p>It bears noting that the Committee did not object to the solicitation procedures motion, which sets forth a ballot for voting by Class A3.</p>

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13	<p>Class is not "impaired" for at least this purpose.</p> <p><i>Voting Rights Where Claim Objection Filed Before or After Record Date:</i> The Debtors indicate they are requesting that all Disputed Claims or Interests be denied the right to vote absent a "Resolution Event." The Plan defines "Disputed" Claims and Interests to include all Claims and Interests as to which the objection deadline (120 days after the Effective Date for General Unsecured Claims) has not expired. Thus, no holder of a General Unsecured Claim can vote absent a "Resolution Event" (e.g., an order is entered or stipulation agreed upon). Absent correction, these provisions together make the Plan lack good faith and make it unfair.</p>	<p>The Committee has confused the Plan's allowance provisions, which operate only from and after the Effective Date, with solicitation procedures, which necessarily operate earlier. The solicitation procedures motion seeks to establish voting rights, not the Plan. The Committee has not objected to the solicitation procedures motion.</p>
14	<p><i>Disputed Creditors Are Not Paid Interest During The Time of the Dispute:</i> The amounts for disputed claims should be required to be deposited into an escrow or segregated trust account with the Disbursing Agent and a reasonable estimate of interest actually earned should be payable to the holders of disputed claims after ultimate allowance.</p>	<p>The Debtors decline to agree to these requests which, in any event, raise issues other than those relating to disclosure.</p> <p>The Debtors will negotiate appropriate terms for the handling and safeguarding of the Unsecured Compensation with the Disbursing Agent. See <u>Marked Plan, Section 7.3.</u></p> <p>No holders of unsecured Claims are entitled to interest, either during or after the case. See <u>Marked Plan, Section 7.2.</u></p>
15	<p><i>Debtors Have Right to Object to and Settle Claims:</i> The Plan affords the Debtors the exclusive right to object to and settle claims. Yet, under the Plan, once funds from the Unsecured Compensation are allocated to the Disputed and Allowed Claims in an accepting sub-Class, the Debtors have no interest in the pot of Cash so established. Instead, the disallowance of Claims just increases the pro rata recovery for Allowed Claims. The Committee or a successor or other party it designates should be given the authority after the Effective Date to object to, and settle, Claims. The Debtors</p>	<p>The Debtors intend to handle the claims objection process as fiduciaries. They are the most knowledgeable about the facts that support or defeat the filed Proofs of Claim. The process is not served by involving the Committee in the process. Doing so will add unnecessary cost, disruption and delay. See <u>Marked Plan, Section 8.1.</u> In any event, this process has been adequately disclosed; any remaining objections can be handled at confirmation.</p>

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	<p>should be obligated to pay reasonable sums therefor.</p>	
16	<p><i>Debtors Can Withhold Payments Due Creditors Pending Allowance of Entire Claim:</i> The Plan provides that the Debtors can withhold payment on the undisputed portion of a claim as leverage while disputing another portion of a claim. This lacks good faith and is unfair.</p>	<p>It is not practical to bifurcate all Claims. The Plan recognizes this by allowing discretion to resolve Claims in whole rather in part. See <u>Marked Plan, Section 8.2.</u></p> <p>The creditors had the opportunity to file separate Proofs of Claim for separate obligations if they desired separate handling. If they elected to file one Proof of Claim, they have effectively consented to having the obligations treated together.</p>
17	<p><i>Plan Treatment Includes Deathtraps for Voting Against or Objecting to the Plan:</i> The Plan denies recoveries for creditors and interest holders based on their objection to, or vote against, the Plan and not just based upon a decision to grant or not grant a third party release. In the context of these cases, these deathtraps make the Plan lack good faith and make it unfair.</p>	<p>As stated above, this is a confirmation issue.</p> <p>Moreover, the provisions for recovery by General Unsecured Claims in Class A4 and Old Freedom Stock Interests in Class A7 have been made expressly contingent upon approval by the Court. See <u>Marked Plan, Sections 1.7, 3.2(d) and 3.2(g).</u> If the Court declines to approve them, the Plan will provide for no recoveries. In that event, if the Court determines that the Plan is otherwise confirmable, it may be confirmed.</p>
18	<p><i>Setoff, Recoupment, or Subrogation After the Effective Date:</i> Where the distribution for holders of General Unsecured Claims is negligible, the inclusion in the Plan of provisions (see to the right), barring setoff, recoupment or subrogation against third parties and the Debtors based on a discharged or exculpated Claim, is unfair and is evidence of a lack of good faith. Recoupment and setoff are defenses. Providing a paltry distribution to a creditor on its claim should not become the basis for denying the creditor the right to use that full claim as an offset against a mutual obligation (e.g., prepetition against prepetition or postpetition against postpetition). Moreover, it is never appropriate to preclude recoupment. Recoupment is merely part of the process for the fair calculation of what counter parties to a contract owe</p>	<p>The Debtors have removed the recoupment and subrogations language. See <u>Marked Plan, Section 1.1.11.</u></p> <p>As to setoff, a creditor with a valid right of setoff under Section 553 should be treated as the holder of an Other Secured Claim. The limitation on setoff is appropriate as to any other type of setoff.</p>

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	<p>each other. As to subrogation, the intention of the provisions is difficult to discern. If the subrogated party receives the Claim (whether through subrogation or otherwise), even without any reference to "subrogation," the injunction language appears to be applicable in that the person is holding "a Claim." The reference to subrogation should be explained.</p>	
19	<p><i>Timing for Various Treatments of Claims:</i> The timing of the treatment of various classes is not (but should be) specified (e.g., "On the Effective Date . . ."): Class A3 options (i), (ii) and (iii); Class A5; Class A6; Class B2; Class B3 (as to Reinstated rights); Class B4; and Class B5.</p>	<p>For clarity, the Debtors have added appropriate dates to the Plan, either being the Effective Date or the Distribution Date. See <u>Marked Plan, Sections 3.2(c), (e) and (f) and 3.3(b), (d) and (e).</u></p>
<p>D. Confirmation Issues: Payment and Compensation Disclosure Obligations under, among others, § 1129(a)(4) & (5):</p>		
1	<p><i>Disclosure of Insider Compensation and Filing of Plan Supplement:</i> Neither the Plan nor Disclosure Statement clearly disclose the amounts of compensation payable to senior management, the Board or insiders, although some of this information appears to be promised to be filed 5 Business days prior to the Confirmation Hearing in the Plan Supplement. This compensation information is particularly important to determine the fairness and good faith of the Plan in light of the paucity of the distribution afforded under the Plan to holders General Unsecured Claims. Disclosing starting compensation packages and all promised increases thereto would be a beginning. As set forth below, first providing such information in a Plan Supplement to be filed only one week prior to the Confirmation Hearing affords an impermissibly short time for response.</p>	<p>The filing deadline for the Plan Supplement has been moved up to five days before the Voting Deadline. See <u>Marked Plan, Section 11.15.</u></p> <p>The Debtors have added to the Disclosure Statement an exhibit containing historical compensation information for the senior management team and have stated clearly that Post-Effective Date compensation will be an issue for the New Board. See <u>Exhibit 7; Marked Disclosure Statement, page 32.</u></p> <p>As to the Plan's provision relating to a possible executive incentive plan, severance plan, or other employment agreements for their senior management team and other key employees, the Disclosure Statement makes clear that there is no understanding between the Debtors and the Consenting Lenders as to any executive incentive plan, severance plan, or other employment agreement. Any such plans or agreement will either (i) have terms and conditions agreed to by the Debtors and the</p>

