

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

FREEDOM COMMUNICATIONS
HOLDINGS, INC., *et al.*

Debtors.

Chapter 11

Case No. 09-13046 (BLS)

Jointly Administered

[FIRST PROPOSED]
DISCLOSURE STATEMENT WITH RESPECT TO
JOINT PLAN OF REORGANIZATION
UNDER CHAPTER 11, TITLE 11, UNITED STATES CODE
OF FREEDOM COMMUNICATIONS HOLDINGS, INC., ET AL., DEBTORS

Dated: October 31, 2009

LATHAM & WATKINS LLP
Robert A. Klyman
355 South Grand Avenue
Los Angeles, California 90071-1560
Telephone: (213) 485-1234
Facsimile: (213) 891-8763
Email: robert.klyman@lw.com

Rosalie Walker Gray
Michael J. Riela
885 Third Avenue
New York, New York 10022-4834
Telephone: (212) 906-1200
Facsimile: (212) 751-4864
Email: rosalie.gray@lw.com
michael.riela@lw.com

Counsel for the Debtors

YOUNG CONAWAY STARGATT
& TAYLOR, LLP
Michael R. Nestor (No. 3526)
Kara Hammond Coyle (No. 4410)
The Brandywine Building
1000 West Street, 17th Floor
Wilmington, Delaware 19801
Telephone: (302) 571-6600
Facsimile: (302) 571-1253
Email: mnestor@ycst.com
kcoyle@ycst.com

Counsel for the Debtors

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THIS DISCLOSURE STATEMENT CONTAINS A SUMMARY OF CERTAIN PROVISIONS OF THE PLAN, THE EXHIBITS ANNEXED TO THIS DISCLOSURE STATEMENT, AND CERTAIN FINANCIAL INFORMATION. ALTHOUGH THE DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE AND PROVIDE ADEQUATE INFORMATION WITH RESPECT TO THE DOCUMENTS SUMMARIZED, SUCH SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF, OR ARE INCONSISTENT WITH, SUCH DOCUMENTS. FURTHERMORE, ALTHOUGH THE DEBTORS HAVE MADE EVERY EFFORT TO BE ACCURATE, UNLESS OTHERWISE SPECIFIED HEREIN THE FINANCIAL INFORMATION CONTAINED HEREIN HAS NOT BEEN THE SUBJECT OF AN AUDIT OR OTHER REVIEW BY AN ACCOUNTING FIRM. IN THE EVENT OF ANY CONFLICT, INCONSISTENCY, OR DISCREPANCY BETWEEN THE TERMS AND PROVISIONS IN THE PLAN, THIS DISCLOSURE STATEMENT, THE EXHIBITS ANNEXED TO THIS DISCLOSURE STATEMENT, OR THE FINANCIAL INFORMATION INCORPORATED HEREIN OR THEREIN BY REFERENCE, THE PLAN WILL GOVERN FOR ALL PURPOSES. ALL HOLDERS OF CLAIMS AND INTERESTS SHOULD READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING ON THE PLAN.

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THIS DISCLOSURE STATEMENT CONTAINS CERTAIN PROJECTED FINANCIAL INFORMATION RELATING TO THE REORGANIZED DEBTORS, AS WELL AS CERTAIN OTHER STATEMENTS THAT CONSTITUTE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE FEDERAL PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. SUCH PROJECTIONS AND STATEMENTS ARE BASED ON CERTAIN ESTIMATES AND ASSUMPTIONS MADE BY, AND ON INFORMATION AVAILABLE TO, THE DEBTORS. WHEN USED IN THIS DOCUMENT, THE WORDS "ANTICIPATE," "BELIEVE," "ESTIMATE," "EXPECT," "INTEND," "PLAN," "PROJECT," "FORECAST," "MAY," "PREDICT,"

"TARGET," "POTENTIAL," "PROPOSED," "CONTEMPLATED," "WILL," "SHOULD," "COULD," "WOULD" AND SIMILAR EXPRESSIONS, AS THEY RELATE TO THE DEBTORS, THE REORGANIZED DEBTORS AND THEIR MANAGEMENT, ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. THE DEBTORS INTEND FOR SUCH FORWARD-LOOKING STATEMENTS TO BE COVERED BY THE SAFE HARBOR PROVISIONS FOR FORWARD-LOOKING STATEMENTS CONTAINED IN THE FEDERAL PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995, AND THE DEBTORS SET FORTH THIS STATEMENT AND THE RISK FACTORS CONTAINED HEREIN TO COMPLY WITH SUCH SAFE HARBOR PROVISIONS. SUCH PROJECTED FINANCIAL INFORMATION AND OTHER FORWARD-LOOKING STATEMENTS REFLECT THE CURRENT VIEWS OF THE DEBTORS AND ARE SUBJECT TO CERTAIN RISKS, UNCERTAINTIES AND ASSUMPTIONS. MANY FACTORS COULD CAUSE THE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS OF THE DEBTORS AND THE REORGANIZED DEBTORS TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS THAT MAY BE EXPRESSED OR IMPLIED BY SUCH PROJECTED FINANCIAL INFORMATION AND FORWARD-LOOKING STATEMENTS, INCLUDING, BUT NOT LIMITED TO, THE RISKS DISCUSSED IN THIS DISCLOSURE STATEMENT ENTITLED "RISK FACTORS" AND RISKS, UNCERTAINTIES AND OTHER FACTORS DISCUSSED FROM TIME TO TIME IN FILINGS MADE BY CERTAIN OF THE DEBTORS WITH THE SEC AND OTHER REGULATORY AUTHORITIES. SHOULD ONE OR MORE OF THESE RISKS OR UNCERTAINTIES MATERIALIZE, OR SHOULD ASSUMPTIONS UNDERLYING THE PROJECTED FINANCIAL INFORMATION OR OTHER FORWARD-LOOKING STATEMENTS PROVE INCORRECT, ACTUAL RESULTS MAY VARY MATERIALLY FROM THOSE DESCRIBED HEREIN AS ANTICIPATED, BELIEVED, ESTIMATED OR EXPECTED. THE DEBTORS DO NOT INTEND, AND DO NOT ASSUME ANY DUTY OR OBLIGATION, TO UPDATE OR REVISE THESE FORWARD-LOOKING STATEMENTS, WHETHER AS THE RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE, EXCEPT AS OTHERWISE REQUIRED BY LAW.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND NOT IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER APPLICABLE NON-BANKRUPTCY LAW. PERSONS OR ENTITIES HOLDING OR TRADING IN OR OTHERWISE PURCHASING, SELLING, OR TRANSFERRING CLAIMS AGAINST THE DEBTORS SHOULD EVALUATE THIS DISCLOSURE STATEMENT IN LIGHT OF THE PURPOSE FOR WHICH IT WAS PREPARED.

IN ACCORDANCE WITH THE BANKRUPTCY CODE, THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

THE DEBTORS ARE PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT SOLELY FOR PURPOSES OF INFORMING HOLDERS

OF CLAIMS AND INTERESTS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN OR OBJECTING TO CONFIRMATION. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE USED BY ANY PERSON FOR ANY OTHER PURPOSE. EXCEPT AS PROVIDED IN THE PRECEDING SENTENCE, AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT WILL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT, LIABILITY, STIPULATION OR WAIVER BUT RATHER AS A STATEMENT MADE WITHOUT PREJUDICE SOLELY FOR SETTLEMENT PURPOSES, WITH FULL RESERVATION OF RIGHTS. THIS DISCLOSURE STATEMENT WILL NOT BE USED FOR ANY LITIGATION PURPOSE WHATSOEVER, AND WILL NOT BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTORS OR THE REORGANIZED DEBTORS OR ANY OTHER PARTY IN INTEREST, NOR WILL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES LAW OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, THE DEBTORS.

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Exhibits

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

- **Plan (Exhibit 1)**
- **Disclosure Statement Order (Exhibit 2)**
- **Prepetition Organizational Chart (Exhibit 3)**
- **Reorganized Debtors' Projected Financial Information (Exhibit 4)**
- **Liquidation Analysis (Exhibit 5)**
- **Reorganized Value Analysis (Exhibit 6)**

ARTICLE I. **INTRODUCTION**

A. Overview

The Debtors and debtors in possession in the above-captioned Chapter 11 Cases include Freedom Communications Holdings, Inc. (“Freedom Holdings”) and its direct and indirect subsidiaries, all as set forth below (collectively, the “Debtors”):

Freedom Communications Holdings, Inc.	Freedom Arizona Information, Inc.
Freedom Communications, Inc.	Freedom Colorado Information, Inc.
Freedom Broadcasting, Inc.	Freedom Eastern North Carolina Communications, Inc.
Freedom Broadcasting of Florida, Inc.	Freedom Newspapers of Illinois, Inc.
Freedom Broadcasting of Florida Licensee, L.L.C.	Freedom Newspapers of Southwestern Arizona, Inc.
Freedom Broadcasting of Michigan, Inc.	Freedom Shelby Star, Inc.
Freedom Broadcasting of Michigan Licensee, L.L.C.	Illinois Freedom Newspapers, Inc.
Freedom Broadcasting of New York, Inc.	Missouri Freedom Newspapers, Inc.
Freedom Broadcasting of New York Licensee, L.L.C.	Odessa American
Freedom Broadcasting of Oregon, Inc.	The Times-News Publishing Company
Freedom Broadcasting of Oregon Licensee, L.L.C.	Victor Valley Publishing Company
Freedom Broadcasting of Southern New England, Inc.	Daily Press
Freedom Broadcasting of Southern New England Licensee, L.L.C.	Freedom Newspaper Acquisitions, Inc.
Freedom Broadcasting of Texas, Inc.	The Clovis News-Journal
Freedom Broadcasting of Texas Licensee, L.L.C.	Freedom Newspapers of New Mexico L.L.C.
Freedom Broadcasting of Tennessee, Inc.	Gaston Gazette LLP
Freedom Broadcasting of Tennessee Licensee, L.L.C.	Lima News
Freedom Magazines, Inc.	Porterville Recorder Company
Freedom Metro Information, Inc.	Seymour Tribune Company
Freedom Newspapers, Inc.	Victorville Publishing Company
Orange County Register Communications, Inc.	Freedom Newspapers
OCR Community Publications, Inc.	The Creative Spot, L.L.C.
OCR Information Marketing, Inc.	Freedom Interactive Newspapers, Inc.
Appeal-Democrat, Inc.	Freedom Interactive Newspapers of Texas, Inc.
Florida Freedom Newspapers, Inc.	Freedom Services, Inc.

The Debtors hereby submit, pursuant to Section 1125(b) of Title 11, United States Code, 11 U.S.C. § 101 et seq. (the “Bankruptcy Code”), and Rule 3017 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), this Disclosure Statement with Respect to Joint Plan of Reorganization under Chapter 11, Title 11, United States Code of Freedom Communications Holdings, Inc., et al., Debtors (the “Disclosure Statement”) in connection with the Debtors’ solicitation of votes with respect to Joint Plan of Reorganization under Chapter 11, Title 11, United States Code of Freedom Communications Holdings, Inc., et al., Debtors, dated as of October 31, 2009 (the “Plan”). A copy of the Plan is attached hereto as Exhibit 1. All capitalized terms used but not defined in the Disclosure Statement will have the respective meanings ascribed to such terms in the Plan, unless otherwise noted. In the event of any inconsistency between the Disclosure Statement and the Plan, the terms of the Plan will govern and such inconsistency will be resolved in favor of the Plan.

The purpose of this Disclosure Statement is to set forth information: (i) regarding the history of the Debtors and their businesses; (ii) describing the Reorganization Cases; (iii) concerning the Plan and alternatives to the Plan; (iv) advising the holders of Claims and Interests of their rights under the Plan; and (v) assisting the holders of Claims and Interests entitled to vote

on the Plan in making an informed judgment regarding whether they should vote to accept or reject the Plan.

On [], 2009, after notice and a hearing, the Bankruptcy Court entered an order: (i) approving this Disclosure Statement (the “Disclosure Statement Order”) as containing “adequate information” to enable a hypothetical, reasonable investor typical of holders of Claims against or Interests in the Debtors to make an informed judgment as to whether to accept or reject the Plan; and (ii) authorizing the Debtors to use this Disclosure Statement in connection with the solicitation of votes to accept or reject the Plan. The Disclosure Statement Order establishes [], 2009 at 4:00 p.m. (prevailing Eastern Time) as the deadline for the return of Ballots accepting or rejecting the Plan (the “Voting Deadline”). The Disclosure Statement Order is attached hereto as Exhibit 2.

The Disclosure Statement Order sets forth in detail the deadlines, procedures and instructions for voting to accept or reject the Plan, and for filing objections to confirmation of the Plan, the record date for voting purposes and the applicable standards for tabulating Ballots. In addition, detailed voting instructions accompany each Ballot. Each holder of a Claim or Interest entitled to vote on the Plan should read this Disclosure Statement and the Exhibits hereto, including the Plan and the Disclosure Statement Order, as well as the instructions accompanying the Ballot in their entirety before voting on the Plan. These documents contain important information concerning the classification of Claims and Interests for voting purposes and the tabulation of votes. No solicitation of votes may be made except pursuant to this Disclosure Statement and Section 1125 of the Bankruptcy Code.

PURSUANT TO A PLAN SUPPORT AGREEMENT, EXISTING LENDERS HOLDING MORE THAN FIFTY PERCENT (50%) OF THE EXISTING LENDER CLAIMS IN CLASS A2 HAVE AGREED TO SUPPORT AND NOT OBJECT TO THE PLAN.

THE DEBTORS RECOMMEND THAT HOLDERS OF CLAIMS AND INTERESTS IN CLASSES A2, A3, A4, A5, AND A7 VOTE TO ACCEPT THE PLAN, AS THE PLAN PROVIDES FOR THE BEST AVAILABLE RECOVERY TO SUCH HOLDERS.