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		<p>Consenting Lenders and set forth in the Plan Supplement if agreed to prior to the filing thereof or presented at the Confirmation Hearing if agreed to prior to the commencement thereof or (ii) having terms and conditions determined by the New Board or, as to any member of the management team who does not report to the New Board, as determined by the then-serving Chief Executive Officer. See <u>Marked Plan, Section 5.9(b)</u>.</p>
2	<p><i>Disclosure of Identity and Affiliations of Individuals to Serve as Directors or Officers of the Debtors:</i> The disclosure that the Existing Lenders will select directors 10 days prior to the Confirmation Hearing does not satisfy § 1129(a)(5)(A)(i) because meaningful disclosure must occur in time for review and consideration thereof and objection thereto.</p>	<p>The Debtors have changed the filing date for the designation of directors to five days before the Voting Deadline. See <u>Marked Plan, Section 5.6(a)</u>. This will allow interested creditors the opportunity to review the designees before making their decision to vote.</p>
3	<p><i>Requirement for Court Approval of Case or Plan-Related Compensation:</i> The Plan proposes that all professional fees incurred after confirmation can be paid without Court approval. This violates § 1129(a)(4), which requires that “[a]ny payment . . . made by the debtor . . . for services or for costs and expenses in or in connection with the case, or in connection with the plan and incident to the case, has been approved by, or is subject to approval of, the court as reasonable.”</p>	<p>The provision in question has been revised to replace the Confirmation Date with the Effective Date. See <u>Marked Plan, Section 11.1(a) and (b)</u>.</p>
<p>E. Purportedly Impermissible Provisions of Disclosure Statement:</p>		
1	<p><i>Prohibition on Using the Disclosure Statement as Evidence:</i> Despite other inconsistent language seemingly indicating that the Disclosure Statement may be used to object to confirmation, the Debtors appear to be asking or contending that the Disclosure Statement cannot be used and cannot be evidence in any litigation. To the extent “litigation” would</p>	<p>The disclaimer language has been modified to make clear that the Disclosure Statement may be used in connection with the proceedings involving approval of the Disclosure Statement and confirmation of the Plan. See <u>Marked Disclosure Statement, Disclaimer preceding Table of Contents</u>.</p>

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	include confirmation hearings or postconfirmation hearings on interpretation or enforcement of the Plan, the Committee contends this prohibition is over broad.	The limitation on its use outside of the plan context or in non-bankruptcy litigation is common and appropriate.
F. Purportedly Inconsistent Provisions of Disclosure Statement or Plan:		
1	<p><i>Identification of Sub-Class Acceptances Requisite for a Class A7 Distribution:</i> Although the Disclosure Statement's narrative appears to make clear that old equity gets nothing if any Class A4 sub-Class fails to vote for the Plan, the language of the Plan and language of the Disclosure Statement confusingly refer only to the need for acceptance by sub-Classes "applicable to Freedom Holdings and Freedom Communications."</p>	Class A7 recoveries are conditioned upon acceptance only by the Class A4 sub-Classes for Freedom Holdings and Freedom Communications, which is appropriate given that the Old Freedom Stock Interests are at the Freedom Holdings level. As the Plan does not propose a substantive consolidation, the treatment of Old Freedom Stock Interests is irrelevant for lower level entities. To the extent there were discrepancies on this point between the Plan and the Disclosure Statement, those discrepancies have been corrected. See <u>Marked Disclosure Statement, page 19.</u>
2	<p><i>Use of Confirmation or Effective Dates:</i> Consistent with § 1141(d)(1)(A), the Disclosure Statement indicates that the effect of confirmation is to discharge debts that arose before confirmation. The Plan provides that later Claims arising between confirmation and the Effective Date also are discharged.</p>	The Plan has been revised to change the Effective Date reference to the Confirmation Date. See <u>Marked Plan, Section 11.10.</u>
3	<p><i>Disclosure as to Retirement Plans:</i> The Debtors apparently have both qualified and non-qualified retirement plans. As to the non-qualified retirement plans, the Disclosure Statement appears to indicate that just in case a non-qualified plan is considered to be executory, it is to be rejected under the Plan. Yet, the Plan provides that unless a non-qualified plan already has been terminated, it is to be assumed. This apparent conflict should be reconciled or</p>	<p>There is no conflict in the Plan as to the treatment of the non-qualified pension plans. The non-qualified plans are not being assumed. On the other hand, the qualified retirement plan is being assumed.</p> <p>In reading the general assumption provision at Section 6.5(a) of the Plan, the Committee has overlooked preliminary language that makes the provision subject to other provisions of the Plan. To further accommodate the Committee's concerns, the Debtors</p>

	Committee's Objections	Debtors' Responses
	better explained.	have added language that expressly refers to the rejection provision applicable to the non-qualified plans. See <u>Marked Plan, Section 6.5(a)</u> .
4	<i>Whether Classes Include Only Allowed Claims:</i> The Plan does not appear to expressly limit Claims and Interests in Classes to <i>Allowed Claim</i> or Interests. The Disclosure Statement, however, does so claim that the contents of Classes are limited to <i>Allowed Claims</i> .	A Class does not exclude <i>Disputed Claims</i> . A Class includes all <i>Claims</i> , and it is the treatment provisions applicable to the Class that determines that only <i>Allowed Claims</i> are entitled to distributions. Any language in the Disclosure Statement that suggested otherwise has been corrected. See <u>Marked Disclosure Statement, page 54</u> .
5	<i>Whether A Class Includes Sub-Classes:</i> The Debtors inconsistently describe classification of all claims as being in a single Class or in sub-Classes. This important issue must be clarified.	Any inconsistencies have now been corrected.
6	<i>Promise of Payment of Same Funds to Different Parties:</i> The Plan appears errantly to promise the Trade Unsecured Claim Escrow both to holders of Trade Unsecured Claims and to holders of Existing Lender Secured Claims. The Disclosure Statement does not contain such language (which appears to be an error in the Plan).	The amount of the Trade Unsecured Claim Escrow is first provided to the Existing Lenders, as part of their distribution. The Existing Lenders then agree to make the amount available to fund the Trade Unsecured Claim Escrow. If any portion of the amount remains after all <i>Allowed Trade Unsecured Claims</i> are dealt with, that portion will revert to the Existing Lenders. Any inconsistency between the Plan and the Disclosure Statement on this point has now been corrected. See <u>Marked Plan, Section 3.2(b)</u> ; <u>Marked Disclosure Statement, page 57</u> .
7	<i>Rejected Contracts or Leases, Conflicting Rules for Allowance of Certain of Their Claims:</i> Plan § 6.4's last clause indicates that the filing of a proof of claim is prerequisite to the allowance of a claim (other than for rejection damages) for a party to a rejected contract or lease. This conflicts with the Plan's definition of "Allowance," which includes other means by which a claim can be allowed. The last clause of § 6.4 should be stricken.	The last clause of Section 6.4 has been modified to include a reference to <i>Allowed</i> . See <u>Marked Plan, Section 6.4</u> .

	Committee's Objections	Debtors' Responses
<p>G. Purportedly Inadequate / False Disclosure and/or Corrections:</p>		
<p>1</p> <p><i>Disclosure for Best Interests (and Cramdown) Test Compliance:</i> Although the Debtors inconsistently describe classification of all claims as being either in a single Class or in sub-Classes (see above), the Plan's description of Class A3 and Class A4 (as well as Class B2) as including separate sub-Classes for all purposes requires disclosure of the assets, liabilities, financial information, and liquidation and reorganization values of each Debtor.</p>	<p>The Disclosure Statement appropriately refers parties in interest to each of the Debtors' Amended and Restated Statement of Financial Affairs and Amended and Restated Schedules of Assets and Liabilities, which are readily available at www.loganandco.com. See Marked Disclosure Statement, page 41. An exhibit containing scheduled claim information by Debtor has also been added to the Disclosure Statement. See Exhibit 4.</p> <p>The Debtors have added language to the Disclosure Statement explaining their position on separate liquidation analyses, given the secured position of the Existing Lenders. That language informs creditors that if the Committee is able to demonstrate at the Confirmation Hearing that enough unencumbered value exists to defeat the "best interests" test, the Court may determine not to confirm the Plan. See Marked Disclosure Statement, page 110.</p>	
<p>2</p>	<p><i>Disclosure of Identity and Treatment of Holders of Trade Unsecured Claims:</i> The Plan intimates that ongoing, unspecified trade vendors will have the opportunity to receive something more than other holders of General Unsecured Claims and become holders of "Trade Unsecured Claims." Creditors are entitled to know if they are among those being offered this opportunity, to what they must agree, and what they would receive. Moreover, all creditors are entitled to know what other creditors are receiving. The Plan fails, however, to identify the holders of Claims to be offered this opportunity, fails to disclose the terms of the agreement that such holders must sign, fails to specify the treatment they will receive, and fails to indicate the aggregate amount to be set aside for their treatment. The</p>	<p>The Trade Unsecured Claim provisions are available, if at all, only to providers of goods and services who continue to do business with the Debtors for the remaining pendency of the cases and who the Debtors determine are necessary business partners after emergence. The requirements make it impossible to identify providers now. The Disclosure Statement has been supplemented with various provisions intended to make more obvious and clear the requirements and the possibility that the providers may not ultimately qualify or may not receive payment in full. See Marked Disclosure Statement, pages 77-80. Also see Exhibit 8, which contains the form proposed to be used by providers to indicate their desire to be considered and the agreement proposed to be executed by the Debtors and each</p>