THIS DISCLOSURE STATEMENT IS NOT INTENDED TO REPLACE A CAREFUL AND DETAILED REVIEW AND ANALYSIS OF THE PLAN. THIS DISCLOSURE STATEMENT IS INTENDED TO AID AND SUPPLEMENT THAT REVIEW. THE DESCRIPTION OF THE PLAN HEREIN IS ONLY A SUMMARY. HOLDERS OF CLAIMS AND INTERESTS AND OTHER PARTIES IN INTEREST ARE CAUTIONED TO REVIEW THE PLAN AND ANY RELATED EXHIBITS AND ATTACHMENTS FOR A FULL UNDERSTANDING OF THE PLAN’S PROVISIONS. THIS DISCLOSURE STATEMENT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN.

Additional copies of this Disclosure Statement (including the Exhibits hereto) are available upon request made in writing to Logan & Company, Inc., Attention: Freedom Communications, 546 Valley Road, Upper Montclair, New Jersey 07043, telephone: (973) 509-3190, or can be accessed online at www.deb.uscourts.gov (cm/ecf) or www.loganandco.com.

In addition, a Ballot for voting to accept or reject the Plan is enclosed with this Disclosure Statement for the holders of Claims and Interests that are entitled to vote to accept or reject the Plan. If you are a holder of a Claim or Interest entitled to vote on the Plan and did not

receive a Ballot, received a damaged Ballot or lost your Ballot, or if you have any questions concerning the procedures for voting on the Plan, please contact Logan & Company, Inc., Attention: Freedom Communications, in writing at 546 Valley Road, Upper Montclair, New Jersey 07043, or by telephone at (973) 509-3190.

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

B. Summary of the Plan

The single largest liability in the Chapter 11 Cases is owed to the Existing Lenders, who had provided financing to the Debtors since 2004 under the terms of the Existing Credit Agreement Documents. As of the Petition Date, the Existing Lenders were owed an aggregate principal amount of not less than \$770,552,344.03, plus \$1,933,100.00 in respect of letters of credit issued and outstanding under the Existing Credit Agreement Documents.

The Plan reflects the terms of the Plan Support Agreement, as amended, entered into prior to the Petition Date with Existing Lenders holding more than fifty percent (50%) of the Existing Lender Claims. Such Existing Lenders are referred to as the Consenting Lenders. The Consenting Lenders include JPMorgan Chase Bank, N.A., General Electric Capital Corporation, SunTrust Bank, Royal Bank of Scotland PLC, and Wachovia Bank, National Association, and their successors and assigns, and any other Existing Lender that becomes a signatory to the Plan Support Agreement. The Plan Support Agreement is on file with the Bankruptcy Court and may be accessed online at www.deb.uscourts.gov (cm/ecf) or www.loganandco.com.

The Plan provides for the Debtors to be reorganized under Chapter 11 and to emerge as a continuing business operation for the benefit of their customers, vendors, employees, and communities, supported by a restructured balance sheet and new exit financing.

The structure of the Plan recognizes the rights of the Existing Lenders under the Existing Credit Agreement Documents. Most of the fifty (50) Debtors are either obligors or guarantors, and have pledged substantially all of their assets to secure their obligations, under the Existing Credit Agreement Documents (the “Encumbered Debtors”). Seven (7) of the Encumbered Debtors are guarantors who have granted a lien on their assets under the Existing Credit Agreement, but their primary assets, consisting of FCC licenses, are not subject to that lien. Another seven (7) of the Debtors are not obligors or guarantors, and have not pledged any assets, under the Existing Credit Agreement Documents (the “Unencumbered Debtors”). The substantial majority of the Debtors’ assets are owned by the Encumbered Debtors, and thus the substantial majority of the Debtors’ assets have been pledged to secure the obligations to the Existing Lenders under the Existing Credit Agreement Documents. The value of the assets pledged by the Encumbered Debtors is substantially less than the aggregate amount owed to the Existing Lenders, leaving the Existing Lenders with a significant unsecured deficiency claim. As a consequence, there is no value available for distribution to holders of unsecured Claims against or to holders of Interests in the Encumbered Debtors.

As to the seven (7) Encumbered Debtors who are guarantors, but whose FCC licenses are not subject to their pledge of assets under the Existing Credit Agreement Documents – Freedom Broadcasting of Florida Licensee, L.L.C., Freedom Broadcasting of Michigan Licensee, L.L.C., Freedom Broadcasting of New York Licensee, L.L.C., Freedom Broadcasting of Oregon Licensee, L.L.C., Freedom Broadcasting of Southern New England Licensee, L.L.C., Freedom Broadcasting of Texas Licensee, L.L.C., and Freedom Broadcasting of Tennessee Licensee, L.L.C. – the obligations of such Debtors are believed to be limited to their guarantee obligations to the Existing Lenders and fees or other amounts owing to the FCC (which constitute Cure obligations and thus will be paid as Administrative Claims under the Plan), and thus the value of their assets in excess of their obligations flows to their Interest holders. Those Interest holders are themselves obligated under the Existing Credit Agreement Documents and have pledged their Interests to secure their obligations. Thus, any value in the assets of these Encumbered Debtors in excess of the amount of their obligations belongs to the Existing Lenders.

The seven (7) Unencumbered Debtors – Freedom Newspapers, Gaston Gazette LLP, Daily Press, Porterville Recorder Company, Seymour Tribune Company, Victorville Publishing Company, and The Creative Spot, L.L.C. – are either operating entities that generate sufficient cash flow to support payment of their obligations or are inactive entities that have no known obligations.

The Plan treats Claims against and Interests in the Encumbered Debtors differently than it treats Claims against and Interests in the Unencumbered Debtors.

The Consenting Lenders might have insisted that the Debtors propose a plan of reorganization that provides no recovery whatsoever to any holder of a Claim against or Interest in the Encumbered Debtors other than the Existing Lenders. Instead, they agreed to support distributions – on specific terms and conditions – to holders of General Unsecured Claims and Old Freedom Stock Interests. In the absence of such agreement, and in light of the Encumbered Debtors' unencumbered value and the Bankruptcy Code's absolute priority rule, the holders of General Unsecured Claims and Old Freedom Stock Interests would not be in a position to receive any recovery.

The Consenting Lenders also agreed to provide for payment of prepetition claims owed to the Debtors' continuing business partners whose Claims fall within the definition of Trade Unsecured Claims and who agree to provide post-emergence value to the reorganized business through the terms of a Post-Emergence Trade Agreement.

A brief summary of the Classes established under the Plan, the treatment of each Class, and the voting rights of each Class is set forth in the table below. A complete description of the treatment of each Class is set forth in Article III of the Plan and Article IV of this Disclosure Statement. Parties should refer to those sections for a complete description of the proposed treatment for each Class.¹

¹ [Estimated amounts per type of Claim or Class of Claim, as well as estimated percentage recoveries, will be added to the Disclosure Statement in advance of the Disclosure Statement Hearing.]