	Committee's Objections	Debtors' Responses
	<p>absence of this disclosure also should and may hamper the Court in issuing at confirmation findings that there is an absence of discrimination among Classes, that the Plan is fair and equitable, and that the Plan has been proposed in good faith.</p>	<p>eligible provider.</p> <p>Moreover, the Plan has been revised to provide that the Trade Unsecured Claim provisions will be deleted from the Plan if not approved by the Court. <u>See Marked Plan, Sections 1.7 and 5.10.</u> If the Court accepts the position of the Committee, the Plan by its terms can nevertheless be confirmed without those provisions if the Court otherwise finds the Plan to be confirmable.</p>
3	<p><i>Disclosure Regarding Claims Released and Reasonableness of Compromises:</i> The Plan includes a Debtors' release and a Third Party Release. Disclosure is needed of the claims being released and the reasons for such releases, to demonstrate the reasonableness thereof.</p> <p>The Debtors seek an order approving such releasing as part of a "compromise." In that a compromise requires an analysis of the existing claims and issues (and defenses), such analysis must be afforded as a necessary prerequisite to a determination by the Court that any such compromise is appropriate.</p> <p>As to the Existing Lenders, the disclosure should include a discussion of the merits of, <i>inter alia</i>, the claims for insider preferences and, in some cases the related, avoidance of unperfected security interests in commercial tort claims, certain bank accounts and the assets of debtor, Lima News.</p> <p>The Committee generally disfavors the Plan's Third Party Release. However, in all events, there is no basis <i>whatsoever</i> and certainly none disclosed, for providing a release of the Debtors' or third-party claims, unrelated to the plan solicitation process, against persons providing no consideration under the Plan, such as persons only <i>formerly</i> associated with the Debtors, persons who are not continuing</p>	<p>The Debtors have added to the Disclosure Statement a description of potential causes of action alleged by the Committee against the Existing Lenders and the Debtors' directors and officers, along with the Debtors' response to the allegations. <u>See Marked Disclosure Statement, pages 99-100.</u></p> <p>If the Committee wants additional disclosure concerning is allegations, the Committee is welcome to suggest language. It bears noting that shortly after the initial filing of the Disclosure Statement, the Debtors invited the Committee to draft a statement of its position that could be attached to the Disclosure Statement. The Committee declined the invitation.</p> <p>The Third Party Release is a voluntarily release that flows from acceptance of the Plan. The Disclosure Statement clearly advises creditors that if they do not want to grant the release, they should govern themselves accordingly, with an appropriate warning as to the consequences of nonacceptance of the Plan. <u>See Marked Disclosure Statement, pages 17, 20 and 21.</u></p> <p>Otherwise, release issues are confirmation issues. If the Court determines not to permit a release of the scope proposed, it can carve back the release and still confirm the Plan.</p>

	Committee's Objections	Debtors' Responses
	with the Debtors after the Effective Date and persons not continuing for more than a short period after the Effective Date.	
4	<i>Disclosure of Projected Performance of Debtors and Recoveries for Holders of Claims and Interests:</i> The Disclosure Statement qualifies the accuracy of current disclosure to creditors by reference to unspecified filings with the SEC and other regulatory authorities. Left uncorrected, this would make all projections meaningless unless all the relevant filings qualifying these projects were attached.	The disclosure in question merely puts creditors on notice that additional risk factors may have been included in other public filings. See <u>Marked Disclosure Statement, Disclaimer preceding Table of Contents</u> . Although the Debtors believe that the risk factors included in the Disclosure Statement are more than adequate, interested creditors are free to investigate the public filings. It would be misleading not to mention the possibility of additional risk factors in other public filings.
5	<i>Disclosure of Projected Performance of Debtors and Recoveries for Holders of Claims and Interests:</i> Any projections that the Debtors provide should be based on current information. For adequate disclosure, if the Debtors are providing projections using old data, the Debtors must commit to make a good faith effort to identify any changes that have occurred after the date of such old data to the extent it might materially affect the relevant projection and must agree to estimate in such effect, particularly to the extent it may affect creditor or interest holder recoveries.	The Debtors' projections remain accurate. See <u>Exhibit 9</u> . The Disclosure Statement speaks as of its date, and the chapter 11 process does not contemplate an updating process. In the event of changes after the date of the Disclosure Statement that affect the proof to be presented at the Confirmation Hearing, the Debtors will provide updated information.
6	<i>Disclosure Regarding Prepetition Plan Support Agreement:</i> A key for creditors in evaluating the fairness of the Plan may be to understand the process that lead to it being proposed. Thus, it is important to consistently reflect that the "plan" was a product of a prepetition arrangement of which no group of creditors holding general unsecured claims was a part. The Committee thus requests that the term "PREPETITION" be inserted just before each use of the term "Plan Support Agreement."	The Debtors have added the word "prepetition" to several key references to the Plan Support Agreement in the Disclosure Statement. See <u>Marked Disclosure Statement, page 2-3</u> . It need not be added to every single reference. The fact that the now-terminated Plan Support Agreement was entered into prepetition (as is usually the case) is of doubtful significance to individual creditors.

	Committee's Objections	Debtors' Responses
7	<p><i>Disclosure of Purpose of Ballot:</i> The Ballot also is a vehicle for certain creditors to elect whether to grant third party releases. This is a critical decision for creditors and should be reflected in references to the ballot's purpose.</p>	<p>The Debtors have clearly provided in several places in the Disclosure Statement that a vote to accept the Plan is deemed to be a release of third parties. See <u>Marked Disclosure Statement, page 17, 20-21, and 100.</u></p> <p>However, more significant than further references in the Disclosure Statement is clear disclosure on the Ballot. The Debtors have provided such clear disclosure on the Ballot proposed to be approved in the solicitation procedures motion. The Committee has not objected to the form of Ballot.</p>
8	<p><i>Disclosure of Matters Leading to Filing of Chapter 11 Cases:</i> The date and nature of the amendment to the Prepetition Plan Support Agreement should be indicated and the original of the Prepetition Plan Support Agreement should be attached.</p>	<p>The Plan Support Agreement has now terminated. The nature and extent of any amendment to the Plan Support is not material at this time. Nevertheless, the Debtors have included such amendments with the Plan Support Agreement at <u>Exhibit 3</u> to the Disclosure Statement.</p>
9	<p><i>Disclosure of Plan and Compromise Under Plan:</i> If the Debtors are hereby purporting to provide that any claims or causes of action asserted against the Existing Lenders in accordance with this Court's Cash Collateral Order are to be released, this should be made clearer. As well, if so, the full basis for any such compromise of claims should be explained and the beneficiaries of the proceeds identified for inclusion in a best interests analysis.</p>	<p>The Debtors have added additional disclosure about the causes of action alleged against the Existing Lenders and the basis for their belief that such causes of action are without merit. See <u>Marked Disclosure Statement, page 99-100.</u></p> <p>The confirmation hearing is the place for the Committee to test the Debtors' position that the alleged causes of action have no validity or that any proceeds therefrom would not produce any meaningful recoveries for holders of General Unsecured Claims in Class A4.</p>
10	<p><i>Disclosure of Matters Leading to Filing of Chapter 11 Cases:</i> Disclose whether the prior agreement of the Existing Lenders was that they would agree to 100% payment for holders of Trade Unsecured Claims. Additionally, as noted above, full disclosure is needed of the currently proposed treatment for these creditors (<i>e.g.</i>, the current percentage recovery proposed). If the old proposed treatment and the</p>	<p>No plan has been filed in these cases that provides for 100% payment to all providers of goods and services. Therefore, there is no reason to provide any explanation about pre-filing positions on payment.</p> <p>The Disclosure Statement has been supplemented to make it clear that providers of goods and services that become holders of</p>

	Committee's Objections	Debtors' Responses
	<p>current proposed treatment differ, the reasons for the change(s) should be explained.</p>	<p>Trade Unsecured Claims may not receive payment in full of their Claims. The amount of payment will be agreed to in the Post-Emergence Trade Agreement. A provider who is not comfortable with an offer of less than 100% need not sign up. See <u>Marked Disclosure Statement, page 79.</u></p>
11	<p><i>Disclosure of Debtors' Liabilities and Proposed Plan Recoveries:</i> Disclose estimates of current claims and estimated percentage recovery under Plan. For Classes A3, A4 and B2, which are to include sub-Classes, and Class A5 and B4 (intercompany Claims), a separate estimate and percentage should be provided as to each Debtor.</p> <p>Disclosure of the amount of Intercompany Claim is particularly important for potential holders of Trade Unsecured Claims, who will be asked to sign some undisclosed form of commitment to provide goods or services to one or more Debtors going forward. In that unresolved Intercompany Claims could dramatically affect the solvency of any Debtor, this information should be provided to assure creditors are not again caught unknowingly with unsecured debt behind controlling secured lenders.</p>	<p>The Debtors have added to the chart at the beginning of the Disclosure Statement their estimates of aggregate claim amounts by Class. See <u>Marked Disclosure Statement, pages 7-14.</u></p> <p>In addition, the Debtors have added at <u>Exhibit 4</u> a summary of scheduled claim information by Debtor.</p>
12	<p><i>Modification Sought as to Service List for Committee:</i> Please add to recipients of confirmation objections for counsel to the Committee Bruce Grohsgal, Pachulski Stang Ziehl & Jones, LLP, 919 N. Market Street, 17th Floor, P.O. Box 8705, Wilmington, DE 19899-8705 (Courier 19801).</p>	<p>The Debtors are happy to add, and have added, Mr. Grohsgal (and would have done so with a simple phone call). See <u>Marked Disclosure Statement, page 22.</u></p>
13	<p><i>Disclosure of Matters Leading to Filing of Chapter 11 Cases:</i> Describe these transactions more fully Describe these transactions more fully, including, e.g., amounts of consideration exchanged.</p>	<p>The Debtors have added additional information about the 2004 recapitalization. See <u>Marked Disclosure Statement, page 23.</u></p>

	Committee's Objections	Debtors' Responses
	<p>"Other members of the Family sold their interests through a series of recapitalization transactions completed on May 18, 2004..."</p>	
14	<p><i>Disclosure of Matters With Respect to Valuable Assets:</i> Why were the licenses permitted to expire? Was there a specific decision made to permit expiration or were actions on the renewal applications delayed and, if so, why? How common is this process of permitting expiration of valuable FCC licenses?</p>	<p>The Debtors have added to the Disclosure Statement a paragraph that is responsive to this request. See <u>Marked Disclosure Statement, pages 34-35.</u></p>
15	<p><i>Disclosure of Matters With Respect to Valuable Assets and Feasibility of Plan:</i> Disclose changes in circumstances since 2006 in locality and at FCC and believed effect on ability to obtain waiver of FCC ownership rules for two New York stations. □</p>	<p>The Debtors have added to the Disclosure Statement a paragraph that is responsive to this request. See <u>Marked Disclosure Statement, page 37.</u></p>
16	<p><i>Disclosure of Matters With Respect to Valuable Assets and Feasibility of Plan:</i> Disclose whether any holder of a Class A2 Claim (Claims of Existing Lenders) is currently believed to hold over 20% of such Claims and be a corporation formed under the laws of a foreign country.</p>	<p>The Debtors have provided additional disclosure on this point. See <u>Marked Disclosure Statement, page 38.</u></p>
17	<p><i>Correction Sought as to Disclosure:</i> This sentence is confusing and requires amplification and further explanation.</p> <p>"The \$312.4 million is comprised of the following:.. MOST OF THE FOREGOING ITEMS ARE NOT CLAIMS FOR BANKRUPTCY PURPOSES."</p>	<p>The Debtors have revised the language that sets forth accounting liabilities as per their books and records. The language was intended to correct misstatements by the Committee to the effect that General Unsecured Claims were in the amount of \$312.4 million. Further clarification as to the amount of General Unsecured Claims has been provided. See <u>Marked Disclosure Statement, page 38-39.</u></p>
18	<p><i>Disclosure of Matters Occurring Prior to Filing of Chapter 11 Cases:</i> Disclose dividends paid for each share type for each of the last six years. In light of the potential claims for recovery of dividends and the proposed release of those</p>	<p>The Debtors have provided additional disclosure concerning the payment of dividends to their stockholders. See <u>Marked Disclosure Statement, page 41.</u></p>

	Committee's Objections	Debtors' Responses
	claims, disclosure of the amount of dividends paid is an important item of information for creditors.	
19	<i>Disclosure of Matters Leading to Filing of Chapter 11 Cases:</i> Disclose any statements from the Existing Lenders or any other bases for the Debtors' belief that bankruptcy could have been avoided when the Debtor "bought" time (by entering into the April 29 Agreement) and agreed to perfect the Existing Lenders' security interests in certain assets.	It is unclear what the Committee is seeking by this request and it seems doubtful that the request would add anything that creditors would consider meaningful in connection with their consideration of the Plan. Rather, the request appears to be intended to further the Committee litigation posture with respect to alleged causes of action.
20	<i>Correction Sought as to Disclosure:</i> The Committee finds offensive the Debtors' statement that the chapter 11 filing was to recapture \$28.9 million from the class action settlement for the benefit of "all creditors." This Plan proposes that nothing whatsoever be paid to holders of Class A4 General Unsecured Claims if their sub-Class doesn't accept the Plan and proposes they share in only \$5 million, in aggregate, if their sub-Class accepts the Plan. The Debtors should explain how they believed recapturing the \$28.9 million would benefit "all creditors" and should disclose what changed after formation of that belief and the filing of this Plan. Moreover, the competing claims to these funds should be disclosed.	The Debtors have added additional disclosure as to the position of the Gonzalez plaintiffs with respect to the settlement funds. See <u>Marked Disclosure Statement, pages 39 and 44.</u> The remaining issues raised by the Committee on this point either relate to confirmation or are not necessary to provide adequate information. If creditors are interested in the unvarnished view of the Gonzalez Plaintiffs, the Debtors have directed them to the proof of claim filed by the Gonzalez Plaintiffs. See <u>Marked Disclosure Statement, page 44.</u>
21	<i>Disclosure of Matters Leading to Filing of Chapter 11 Cases:</i> The Debtors should disclose any promises or commitments made to Series A stockholders or other stockholders to obtain their consents (other than the execution of, or matters set forth in, the Prepetition Plan Support Agreement).	The prepetition consent agreements with the stockholders are now attached to the Disclosure Statement as part of <u>Exhibit 3.</u>
22	<i>Disclosure of Matters Leading to Filing of Chapter 11 Cases:</i> The Debtors should disclose (a) the amount of the Existing Lender Agent's Existing Lender Claims and (b) the alternative course(s) of action threatened by the agent if the	The Existing Lender Agent made no threats with respect to the prepetition fees. Again, this request appears to be intended to further the Committee's litigation posture rather than to add information that creditors would consider meaningful in

	Committee's Objections	Debtors' Responses
	\$3 million of fees were not paid.	connection with their consideration of the Plan.
23	<i>Disclosure of Matters Occurring During Chapter 11 Cases:</i> Disclose objection and status or resolution as to Houlihan Lokey employment, including the Debtors' and Houlihan Lokey's cross-appeals of the retention order.	The information requested has been added to the Disclosure Statement. See <u>Marked Disclosure Statement, page 46-47.</u>
24	<i>Disclosure of Matters Occurring During Chapter 11 Cases:</i> Please correct the following: the Committee's financial advisor is "BDO Consulting, a division of BDO Seidman, LLP," the Committee also employed Trenwith Group, LLC as its investment banker, and that all three employment orders were entered November 16, 2009, effective as of earlier dates.	The information requested was not available when the Disclosure Statement was first filed. It was intended to be added and it has now has been. See <u>Marked Disclosure Statement, page 47.</u>
25	<i>Disclosure of Matters Occurring During Chapter 11 Cases:</i> Please update the following statement. "The stay hearing is scheduled for November 2, 2009."	The discussion in the Disclosure Statement about the stay proceedings relating to the Cash Collateral Order has been updated with information that developed since the initial filing of the Disclosure Statement. See <u>Marked Disclosure Statement, page 47-48.</u>
26	<i>Disclosure of Matters Occurring During Chapter 11 Cases:</i> Please update the following statement. "bonus amounts for the Debtors' Senior Vice President and Chief Financial Officer, which will be presented for approval by separate motion . . ."	The motion in question was not on file when the Disclosure Statement was initially filed. Information about this motion has now been added to the Disclosure Statement. See <u>Marked Disclosure Statement, pages 48-49.</u>
27	<i>Disclosure of Matters Occurring During Chapter 11 Cases:</i> Please disclose that Bankruptcy Court ordered no present payment. "Although the Debtors had been previously authorized to pay severance to non-insider employees terminated prepetition, the Bankruptcy Court indicated that, as to	The Disclosure Statement has been updated to reflect that the Debtors determined to discontinue severance payments to avoid a challenge by the Committee. See <u>Marked Disclosure Statement, page 48.</u>