Description of Claims	Summary of Treatment under Plan
<p data-bbox="201 216 423 241"><u>Administrative Claims</u></p> <p data-bbox="201 275 695 384">Estimated Allowed Claims (anticipated accrued Claims; exclusive of ordinary course operational costs or fees and expenses in connection with obtaining the Exit Facility):</p> <p data-bbox="201 417 509 443">Approximately \$ _____</p>	<p data-bbox="727 216 1442 653">An Administrative Claim is a Claim for payment of an administrative expense of a kind specified in Section 503(b) or 1114(e)(2) of the Bankruptcy Code and entitled to priority pursuant to Section 507(a)(1) of the Bankruptcy Code, including, but not limited to, (a) the actual, necessary costs and expenses incurred after the Petition Date of preserving the Estates and operating the businesses of the Debtors, including wages, salaries, bonuses, or commissions for services rendered after the commencement of the Chapter 11 Cases, (b) Professional Fee Claims, (c) Substantial Contribution Claims, (d) all fees and charges assessed against the Estates under Section 1930 of Title 28 of the United States Code, (e) all Allowed Claims for the value of goods received under Section 503(b)(9) of the Bankruptcy Code, (f) all Allowed Claims for reclamation under Section 546(c)(2)(A) of the Bankruptcy Code, (g) Cure payments, and (h) to the extent applicable, the portion of the Adequate Protection Obligations that constitute Claims under Section 507(b) of the Bankruptcy Code.</p> <p data-bbox="727 686 1442 1144">With respect to each Allowed Administrative Claim, except as otherwise provided for in the Plan, and subject to the requirements of the Plan, on, or as soon as reasonably practicable after, the latest of (i) the Effective Date, (ii) the date such Administrative Claim becomes an Allowed Administrative Claim, or (iii) the date such Administrative Claim becomes payable pursuant to any agreement between a Debtor and the holder of such Administrative Claim, the holder of each such Allowed Administrative Claim will receive in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Administrative Claim, (A) Cash equal to the unpaid portion of such Allowed Administrative Claim or (B) such different treatment as to which the applicable Debtor and such holder will have agreed upon in writing; <i>provided, however</i>, that Allowed Administrative Claims with respect to liabilities incurred by a Debtor in the ordinary course of business during the Chapter 11 Cases will be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto.</p> <p data-bbox="727 1178 1442 1719">The Existing Lender Agent and the Existing Lenders will be entitled to retain all payments made by the Debtors during the Chapter 11 Cases in full satisfaction of all Adequate Protection Obligations arising under the Cash Collateral Order, including any portion of the Adequate Protection Obligations that constitute an Administrative Claim under Section 507(b) of the Bankruptcy Code; <i>provided, however</i>, that subject to a finding in the Confirmation Order that the Existing Lender Claims are undersecured, such payments will be applied in accordance with the Existing Credit Agreement Documents to reduce the principal amount of the Existing Lender Secured Claims. Any Existing Lender Fee Claim that has been incurred and is unpaid as of the Effective Date shall be paid in Cash on or as soon as practicable after the Effective Date in full satisfaction, settlement, release and discharge of such Claim <i>provided, however</i>, that subject to a finding in the Confirmation Order that the Existing Lender Claims are undersecured, any such payments will be deemed to be applied to reduce the principal amount of the Existing Lender Secured Claims in accordance with the Existing Credit Agreement Documents and the Cash Collateral Order. Any replacement or other Liens created under the Cash Collateral Order will terminate and will have no further force and effect as of the Effective Date.</p> <p data-bbox="727 1753 1442 1829">Administrative Claims are not classified and are treated as required by the Bankruptcy Code. The holders of such Claims are not entitled to vote on the Plan.</p> <p data-bbox="727 1862 1101 1887">Estimated Percentage Recovery: 100%</p>

Description of Claims	Summary of Treatment under Plan
<p><u>Priority Tax Claims</u></p> <p>Estimated Allowed Claims: Approximately \$ _____</p> <p><i>(Certain Priority Tax Claims have been paid since the Petition Date pursuant to order of the Bankruptcy Court)</i></p>	<p>A Priority Tax Claim is a Claim of a governmental unit that is entitled to priority pursuant to Section 507(a)(8) of the Bankruptcy Code.</p> <p>Each holder of an Allowed Priority Tax Claim will receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Priority Tax Claim, either, with the agreement of the Consenting Lenders, (i) on, or as soon as reasonably practicable after, the later of the Effective Date or the date on which such Claim becomes an Allowed Claim, Cash equal to the unpaid portion of such Allowed Priority Tax Claim, (ii) such different treatment as to which the applicable Debtor and such holder will have agreed upon in writing, or (iii) at the Reorganized Debtors' sole discretion, regular installment payments in Cash having a total value, as of the Effective Date (reflecting an interest rate determined as of the Effective Date under 26 U.S.C. § 6622), equal to such Allowed Priority Tax Claim, over a period ending not later than five (5) years after the Petition Date.</p> <p>Priority Tax Claims are not classified and are treated as required by the Bankruptcy Code. The holders of such Claims are not entitled to vote on the Plan.</p> <p>Estimated Percentage Recovery: 100%</p>
<p><u>Class A1: Other Priority Claims Against Encumbered Debtors</u></p> <p>Estimated Allowed Claims: None currently identified</p> <p><i>(Certain Other Priority Claims have been paid since the Petition Date pursuant to order of the Bankruptcy Court)</i></p> <p><u>Class B1: Other Priority Claims Against Unencumbered Debtors</u></p> <p>Estimated Allowed Claims: None currently identified</p> <p><i>(Certain Other Priority Claims have been paid since the Petition Date pursuant to order of the Bankruptcy Court)</i></p>	<p>An Other Priority Claim is a Claim against the Debtors entitled to priority pursuant to Section 507(a) of the Bankruptcy Code, other than a Priority Tax Claim or an Administrative Claim.</p> <p>On, or as soon as reasonably practicable after, the latest of (i) the Effective Date, (ii) the date on which such Other Priority Claim becomes an Allowed Other Priority Claim, or (iii) the date on which such Other Priority Claim becomes payable pursuant to any agreement between a Debtor and the holder of such Other Priority Claim, each holder of an Allowed Other Priority Claim will receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Other Priority Claim, either (A) Cash equal to the unpaid portion of such Allowed Other Priority Claim or (B) such different treatment as to which the applicable Debtor and such holder will have agreed upon in writing.</p> <p>Class A1, containing Other Priority Claims against the Encumbered Debtors, and Class B1, containing Other Priority Claims against the Unencumbered Debtors, are not Impaired. The holders of such Claims are, therefore, not entitled to vote on the Plan.</p> <p>Estimated Percentage Recovery: 100%</p>
<p><u>Class A2: Existing Lender Claims</u></p> <p>Allowed Claims: Not less than \$770,552,344.03 in aggregate principal amount as of the Petition Date, plus \$1,933,100.00 in respect of letters of credit issued and outstanding under the Existing Credit Agreement Documents as of the Petition Date</p>	<p>"Existing Lender Claim" means any Secured Claim arising under (a) that certain Credit Agreement, dated as of May 18, 2004, as amended, among Freedom Holdings, Freedom Communications as borrower, the Existing Lenders and the Existing Lender Agent, (b) that certain Guarantee and Collateral agreement, dated as of May 18, 2004, as amended, among Freedom Holdings, Freedom Communications, certain of the Subsidiary Debtors as subsidiary loan parties, and JPMorgan Chase Bank, N.A. as collateral agent, and (c) the other "Loan Documents" as defined in the Credit Agreement.</p> <p>Subject to a finding in the Confirmation Order that the Existing Lender Claims are undersecured, the aggregate amount of all payments made by the Debtors on account of Adequate Protection Obligations will be deemed applied to reduce the principal amount of the Existing Lender Secured Claims in accordance with the Existing Credit Agreement Documents and the Cash Collateral Order. In addition, the holders of</p>