	Committee's Objections	Debtors' Responses
	amounts remaining to be paid, such authorization, if challenged, may be reconsidered."	
28	<i>Disclosure of Bar Date:</i> Please insert the bar date and the date of notice thereof.	The bar date had not been established at the time the Disclosure Statement was initially filed. The information has now been added. See <u>Marked Disclosure Statement, page 50.</u>
29	<i>Disclosure of Debtors' Liabilities:</i> Please disclose estimates of unliquidated and rejection (as well as intercompany) claims.	The Debtors have supplemented the Disclosure Statement to contain additional information about estimated claim amounts, where available. See <u>Marked Disclosure Statement, pages 7-14, 39 and 51-52.</u> See also <u>Exhibit 4.</u>
30	<i>Disclosure of Issues Regarding Existing Lender Claims:</i> Please disclose challenges to the Existing Lender Claims.	The Debtors have supplemented the Disclosure Statement to provide additional information concerning alleged challenges to the Existing Lender Claims. See <u>Marked Disclosure Statement, pages 99-100.</u>
31	<i>Disclosure of Payments for Expenses of Existing Lenders and Their Bases:</i> Please disclose the amounts paid to the Existing Lenders for professional fees during the year prior to the Petition Date and on or after the Petition Date and note that any such postpetition payment thereof was made without any finding of entitlement of the Existing Lenders under § 506(b).	The Debtors have supplemented the Disclosure Statement to provide information as to professional fees paid to the Existing Lenders in the year preceding the Petition Date and to provide information at to payment made after the Petition Date under authority of the Cash Collateral Order. See <u>Marked Disclosure Statement, pages 40 and 48.</u>
32	<i>Disclosure of Debtors' Assets and Amount Payable to Existing Lenders Under Plan:</i> Please disclose how much Cash is on hand and the projected amount of Excess Cash. Please also disclose and discuss the facts and estimates regarding the various deductions applicable in calculating Excess Cash, e.g. the amount of the Trade Unsecured Claim Escrow, Claims against Unencumbered Debtors, Administrative Claims, Priority Tax Claims, Other Priority Claims, and Other Secured Claims.	The projected amount of Excess Cash has been added to the Disclosure Statement. See <u>Marked Disclosure Statement, page 56.</u> The Debtors' projections are attached to the Disclosure Statement at <u>Exhibit 9.</u>

	Committee's Objections	Debtors' Responses
33	<p><i>Disclosure of Postpetition Payments to Existing Lenders:</i> Please disclose any other post-petition payments made to any Existing Lender other than for Adequate Protection Obligations.</p>	<p>The Debtors have supplemented the Disclosure Statement to list all adequate protection payments made under authority of the Cash Collateral Order. See <u>Marked Disclosure Statement, page 48.</u></p>
34	<p><i>Disclosure of Possible Changes to Form or Allocation of Consideration for Existing Lenders:</i> Disclosure is needed of the form and allocation of consideration to the Existing Lenders now. If the statement from the Disclosure Statement is intended to mean that the Plan can be modified to change what Class A2 (Existing Lenders) receives without full notice, this is inappropriate. The premature timing of the Plan is of the choosing of the Debtors and Existing Lenders themselves. Creditors are entitled to know whether the ability to "change" the allocation of consideration under the Plan means that the Existing Lenders might instead "gift" 51% of the new equity to current holders of equity. Whether or not "gifting" outside the priorities through a Plan is permissible, the size of the "gift" matters. Where the "gift" cannot be explained by reference to eleemosynary goals, its size not only is relevant to the overall fairness of the Plan, but also, because a gift that is large relative to indicated values suggests that the proffered valuations are too low.</p>	<p>Any change in the distribution of the New Securities to the Existing Lenders will affect only the Existing Lenders and no other party in interest. Any such change would be subject to review under Section 1127 of the Bankruptcy Code if and when proposed. See <u>Marked Disclosure Statement, page 74.</u></p>
35	<p><i>Disclosure as to Perfection for Existing Lender Secured Claims:</i> Please disclose whether the Debtors investigated the perfection of the Existing Lenders' security interests in the Subsidiary Interests (and the results thereof).</p>	<p>The Disclosure Statement states the Debtors' position. See <u>Marked Disclosure Statement, page 62.</u> The Committee has undertaken, at the expense of the estate, a review of the Existing Lender's lien position. If the Committee believes there is any infirmity in perfection relating to the Subsidiary Interests, it should disclose that information.</p>
36	<p><i>Disclosure as to Beneficiaries of Forfeited Recoveries for Class A4 and Class A7 Claims:</i> It should be disclosed that all consideration withheld from holders of Class A4 Claims</p>	<p>The Debtors have added to the Disclosure Statement the requested disclosure. See <u>Marked Disclosure Statement, pages</u></p>

	Committee's Objections	Debtors' Responses
	<p>and Class A7 Claims (e.g., due to objecting to the Plan or rejecting the Plan) will inure to the benefit of the Existing Lenders.</p>	<p><u>59 and 63.</u></p> <p>As amounts available to Class A4 and Class A7 are available only by the grace of the Existing Lenders, it stands to reason that such amounts would revert to the Existing Lenders if the holders of Claims and Interests in such classes do not want or not able to receive them.</p>
37	<p><i>Disclosure as to Intercompany Administrative Claims:</i> The Disclosure Statement (and Plan) refer to the Existing Lenders' receipt of postpetition payments. Creditors are entitled to know how these payments were paid and accrued as between the Debtors and that such analysis was included in the calculation of intercompany claims (the amounts of which also are requested).</p>	<p>The payment and accrual as between the Debtors of postpetition payments made to the Existing Lenders under the Cash Collateral Order is not material in the context of the Plan.</p> <p>The Debtors have included the scheduled amounts of prepetition intercompany claims in <u>Exhibit 4</u> to the Disclosure Statement.</p>
38	<p><i>Disclosure of Securities Law Compliance:</i> There is no analysis of the applicability of § 1145 or of any other exemption from registration for the Exit Financing Share Allocation. If the Exit Financing Share Allocation only is to be delivered to Existing Lenders who choose to participate in providing exit financing and providing such financing is not to be prerequisite to each Existing Lender receiving a distribution under the Plan, then, disclosure is needed of the basis for any contention that the Exit Financing Share Allocation is payable principally in exchange for the Existing Lenders' Claims.</p>	<p>The Debtors have added additional language to the Disclosure Statement that clarifies the exemption/registration issues applicable to the Exit Financing Shares. See <u>Marked Disclosure Statement, pages 72 and 126.</u></p>
39	<p><i>Disclosure Regarding Feasibility and Possibilities of Lack of Consent From Consenting Lenders:</i> The Exit Facility is conditional upon the agreement of the Consenting Lenders. Various Plan treatments are conditional on the acceptance of Class A2. Disclosure should be made of the risks with respect to not obtaining all relevant consents of the</p>	<p>The Debtors have added an additional risk factor to the Disclosure Statement that explains the risks of rejection of the Plan by Class A2 and of failure to obtain any necessary consents or agreements from the Consenting Lenders. See <u>Marked Disclosure Statement, page 114.</u></p>

	Committee's Objections	Debtors' Responses
	Consenting Lenders and/or the class acceptance of Class A2.	
40	<p><i>Disclosure of Plan and Facts Regarding Tax and Securities Laws:</i> The statement indicates that the Existing Lenders and current equity are to receive the New Common Stock from Freedom Communications rather than Freedom Holdings. § 1129(d) prohibits confirmation on request of a government unit if the primary Plan purpose is avoiding the tax or securities laws. Disclosure of the purpose of this structure is appropriate.</p>	<p>The Debtors have added language to the Disclosure Statement to explain that the distribution mechanic is intended to provide greater certainty regarding the U.S. federal income tax treatment of the exchange by holders of Existing Lender Secured Claims of such Claims in part for such New Common Stock. <u>See Marked Disclosure Statement, page 73.</u></p>
41	<p><i>Disclosure of Plan and Facts Regarding Securities Laws Not Intended:</i> Disclosure is needed as to whether Reorganized Freedom Holdings will be a public company on or shortly after the Effective Date (or in the foreseeable future) and any related facts.</p>	<p>The Debtors have adjusted the disclosure in question to make it clear that the Debtors will not be a public company upon emergence and have no current intention of becoming one in the future, although all rights are reserved. <u>See Marked Disclosure Statement, page 74.</u></p>
42	<p><i>Disclosure of Plan and Facts Assuring Compliance With Bankruptcy and Securities Laws:</i> Disclosure is needed as to the intended business form of Reorganized Freedom Holdings to be applicable at or within a reasonably foreseeable time after the Effective Date and as to any planned changes to the ultimate form of the Debtors. Information as to how such changes would enhance values is important to understanding the accuracy and completeness of the liquidation analysis and the information provided as to going concern values. The Debtors' caveat, permitting any change whatsoever, with only the Existing Lenders' consent, swallows their prior disclosure.</p>	<p>The Debtors do not contemplate any change in the Debtors' business form. The caveat applies to issues relating to the New Securities that will be more particularly described in the documents to be included in the Plan Supplement, to be filed five days before the Voting Deadline. Any modifications to any provisions of the Plan itself would be subject to Section 1127 of the Bankruptcy Code. <u>See Marked Disclosure Statement, page 74.</u></p>
43	<p><i>Disclosure Through Filing of Plan Supplement:</i> The Plan proposes to reveal for the first time in the Plan Supplement to be filed only one week prior to the Confirmation Hearing a variety of important information: (a) consideration payable to the Existing Lenders through the Exit Facility, (b)</p>	<p>It is standard practice to provide for a supplemental filing of implementing documents or information germane the confirmation process in advance of the Confirmation Hearing. Nevertheless, to accommodate the Committee, the Debtors have</p>

	Committee's Objections	Debtors' Responses
	<p>whether the Debtors' charters and the limited voting rights to be afforded will comply with chapter 11 requirements, (c) the amount of compensation payable to insiders and management through the New Equity Incentive Plan and other plans and agreements, and (d) the consideration sought from holders of Trade Unsecured Claims and the size of the pool of funds from which they will be paid. Creditors need disclosure of such information at least 25 days prior to the date to object to any disclosure statement, in accordance with Bankruptcy Rule 2002.</p>	<p>moved the Plan Supplement filing deadline up to five days before the Voting Deadline, rather than five business days before the Confirmation Hearing. See <u>Marked Plan, Section 11.15</u>. That change provides all parties in interest with sufficient opportunity to review any of the documents or information in the Plan Supplement if they deem it important to their vote.</p>
44	<p><i>Disclosure of Reorganization Values:</i> The valuation exhibit indicates that the reorganization values "may" include a "distressed" discount based on the uncertainty of whether the business can continue as a going concern. Yet, the Debtors failed to identify the extent of any "distressed" discount applied in these cases, which would be important in all events and particularly important were such discount determined to be excessive or inapplicable. The Debtors also failed to indicate the bases, if any, for calculating a "distressed" discount, if one was, in fact, applied.</p>	<p>No change is necessary. The Committee is misreading the precedent transaction analysis in the valuation exhibit. The precedent transactions referenced were all publicly announced restructurings, and, therefore, may implicitly include "distressed" discounts. That point is simply noted for the reader. Houlihan performed no independent analysis of any of these potential discounts, and nothing in the exhibits suggests otherwise. See <u>Exhibit 11</u>.</p>
45	<p><i>Disclosure of Designation of Disbursing Agent:</i> The identity and faithful performance of duties of the Disbursing Agent is of more direct concern to the creditors and Committee than the Debtors. Moreover, without disclosure of the identity of the Disbursing Agent through a mass mailing with the Plan or a separate mass mailing, creditors would be unable to avail themselves of the Plan's requirement that they notify the Disbursing Agent of any changes of address and, thereby, may lose their right to receive their distribution under the Plan. At minimum, greater notice should be afforded to creditors and the Committee should be consulted with respect to the selection of the Disbursing Agent and, absent its agreement to such selection, the Disbursing Agent</p>	<p>The Debtors have supplemented the address provisions to make clear that address changes provided to the Debtors and the claims agent are also acceptable. See <u>Marked Plan, Section 7.6(a)</u>.</p> <p>The identity of the Disbursing Agent will be disclosed in a court filing prior to the Confirmation Hearing. That is adequate. See <u>Marked Plan, Section 7.3(a)</u>.</p> <p>Because the identity of the Disbursing Agent will be announced before the Confirmation Hearing, the Committee will have the opportunity to raise any concerns with the selection. The absence of consent by the Committee, which has adopted a</p>

	Committee's Objections	Debtors' Responses
	should be required to post a fidelity bond.	strategy of opposing the Debtors at almost every turn, should not determine bonding issues.
46	<p><i>Disclosure of Distribution Record Date:</i> The Disclosure Statement only discloses that the creditors to be paid will be those holding the Claims immediately before the Effective Date. It does not (cannot) presently identify the Effective Date. However, the Plan could include a provision requiring that within five days after the Effective Date, the Debtors will send to all persons on the mailing matrix a notice of the Effective Date's occurrence (to be filed with the Bankruptcy Court), identifying such date as the Distribution Record Date and indicating the significance of that date.</p>	<p>Parties who have a concern about the Distribution Record Date -- primarily claims traders -- are on notice through the provisions of the Plan and Disclosure Statement that there will be a Distribution Record Date geared to the Effective Date. It is not possible to provide advance notice of the Effective Date. The Committee's proposed solution, that notice be provided after the Effective Date, recognizes this fact. But the proposed solution, to come after the fact, is no solution for the issue identified, and thus the Debtors decline to accept it. Parties in interest involved in claims trading between the Confirmation Date and the Effective Date should monitor the process and assume the risks.</p>
47	<p><i>Disclosure of Process for Creditors to be Paid:</i> The Debtors condition distributions on there being satisfactory arrangements for withholding. In such event they need to disclose whether and through what process any tax identification numbers will be sought and whether they or the Disbursing Agent will initiate any applicable process or whether creditors are expected to do something first.</p>	<p>It is standard practice for a disbursing agent to contact creditors in advance of a distribution to request any necessary tax information. There is no reason that the Debtors would divert from that practice. Accordingly, the Debtors have added language to the Disclosure Statement that makes clear that the Disbursing Agent will provide advance notice to creditors of any necessary tax arrangements. See <u>Marked Disclosure Statement</u>, page 93.</p>
48	<p><i>Disclosure as to Feasibility and Ability to Service Exit Facility Financing:</i> The Exit Facility includes a Term A Facility that includes quarterly principal payments and does not appear to provide for re-amortizing the debt even if a portion of the business is sold (in which case 100% of the proceeds are to be paid to the lenders, while, presumably, the business' overall revenue will decrease due to the sale). At the same time, the financial projections (Ex. 4) indicate that they cover a 4 year period, take account of interest owed under the Exit Facility (without mention of the principal reductions) and "assume" that the Term A Facility of the</p>	<p>The Disclosure Statement contains adequate risk factors concerning the Reorganized Debtors' ability to service their debt. See <u>Marked Disclosure Statement</u>, pages 121-123.</p> <p>Any issues concerning the Projections can be pursued as part of the confirmation process and the Debtors' case in support of feasibility.</p>

	Committee's Objections	Debtors' Responses
	<p>Exit Facility is refinanced "during the Projection Period."</p> <p>The Debtors should clarify whether, absent such refinancing, the Debtors are projected to be able to service their debt. The Debtors also should disclose the likelihood of achieving such refinancing and the reasons for any such conclusion.</p> <p>The Debtors also should confirm that the projections do not assume any sales of any portions of the business during the Projection Period. Otherwise, the disclosure should address how the Debtors would continue to service the Exit Facilities if a material part of the business were sold (presumably resulting in lower gross revenues), the net proceeds therefrom were paid to the lenders, and the quarterly payments due to the lenders were not reduced.</p>	

**GONZALEZ PLAINTIFFS', UNITED STATES TRUSTEE'S, ACE USA'S AND MARICOPA COUNTY'S
DISCLOSURE STATEMENT OBJECTIONS, AND DEBTORS' RESPONSES THERE TO²**

	Objections	Debtors' Responses
<p>I. <u>Gonzalez Plaintiffs' Objections:</u> [Docket No. 801]</p>		
<p>1</p>	<p>Plan is not confirmable because it places all general unsecured creditors into a single class for voting purposes, even though trade creditors would receive different and better treatment under the Plan.</p>	<p>Plan confirmation objections such as this are premature. Nevertheless, in the response to which this table is attached, the Debtors have provided a brief explanation about why this objection lacks merit. For the reasons set forth in the response, the Disclosure Statement should be approved. The Debtors reserve the right to fully brief this issue at the appropriate time.</p>

² Capitalized terms used, but not defined, herein have the meanings ascribed to them in the Plan.