Description of Claims	Summary of Treatment under Plan
	<p>Existing Lender Secured Claims, in full satisfaction, settlement, release, and discharge of and in exchange for the remaining amount of the Existing Lender Secured Claims, will receive on the Distribution Date, through the Existing Lender Agent, their Pro Rata share, in the aggregate, of (i) the Term Loan A Obligations, (ii) the Term Loan B Obligations, (iii) the Excess Cash, (iv) the Existing Lender Shares, and (v) any remaining funds in the Trade Unsecured Claim Escrow after all required payments to holders of Allowed Trade Unsecured Claims. Changes to the form or the allocation of the consideration to be distributed to holders of Existing Lender Secured Claims may be required to comply with federal communications laws and obtain approvals and waivers from the FCC.</p> <p>The holders of Existing Lender Deficiency Claims will not receive or retain any property under the Plan on account of any Existing Lender Deficiency Claims and all Existing Lender Deficiency Claims will be deemed waived by the Existing Lenders and discharged as of the Effective Date.</p> <p>The Existing Lenders will be deemed to have received the Subsidiary Interests in the Encumbered Debtors and contributed such Subsidiary Interests back to their respective holders.</p> <p>Class A2, containing Existing Lender Claims, is Impaired. The holders of such Claims are, therefore, entitled to vote on the Plan.</p> <p>Estimated Percentage Recovery: [___]%</p>
<p><u>Class A3: Other Secured Claims against Encumbered Debtors</u></p> <p>Estimated Allowed Claims: None currently identified</p> <p><u>Class B2: Other Secured Claims against Unencumbered Debtors</u></p> <p>Estimated Allowed Claims: None currently identified</p>	<p>An Other Secured Claim is a Secured Claim arising prior to the Petition Date against any of the Debtors, other than an Existing Lender Secured Claim.</p> <p><u>Class A3, Other Secured Claims against Encumbered Debtors:</u></p> <p>At the option of the Reorganized Debtors, with the agreement of the Consenting Lenders, either (i) the legal, equitable, and contractual rights of the holder of an Allowed Other Secured Claim against an Encumbered Debtor will be Reinstated in accordance with the provisions of Section 1124(2) of the Bankruptcy Code; (ii) the holder of an Allowed Other Secured Claim against an Encumbered Debtor will (A) retain the Liens securing such Allowed Other Secured Claim and (B) receive regular installment payments in Cash having a total value, as of the Effective Date (reflecting an interest rate determined as of the Effective Date under 26 U.S.C. § 6622), equal to such Allowed Other Secured Claim, over a period ending not later than five (5) years after the Petition Date; (iii) the collateral securing such Allowed Other Secured Claim against an Encumbered Debtor will be surrendered to the holder of such Allowed Other Secured Claim; or (iv) the holder of the Allowed Other Secured Claim against an Encumbered Debtor will be paid in full. The treatment applicable to each holder of an Other Secured Claim will be announced in a filing made with the Bankruptcy Court no later than ten (10) days prior to the Confirmation Hearing.</p> <p>Because certain of the treatment options are Impaired, and the treatment options have not yet been determined for each holder, Class A3 is considered to be Impaired for voting purposes. The holders of such Claims are, therefore, entitled to vote on the Plan.</p> <p>Estimated Percentage Recovery: 100%</p> <p><u>Class B2, Other Secured Claims against Unencumbered Debtors:</u></p> <p>The legal, equitable, and contractual rights of each holder of an Allowed</p>

Description of Claims	Summary of Treatment under Plan
	<p>Other Secured Claim against an Unencumbered Debtor will be Reinstated in accordance with the provisions of Section 1124(2) of the Bankruptcy Code.</p> <p>Class B2 is not Impaired. The holders of such Claims are, therefore, not entitled to vote on the Plan.</p> <p>Estimated Percentage Recovery: 100%</p>
<p><u>Class A4: General Unsecured Claims against Encumbered Debtors</u></p> <p>Estimated Allowed Claims: Approximately \$ _____</p> <p><u>Class B3: General Unsecured Claims against Unencumbered Debtors</u></p> <p>Estimated Allowed Claims: Approximately \$ _____</p>	<p>A General Unsecured Claim is a Claim against any of the Debtors that is not an Administrative Claim, an Existing Lender Fee Claim, a Priority Tax Claim, an Other Priority Claim, an Existing Lender Secured Claim, an Other Secured Claim, an Existing Lender Deficiency Claim, a Trade Unsecured Claim, or an Intercompany Claim. For the avoidance of doubt, the unsecured Claim of a provider of goods or services will be considered a General Unsecured Claim until and unless such provider satisfies the requirements for becoming the holder of a Trade Unsecured Claim.</p> <p><u>Class A4, General Unsecured Claims against Encumbered Debtors:</u></p> <p>With Class A2 Acceptance:</p> <p>(A) If a sufficient number of votes are received in any sub-Class of Class A4 to constitute an acceptance of the Plan by such sub-Class under Section 1126(c) of the Bankruptcy Code, then each holder of an Allowed General Unsecured Claim in such accepting sub-Class will be entitled to share in the Unsecured Compensation as provided in (C) below.</p> <p>(B) If an insufficient number of votes are received in any sub-Class of Class A4 to constitute an acceptance of the Plan by such sub-Class under Section 1126(c) of the Bankruptcy Code, then no holder of a General Unsecured Claim in such rejecting sub-Class will be entitled to share in the Unsecured Compensation or to receive any other distribution from the Debtors or the Estates.</p> <p>(C) The Unsecured Compensation will be allocated among all holders of Allowed General Claims in all sub-Classes of Class A4, but the portion thereof attributable to rejecting sub-Classes will be forfeited and will not be available for distribution to accepting sub-Classes. To determine the portion of the Unsecured Compensation attributable to rejecting sub-Classes of Class A4, all Disputed Claims therein as of the Effective Date will be deemed to be in the amount of \$0.00, and only the amounts of Allowed Claims therein as of the Effective Date will be counted. To determine the portion of the Unsecured Compensation attributable to accepting sub-Classes of Class A4, both Disputed Claims and Allowed Claims in such sub-Classes will be counted, with Disputed Claims being counted in amounts determined pursuant to Section 8.3 of the Plan. As thus determined, the portion of the Unsecured Compensation attributable to accepting sub-Classes of Class A4 will be distributed on the Distribution Date to all holders of Allowed General Unsecured Claims in the accepting sub-Classes on a Pro Rata basis.</p> <p>Without Class A2 Acceptance:</p> <p>No holder of an Allowed General Unsecured Claim against the Encumbered Debtors will receive any distribution under the Plan or otherwise.</p> <p>Class A4 consists of 43 separate sub-Classes for each of the Encumbered Debtors, with the sub-Class for each Encumbered Debtor consisting of the General Unsecured Claims against such Encumbered Debtor. Each sub-Class is deemed to be a separate Class for all purposes under the Bankruptcy Code, including for voting purposes.</p>