	Objections	Debtors' Responses
2	Plan is not confirmable because it provides for different treatment to trade creditors, which constitutes unfair discrimination among similarly situated unsecured creditors.	Plan confirmation objections such as this are premature. Nevertheless, in the response to which this table is attached, the Debtors have provided a brief explanation about why this objection lacks merit. For the reasons set forth in the response, the Disclosure Statement should be approved. The Debtors reserve the right to fully brief this issue at the appropriate time.
3	Plan is not confirmable because it contains releases of causes of action against insiders and the Prepetition lenders for no consideration, without satisfying the standards set forth in Bankruptcy Rule 9019.	Plan confirmation objections such as this are premature. The Debtors reserve the right to fully brief this issue at the appropriate time. The Debtors expect to present evidence at the confirmation hearing to establish the permissibility of the releases set forth in the Plan. If the Court determines not to permit a release of the scope proposed, it can carve back the scope of the release and still confirm the Plan.
4	Disclosure Statement contains no meaningful discussion of the merits or value of the Debtors' claims against insiders and the pre-petition lenders.	The Debtors have added to the Disclosure Statement a description of potential causes of action alleged by the Committee (of which a representative of the Gonzalez Plaintiffs is a co-chair) against the Existing Lenders and the Debtors' directors and officers, along with the Debtors' response to the allegations. See <u>Marked Disclosure Statement, page 99-100</u> . If the Gonzalez Plaintiffs desire additional disclosure, they are welcome to suggest language to include in the Disclosure Statement.
5	Disclosure Statement does not disclose the identity of the trade creditors receiving preferential treatment under the plan, the nature of their claims, or what critical goods and services these trade creditors provide to the Debtors.	By the terms of the Trade Unsecured Claim provisions in the Plan, the Debtors do not yet know and cannot know (a) which trade creditors of the Encumbered Debtors will submit a Notice of Desire to Enter into Post-Emergence Trade Agreement, (b) whether the Reorganized Debtors will have a continuing need for the goods or services of each creditor that

	Objections	Debtors' Responses
		<p>submits a Notice of Desire to Enter into Post-Emergence Trade Agreement, or (c) which of the trade creditors who are provided a form Post-Emergence Trade Agreement will actually sign it. Therefore, it is premature to require the Debtors to provide the information requested by the Gonzalez Plaintiffs at this time. See <u>Marked Plan, Section 1.110 and 5.10</u>. The various contingencies associated with Trade Unsecured Claim status are set forth at length in the Disclosure Statement. See <u>Marked Disclosure Statement, pages 77-80</u>.</p>
6	<p>Disclosure Statement does not disclose that there is significant opposition to the plan, including from the Committee and the Gonzalez Plaintiffs.</p>	<p>The Debtors have added language throughout the Disclosure Statement to address the Committee's and the Gonzalez Plaintiffs' opposition to the Plan. See <u>Marked Disclosure Statement, pages 2, 4-5, 17, 20, 21, 60-61, 64, 77 and 80</u>.</p> <p>The Debtors offered the Committee (of which a representative of the Gonzalez Plaintiffs is a co-chair) the opportunity to draft an insert to the Disclosure Statement, setting forth the bases for their opposition to the Plan. They declined the offer.</p>
7	<p>Disclosure Statement does not include a statement to the Gonzalez Plaintiffs that the Debtors dispute their claims, and that the Gonzalez Plaintiffs will only receive a recovery if they are successful in overcoming the Debtors' objections (<i>i.e.</i>, that the Gonzalez Plaintiffs will not receive recoveries simply by voting for the Plan).</p>	<p>Article III.D.10. of the Disclosure Statement addresses this point, among others. In particular, that section of the Disclosure Statement states as follows: "The Debtors will review all Proofs of Claim and reserve the right to object to any Proofs of Claim that are filed in amounts, priorities, or other bases that vary from the Debtors' books and records. For example, the Debtors dispute all liability for Claims alleged in the Gonzalez Litigation and expect to challenge all Proofs of Claim filed with respect thereto." See <u>Marked Disclosure Statement, pages 39 and 51</u>.</p>
8	<p>Disclosure Statement does not disclose all payments and other transfers subject to avoidance, or describe the value and merits of potential preference recoveries in detail.</p>	<p>The Debtors' Amended and Restated Statements of Financial Affairs disclose the payments made by each Debtor within the 90 days prior to the Petition Date (and therefore might be</p>

	Objections	Debtors' Responses
		<p>preferential transfers). The Disclosure Statement provides a reference to them. See <u>Marked Disclosure Statement, page 41</u>.</p> <p>Moreover, the Disclosure Statement contains a description of potential causes of action alleged by the Committee (of which a representative of the Gonzalez Plaintiffs is a co-chair) against the Existing Lenders and the Debtors' directors and officers, along with the Debtors' response to the allegations. See <u>Marked Disclosure Statement, pages 99-100</u>.</p>
9	<p>Disclosure Statement does not discuss the value of the Debtors' FCC licenses or estimate how much such licenses add to the value of the petition lenders' purported collateral.</p>	<p>The Debtors do not believe that a separate valuation of the FCC licenses is necessary in this case, particularly because the value of the FCC licenses flows to the Existing Lenders. Article I.B. of the Disclosure Statement why the value of the FCC licenses flows to the Existing Lenders. See <u>Marked Disclosure Statement, pages 4-5</u>.</p>
10	<p>Disclosure Statement does not disclose the potential terms of the Post-Emergence Trade Agreements contemplated by the Plan.</p>	<p>The form of Post-Emergence Trade Agreement has been attached to the Disclosure Statement at <u>Exhibit 8</u>.</p>
<p>II. <u>United States Trustee's Objections:</u> [Docket No. 812]</p>		
1	<p>The Plan cannot be confirmed because it improperly classifies Trade Unsecured Claims and other general unsecured claims in the same class.</p>	<p>Plan confirmation objections such as this are premature. Nevertheless, in the response to which this table is attached, the Debtors have provided a brief explanation about why this objection lacks merit. For the reasons set forth in the response, the Disclosure Statement should be approved. The Debtors reserve the right to fully brief this issue at the appropriate time.</p>
2	<p>The Plan violates the absolute priority rule.</p>	<p>Plan confirmation objections such as this are premature. Nevertheless, in the response to which this table is attached,</p>

	Objections	Debtors' Responses
		<p>the Debtors have provided a brief explanation about why this objection lacks merit. For the reasons set forth in the response, the Disclosure Statement should be approved. The Debtors reserve the right to fully brief this issue at the appropriate time.</p>
3	<p>The Plan is not being proposed in good faith.</p>	<p>Plan confirmation objections such as this are premature. Nevertheless, in the response to which this table is attached, the Debtors have provided a brief explanation about why this objection lacks merit. For the reasons set forth in the response, the Disclosure Statement should be approved. The Debtors reserve the right to fully brief this issue at the appropriate time.</p>
4	<p>The last paragraph of the disclaimer at the beginning of the Disclosure Statement is inappropriate.</p>	<p>The Debtors have revised the last paragraph of the disclaimer in an effort to address the U.S. Trustee's objection. See <u>Marked Disclosure Statement, Disclaimer preceding Table of Contents.</u></p> <p>The limitation on its use outside of the plan context or in non-bankruptcy litigation is common and appropriate.</p>
5	<p>Disclosure Statement does not discuss the plan support agreement, or attach the plan support agreement as an exhibit.</p>	<p>As the U.S. Trustee noted in its objection, the Plan Support Agreement will be attached to the Disclosure Statement as an exhibit.</p>
6	<p>Disclosure Statement does not disclose all of the Debtors' media outlets, and the identity of the Debtor entity that owns each media outlet.</p>	<p>New <u>Exhibit 6</u> of the Disclosure Statement discloses all of the Debtors' media outlets and the identity of the Debtor entity that owns each media outlet.</p>
7	<p>The disclosures of media outlets on page 19 and Exhibit 3 of the Disclosure Statement need to be reconciled.</p>	<p>New <u>Exhibit 6</u> of the Disclosure Statement discloses all of the Debtors' media outlets. Article II.B. of the Disclosure Statement contains a list of media outlets, but refers readers to Exhibit 6 for a complete list.</p>