Description of Claims	Summary of Treatment under Plan
	<p>Class A4, containing General Unsecured Claims against the Encumbered Debtors, is Impaired. The holders of such Claims are, therefore, entitled to vote on the Plan, by separate sub-Class.</p> <p>Estimated Percentage Recovery: [__]% (if accepted by vote of all sub-Classes in Class A4); 0% (if rejected by vote of sub-Classes in Class A4)</p> <p><u>Class B3, General Unsecured Claims against Unencumbered Debtors:</u></p> <p>The legal, equitable, and contractual rights of each holder of an Allowed General Unsecured Claim against an Unencumbered Debtor will be Reinstated in accordance with the provisions of Section 1124(2) of the Bankruptcy Code. On, or as soon as reasonably practicable after, the latest of (i) the Effective Date, (ii) the date on which such General Unsecured Claim becomes an Allowed General Unsecured Claim, and (iii) the date on which such General Unsecured Claim becomes payable pursuant to any agreement between a Debtor and the holder of such Claim, each holder of an Allowed General Unsecured Claim in Class B3 will receive, in full satisfaction of and in exchange for, such Allowed General Unsecured Claim, such payment on such terms as would otherwise apply to such Claim had the Chapter 11 Cases not been filed.</p> <p>Class B3 is not Impaired. The holders of such Claims are, therefore, not entitled to vote on the Plan.</p> <p>Estimated Percentage Recovery: 100%</p>
<p><u>Class A5: Intercompany Claims against Encumbered Debtors</u></p> <p><u>Class B4: Intercompany Claims against Unencumbered Debtors</u></p>	<p>An Intercompany Claim is a Claim arising prior to the Petition Date against any of the Debtors by another Debtor or by a non-Debtor subsidiary or affiliate of a Debtor.</p> <p><u>Class A5, Intercompany Claims against Encumbered Debtors:</u></p> <p>With respect to each Intercompany Claim against any of the Encumbered Debtors, at the election of the Reorganized Debtors, with the consent of the Existing Lender Agent, the Intercompany Claim will be adjusted, continued, or capitalized, either directly or indirectly or in whole or in part, or may be Reinstated, and no such disposition will require the consent of the holders of New Common Stock or the consent of any holder of Subsidiary Interests.</p> <p>Class A5, containing Intercompany Claims, is Impaired.</p> <p>Estimated Percentage Recovery: Subject to election; no payment contemplated.</p> <p><u>Class B4, Intercompany Claims against Unencumbered Debtors:</u></p> <p>With respect to each Intercompany Claim against any of the Unencumbered Debtors, the legal, equitable, and contractual rights of the holder of the Intercompany Claim will be Reinstated or, with the consent of the holder, may be adjusted, continued, or capitalized, either directly or indirectly or in whole or in part.</p> <p>Class B4 is not Impaired.</p> <p>Estimated Percentage Recovery: 100%</p>
<p><u>Class A6: Subsidiary Interests in Encumbered Debtors</u></p>	<p>Subsidiary Interests are, collectively, the issued and outstanding shares of stock, membership units, or partnership interests in the Subsidiary Debtors, as of the Petition Date; as well as any stock options or other</p>

Description of Claims	Summary of Treatment under Plan
<p><u>Class B5: Subsidiary Interests in Unencumbered Debtors</u></p>	<p>rights to purchase the stock, membership units, or partnership interests of any of the Subsidiary Debtors, together with any warrants, conversion rights, rights of first refusal, subscriptions, commitments, agreements, or other rights, contractual or otherwise, to acquire or receive any stock, membership units, partnership interests, or other equity ownership interests in any of the Subsidiary Debtors, and any other rights based on the value (or increase in value) of any stock, membership units, partnership interests, or other equity ownership interests in any of the Subsidiary Debtors.</p> <p><u>Class A6, Subsidiary Interests in Encumbered Debtors:</u></p> <p>The Subsidiary Interests in the Encumbered Debtors shall be deemed to have been distributed to the Existing Lenders on account of their Existing Lender Claims and then contributed back by the Existing Lender to the respective holders of the Subsidiary Interests. The Subsidiary Interests shall thereafter be retained for the benefit of the holders of the New Securities, subject to any applicable restrictions arising under the Exit Facility, the Term A Facility, and the Term B Facility.</p> <p>Class A6, containing Subsidiary Interests, is Impaired.</p> <p>Estimated Percentage Recovery: 0%</p> <p><u>Class B5, Subsidiary Interests in Unencumbered Debtors:</u></p> <p>The legal, equitable, and contractual rights of each holder of a Subsidiary Interest in any of the Unencumbered Debtors will be Reinstated in accordance with the provisions of Section 1124(2) of the Bankruptcy Code.</p> <p>Class B5 is not Impaired.</p> <p>Estimated Percentage Recovery: 100%</p>
<p><u>Class A7: Old Freedom Stock Interests</u></p>	<p>Old Freedom Stock Interests are, collectively, all preferred and common stock equity interests in Freedom Holdings issued and outstanding prior to the Effective Date. The term does not include any stock options or other rights to purchase the stock of Freedom Holdings, together with any warrants, conversion rights, rights of first refusal, subscriptions, commitments, agreements, or other rights, contractual or otherwise, to acquire or receive any stock or other equity ownership interests in Freedom Holdings prior to the Effective Date.</p> <p>All Old Freedom Stock Interests will be cancelled as of the Effective Date.</p> <p>With Class A2 Acceptance:</p> <p>(A) If a sufficient number of votes are received in each of the Class A4 sub-Classes applicable to Freedom Holdings and Freedom Communications to constitute an acceptance of the Plan by each such sub-Class under Section 1126(c) of the Bankruptcy Code, and if a sufficient number of votes are received in Class A7 to constitute an acceptance of the Plan by Class A7 under Section 1126(d) of the Bankruptcy Code, each holder of an Allowed Old Freedom Stock Interest who is not an Objecting Holder will receive on the Effective Date a Pro Rata share of (x) the Old Equity Share Allocation and (y) the New Warrants. Holders of Allowed Old Freedom Stock Interests who are Objecting Holders will, to the maximum extent permitted by law, forfeit their respective Pro Rata shares of the Old Equity Share Allocation and the New Warrants and will receive no distribution under the Plan or otherwise. Any such forfeited allocation will not be issued.</p>

Description of Claims	Summary of Treatment under Plan
	<p>(B) But if an insufficient number of votes are received either in each of the Class A4 sub-Classes applicable to Freedom Holdings and Freedom Communications or in Class A7 to constitute an acceptance of the Plan by each such sub-Class or by Class A7, the Old Equity Share Allocation and the New Warrants will be forfeited and not issued, and no holder of an Allowed Old Freedom Stock Interest will receive any distribution under the Plan or otherwise.</p> <p>Without Class A2 Acceptance: No holder of an Allowed Old Freedom Stock Interest will receive any distribution under the Plan or otherwise.</p> <p>Class A7, containing Old Freedom Stock Interests, is Impaired. Because the Plan provides the potential for a distribution, the holders of such Interests are entitled to vote on the Plan.</p> <p>Estimated Percentage Recovery: []% (if accepted by vote of sub-Classes in Class A4 and by Class A7); 0% (if rejected by sub-Classes in Class A4 or by Class A7)</p>
<p><u>Class A8: Old Freedom Stock Rights</u></p>	<p>Old Freedom Stock Rights means, collectively, any stock options or other rights to purchase the stock of Freedom Holdings, together with any warrants, conversion rights, rights of first refusal, subscriptions, commitments, agreements, or other rights, contractual or otherwise, to acquire or receive any stock or other equity ownership interests in Freedom Holdings, and any phantom stock appreciation rights, restricted stock units or any other rights based on the value (or increase in value) of any stock or other equity ownership interests in Freedom Holdings. The term includes, without limitation, any award or rights under the Freedom Holdings 2004 Long-Term Incentive Plan (as amended and restated) and the Freedom Holdings 2008 Restricted Stock Unit Award Plan or any award agreement pursuant thereto. The term does not include any preferred and common stock equity interests in Freedom Holdings issued and outstanding prior to the Effective Date.</p> <p>All Old Freedom Stock Rights will be cancelled as of the Effective Date. The holders of such Old Freedom Stock Rights will not receive or retain any property under the Plan or otherwise on account thereof.</p> <p>Class 8, containing Old Freedom Stock Rights, is Impaired and no distribution will be made to such Class. The holders of such Interests are, therefore, deemed to have rejected the Plan and are not entitled to vote on the Plan.</p> <p>Estimated Percentage Recovery: 0%</p>

C. Voting; Holders of Claims and Interests Entitled to Vote

Pursuant to the provisions of the Bankruptcy Code, only holders of allowed claims or interests in classes of claims or interests that are impaired and that are not deemed to have rejected a plan of reorganization are entitled to vote to accept or reject such proposed plan. Generally, a claim or interest is impaired under a plan if the holder's legal, equitable or contractual rights are altered under such plan. Classes of claims or interests under a chapter 11 plan in which the holders of claims or interests are unimpaired are deemed to have accepted such plan and are not entitled to vote to accept or reject the proposed plan. In addition, classes of claims or interests in which the holders of claims or interests will not receive or retain any

property on account of their claims or interests are deemed to have rejected the plan and are not entitled to vote to accept or reject the plan.

With respect to the Plan, a Claim or Interest must be “Allowed” for purposes of voting in order for such creditor to have the right to vote. Generally, for voting purposes a Claim or Interest is deemed “Allowed” absent an objection to the Claim or Interest if (i) a Proof of Claim was timely filed, or (ii) if no Proof of Claim was filed, the Claim or Interest is identified in the Debtors’ Schedules as other than “disputed,” “contingent,” or “unliquidated,” and an amount of the Claim or Interest is specified in the Schedules, in which case the Claim or Interest will be deemed Allowed for the specified amount. In either case, when an objection to a Claim or Interest is filed, the Holder of such Claim or Interest cannot vote unless the Bankruptcy Court, after notice and hearing, either overrules the objection, or deems the Claim or Interest to be Allowed for voting purposes.

In connection with the Plan, therefore:

- Claims in Classes A2, A3 (and each sub-Class thereof), A4 (and each sub-Class thereof), and A5 and Interests in Class A7 are Impaired and the holders of such Claims and Interests will receive distributions under the Plan – but as to Classes A4 and A7 only if the terms and conditions of the Plan are satisfied. As a result, holders of Claims and Interests in Classes A2, 3, 4, 5, and 7 are entitled to vote to accept or reject the Plan;
- Claims in Classes A1, B1, B2, B3, and B4 and Interests in Class B5 are not Impaired. As a result, holders of Claims in that Class are deemed to have accepted the Plan and are not entitled to vote to accept or reject the Plan;
- Interests in Classes A6 and A8 are Impaired and the holders of Interests will not receive any distribution on account of such Claims and Interests. As a result, the holders of Claims and Interests in those Classes are deemed to have rejected the Plan and are not entitled to vote to accept or reject the Plan.

Providers of goods or services who may later become holders of Trade Unsecured Claims pursuant to the procedures in the Plan will be holders of General Unsecured Claims at the time of voting. Such holders will vote as holders of General Unsecured Claims in Class A4.

The Bankruptcy Code defines “acceptance” of a plan by (a) a class of claims as acceptance by creditors in that class that hold at least two-thirds in dollar amount and more than one-half in number of the claims that cast ballots for acceptance or rejection of the plan and (b) a class of interests as acceptance by holders in the class that hold at least two-thirds of the number of interests that cast ballots for acceptance or rejection of the plan. **Your vote on the Plan is important.** The Bankruptcy Code requires as a condition to confirmation of a plan of reorganization that each class that is impaired and entitled to vote under a plan vote to accept such plan, unless the provisions of Section 1129(b) of the Bankruptcy Code are met. In view of the deemed rejection of the Plan by Classes A6 and A8, the Debtors will request confirmation of the Plan pursuant to Section 1129(b) of the Bankruptcy Code as to such Classes, as well as with respect to any Class of Claims or Interests entitled to vote on the Plan that rejects the Plan. Section 1129(b) of the Bankruptcy Code permits the confirmation of a plan of reorganization notwithstanding the non-acceptance of a plan by one or more impaired classes of claims or

equity interests, so long as at least one impaired class of claims or interests votes to accept the plan. Under that section, a plan may be confirmed by a bankruptcy court if it does not “discriminate unfairly” and is “fair and equitable” with respect to each non-accepting class.