	Objections	Debtors' Responses
8	Disclosure Statement does not contain separate valuations of the individual media outlets as going concerns, or explain why no separate valuations were performed.	The Debtors believe that a separate valuation of the media outlets is not necessary. The valuation analysis contained in <u>Exhibit 11</u> of the Disclosure Statement subsumes the media outlets. Moreover, information about the value of only the media outlets would be of little use to general unsecured creditors, because the Existing Lenders have liens on the assets comprising the media outlets that are owned by the Encumbered Debtors, and holders of Administrative Claims, Priority Tax Claims, and Other Priority Claims would be entitled to any unencumbered value before general unsecured creditors of Encumbered Debtors receive any such value. Information about the value of media outlets owned by the Unencumbered Debtors would be of little use to general unsecured creditors of the Unencumbered Debtors, because those allowed claims would be reinstated under the Plan.
9	Disclosure Statement does not contain an independent valuation of only the Debtors' unencumbered assets.	Information about the value of only the unencumbered assets would be of little use to general unsecured creditors of the Encumbered Debtors, because holders of Administrative Claims, Priority Tax Claims, and Other Priority Claims would be entitled to any unencumbered value before general unsecured creditors of Encumbered Debtors receive any such value. Moreover, to the extent general unsecured creditors of the Encumbered Debtors are entitled to any value, the Existing Lenders would be entitled to the majority of that value on account of their deficiency claim. Information about the value of unencumbered assets owned by the Unencumbered Debtors would be of little use to general unsecured creditors of the Unencumbered Debtors, because those allowed claims would be reinstated under the Plan. See <u>Marked Disclosure Statement, page 110.</u>
10	Page 5 of the Disclosure Statement states that all administrative claims will be paid in full, but does not disclose that contingent, disputed or unliquidated	The table in Article I.B. of the Disclosure Statement now states that section 11.2 of the Plan imposes a deadline of forty-five days after the effective date of the Plan for the filing of

	Objections	Debtors' Responses
	administrative claims will not be paid unless an administrative expense request is served on counsel for the Debtors within 45 days of the Effective Date.	requests for payment of certain administrative claims. See Marked Disclosure Statement, pages 7-8.
11	Disclosure Statement does not adequately describe the proposed treatment of Trade Unsecured Claims.	The Debtors have revised Article IV.D.5 of the Disclosure Statement, and believe that it adequately describes the treatment of the Trade Unsecured Claims. Moreover, the Notice of Desire to Enter into Post-Emergence Trade Agreement and Post-Emergence Trade Agreement are attached to the Disclosure Statement. See <u>Marked Disclosure Statement pages 77-80; Exhibit 8.</u>
12	The Post-Emergence Trade Agreement and the Notice of Desire to Enter into Post-Emergence Trade Agreement should be exhibits to the Disclosure Statement.	These documents have been attached to the Disclosure Statement as new <u>Exhibit 8.</u>
13	The discussion of the treatment of Trade Unsecured Claims should be supplemented by an explanation, in plain English, that a trade creditor who complies with the required procedures to become a holder of a Trade Unsecured Claim nevertheless may not be paid in full, because the Debtors retain discretion not to treat such claim as a Trade Unsecured Claim.	The Debtors have revised Article IV.D.5 of the Disclosure Statement, which provides a discussion about the treatment of the Trade Unsecured Claims. The Debtors believe the revisions adequately address the United States Trustee's concerns. See <u>Marked Disclosure Statement, pages 77-80.</u>
14	Disclosure Statement contains a paragraph that states that a ballot that is executed by that does not indicate an acceptance or rejection of the Plan will be deemed to be an acceptance.	The Disclosure Statement has been revised to state that executed ballots that do not indicate an acceptance or rejection of the Plan will not be counted. See <u>Marked Disclosure Statement, page 16.</u>
15	Portion of the Disclosure Statement that sets forth the proposed third party release provision should be printed in bold, italics or underlined.	The portion of the Disclosure Statement that sets forth the third party release provision is now printed in bold and in all capital letters. See <u>Marked Disclosure Statement, pages 20-21 and 100-101.</u>
16	Sentence within the paragraph describing consolidated	This sentence has been removed, and has been replaced with a

	Objections	Debtors' Responses
	liabilities that states: "MOST OF THE FOREGOING ITEMS ARE NOT CLAIMS FOR BANKRUPTCY PURPOSES" should be stricken.	statement that certain claims described in Article II.G. of the Disclosure Statement are accounting liabilities or accruals that do not represent Claims to be compromised under the Plan. See <u>Marked Disclosure Statement</u> , page 38-39.
17	Disclosure Statement should contain a discussion of the compensation that will be received by the Debtors' management, if the Plan is confirmed.	The Debtors have added <u>Exhibit 7</u> to the Disclosure Statement, which contains historical executive compensation information for those individuals who are or were members of the Debtors' senior management team during 2009 (not including restructuring consultants who served in management positions). As explained in Article II.D.4. of the Disclosure Statement, any decisions as to compensation will be made by the new board or by the chief executive officer as to executives who do not report directly to the new board. The new board or the chief executive officer, as applicable, would have the discretion to increase or decrease compensation, as it and the particular executive determine appropriate. <u>Marked Disclosure Statement</u> , page 32.
18	Disclosure Statement does not set forth facts to support the proposed non-consensual releases of non-debtor parties.	This objection is premature. The Debtors intend to present evidence at the confirmation hearing to support their position that the release provisions of the Plan are appropriate. The proposed third party release is a voluntarily release that flows from acceptance of the Plan. The Disclosure Statement advises creditors that if they do not want to grant the release, they should act accordingly, with an appropriate warning as to the consequences of non-acceptance of the Plan. See <u>Marked Disclosure Statement</u> , pages 17, 20 and 21.
III. ACE USA Companies' Objections: [Docket No. 818]		
1	If the Plan is confirmed without expressly requiring the	The Debtors have added a new Section 6.7 of the Plan

	Objections	Debtors' Responses
	Debtors and reorganized Debtors to comply with all of their reciprocal obligations to the insurers under the ACE USA agreements, the Debtors risk losing coverage. The Disclosure Statement must disclose this risk.	(described below) that addresses this objection. See <u>Marked Plan, Section 6.7.</u>
2	The Disclosure Statement cannot imply that the Plan may modify the rights of the ACE USA companies, nor can it imply that if a plan modifying the rights of the ACE USA companies is confirmed, the Debtors would be able to preserve coverage under the ACE USA agreements.	The Debtors have added a new Section 6.7 of the Plan (described below) that addresses this objection. See <u>Marked Plan, Section 6.7.</u>
3	ACE USA requests that the Plan provide a requirement that a specific paragraph be included in the confirmation order.	A new Section 6.7 has been added to the Plan, which provides as follows: “Notwithstanding anything to the contrary in the Plan or the Plan Supplement, nothing in the Plan or the Plan Supplement (including any other provision that purports to be preemptory or supervening) shall in any way operate to, or have the effect of, impairing the legal, equitable or contractual rights of the Debtors’ insurers, if any, in any respect. The rights of the Debtors’ insurers shall be determined under their respective insurance policies and any related agreements with the Debtors, as applicable, subject, however, to the rights of the Debtors to assume or reject any such policy or agreement and the consequences of such assumption or rejection under Section 365 of the Bankruptcy Code.”
4.	ACE USA objects to the provisions of the Plan providing for the Debtors to handle objections to Claim, on the grounds that it divests the insurer from rights it has under its policy to participate in claim resolutions..	The Plan has been modified to provide that the Claims handling authority granted to the Debtors under the Plan is without prejudice to any contractual rights and obligations of any party under an assumed contract. See <u>Marked Plan, Section 8.1(b); Marked Disclosure Statement, page 93-94.</u>

	Debtors' Responses
Objections	
<p>IV. Maricopa County's Objections: [Docket No. 487]</p>	
<p>1</p> <p>The Disclosure Statement is unclear as to whether the Debtors are proposing to classify Maricopa County's tax claim as an "Other Secured Claim" or as a "Priority Tax Claim."</p>	<p>This objection relates to the treatment of Maricopa County's claim, and not to the adequacy of the Disclosure Statement. This objection should be raised in response to any objection by the Debtors to Maricopa County's Proof of Claim, or should be raised as an objection to Plan confirmation.</p> <p>In any event, if Maricopa County has filed a secured Proof of Claim against an Encumbered Debtor, it will have the voting rights provided to Other Secured Claims under the solicitation procedures motion. It is that motion, and not the Disclosure Statement, that determines voting rights. If, instead, it has filed a priority Proof of Claim, it has no voting rights because Priority Tax Claims are not impaired.</p>
<p>2.</p> <p>Maricopa County also objects to any proposed interest rate other than the statutory rate of 16% per annum in accordance with 11 U.S.C. § 511 and A.R.S. § 42-18053.</p>	<p>The interest rate provided for Priority Tax Claims and Other Secured Claims in the Plan is a confirmation issue. It will be the Debtors' position at confirmation that the interest rate provided for is appropriate. Maricopa County's 16% statutory rate is not the governing rate in this context.</p>
<p>3</p> <p>Maricopa County objects to the sale of real and personal property in Maricopa County if the tax liabilities associated with such property are not fully paid at closing from the proceeds of any proposed sale in accordance with A.R.S. § 42-17153.</p>	<p>This is not an objection to the Disclosure Statement. If and when the Debtors file a motion to approve the sale of any real or personal property that is situated in Maricopa County, Maricopa County will be given an opportunity to object to such sale.</p>