If you are entitled to vote to accept or reject the Plan, a Ballot is enclosed for the purpose of voting on the Plan. This Disclosure Statement, the Exhibits attached hereto, the documents incorporated herein by reference, the Plan and the related documents are the only materials the Debtors are providing to creditors for their use in determining whether to vote to accept or reject the Plan, and such materials may not be relied upon or used for any purpose other than to vote to accept or reject the Plan. Please complete, execute and return your Ballot(s) to the Debtors’ claims and voting agent (the “Voting Agent”) at the address below:

Logan & Company, Inc.
Attention: Freedom Communications
546 Valley Road
Upper Montclair, New Jersey 07043

BALLOTS MUST BE COMPLETED AND RECEIVED NO LATER THAN 4:00 P.M. (EASTERN TIME) ON [], 2009 (THE “VOTING DEADLINE”). ANY BALLOT THAT IS NOT EXECUTED BY A DULY AUTHORIZED PERSON WILL NOT BE COUNTED. ANY BALLOT THAT IS EXECUTED BY THE HOLDER OF AN ALLOWED CLAIM OR INTEREST BUT THAT DOES NOT INDICATE AN ACCEPTANCE OR REJECTION OF THE PLAN WILL BE DEEMED TO BE AN ACCEPTANCE. ANY BALLOT THAT IS RECEIVED BY TELECOPIER, FACSIMILE OR OTHER ELECTRONIC COMMUNICATIONS WILL NOT BE COUNTED IN THE VOTING TO ACCEPT OR REJECT THE PLAN, UNLESS THAT BALLOT IS ACCEPTED IN THE DEBTORS’ DISCRETION. IF A HOLDER OF A CLAIM OR INTEREST SHOULD CAST MORE THAN ONE BALLOT VOTING THE SAME CLAIM OR INTEREST PRIOR TO THE VOTING DEADLINE, ONLY THE LAST TIMELY BALLOT RECEIVED BY THE BALLOTING AGENT WILL BE COUNTED. IF A HOLDER OF A CLAIM OR INTEREST SHOULD CAST SIMULTANEOUS DUPLICATIVE BALLOTS VOTED INCONSISTENTLY, SUCH BALLOT WILL COUNT AS ONE VOTE ACCEPTING THE PLAN.

Pursuant to the Disclosure Statement Order, the Bankruptcy Court has fixed **5:00 p.m. (Eastern Time) on [], 2009** (the “Voting Record Date”), as the time and date for the determination of Persons who are entitled to receive a copy of this Disclosure Statement and all of the related materials and to vote whether to accept or reject the Plan. Accordingly, only holders of record of Claims and Interests as of the Voting Record Date that are entitled to vote on the Plan, will receive a Ballot and may vote on the Plan. However, because the bar date for filing Proofs of Claim will not have occurred as of such date, Persons who file Proofs of Claim after the Voting Record Date will be provided with the voting materials after their Proofs of Claim are received and will be afforded a short period of time thereafter to cast their Ballots, but not later than the Voting Deadline.

If you did not receive a Ballot and believe that you are entitled to vote on the Plan, you must either (a) obtain a Ballot pursuant to the instructions set forth above and timely submit such Ballot by the Voting Deadline, or (b) file a Motion pursuant to Rule 3018 of the Bankruptcy

Rules with the Bankruptcy Court for the temporary allowance of your Claim or Interest for voting purposes by [], 2009, or you will not be entitled to vote to accept or reject the Plan.

THE DEBTORS AND REORGANIZED DEBTORS, AS APPLICABLE, IN ALL EVENTS RESERVE THE RIGHT THROUGH THE CLAIM RECONCILIATION PROCESS TO OBJECT TO OR SEEK TO DISALLOW ANY CLAIM OR INTEREST FOR DISTRIBUTION PURPOSES UNDER THE PLAN, EVEN IF THE HOLDER OF SUCH CLAIM OR INTEREST VOTED TO ACCEPT OR REJECT THE PLAN.

All properly completed Ballots received prior to the Voting Deadline will be counted for purposes of determining whether a voting Class of Impaired Claims has accepted the Plan. The Voting Agent will prepare and file with the Bankruptcy Court a certification of the results of the balloting with respect to the Class entitled to vote.

THE DEBTORS BELIEVE THAT CONFIRMATION OF THE PLAN IS IN THE BEST INTERESTS OF ALL HOLDERS OF CLAIMS AND INTERESTS AND RECOMMEND THAT ALL HOLDERS OF CLAIMS AND INTERESTS ENTITLED TO VOTE ON THE PLAN VOTE TO ACCEPT THE PLAN.

In particular, as stated above, holders of General Unsecured Claims in each sub-Class of Class A4 must vote by the requisite majorities to accept the Plan for any holders of General Unsecured Claims in each sub-Class to receive the distributions provided for Class A4, and holders of both General Unsecured Claims in all sub-Classes in Class A4 and Old Freedom Stock Interests in Class A7 must vote by the requisite majorities for any holders of Old Freedom Stock Interests to receive the distributions provided for Class A7.

In addition, an individual holder of an Old Freedom Stock Interest may forfeit its own distribution by taking certain actions in opposition to the Plan to the extent the Bankruptcy Court determines such forfeiture is permitted under applicable law.

The Debtors have proposed that the Bankruptcy Court approve certain procedures regarding temporary allowance of claims for voting purposes only. Specifically, the Debtors have requested that if an objection to a Claim or Interest is pending on the Voting Record Date or such Claim or Interest is a Disputed Claim or Interest, such Claim or Interest holder will receive a copy of the Notice of Non-Voting Status and Temporary Allowance Procedures with Respect to Contingent, Unliquidated, or Disputed Claims (the “Disputed Claim Notice”) in lieu of a Ballot. The Disputed Claim Notice will inform such person or entity that its Claim or Interest has been objected to, and that the holder of such Claim or Interest cannot vote absent any of the following taking place prior to the Voting Deadline: (i) an order is entered by the Bankruptcy Court temporarily allowing such Disputed Claim or Disputed Interest for voting purposes pursuant to Rule 3018(a) of the Bankruptcy Rules, after notice and a hearing; (ii) a stipulation or other agreement is executed between the holder of the Disputed Claim or Disputed Interest and the Debtors resolving such objection and allowing the holder of the Disputed Claim or Disputed Interest to vote its claim or interest in an agreed upon amount; or (iii) the pending objection to the Disputed Claim or Disputed Interest is voluntarily withdrawn by the Debtors (each, a “Resolution Event”). No later than two (2) business days after a Resolution Event, the Voting Agent will distribute a Ballot and a pre-addressed, postage pre-paid envelope to the relevant holder of the Disputed Claim or Disputed Interest, which must be returned to the Voting Agent

by no later than the Voting Deadline, unless such deadline is extended by the Debtors to facilitate a reasonable opportunity for such holder to vote for or against the Plan after the occurrence of a Resolution Event.

If an objection to a Claim or Interest is filed by the Debtors after the Voting Record Date but before 15 days prior to the Confirmation Hearing, the Ballot of such Claim or Interest holder will not be counted absent a Resolution Event taking place on or before the Confirmation Hearing.

Nothing in the solicitation procedures will affect the Debtors' right to object to any proof of claim on any other ground or for any other purpose.

D. Special Notice to Holders of Claims in Classes A4 and Interests in Class A7

PURSUANT TO THE PLAN SUPPORT AGREEMENT, THE DISTRIBUTION PROVIDED TO HOLDERS OF GENERAL UNSECURED CLAIMS IN EACH SUB-CLASS WITHIN CLASS A4 AND OLD FREEDOM STOCK INTERESTS IN CLASS A7 IS CONTINGENT UPON ACCEPTANCE OF THE PLAN BY CLASS A2 AND IS SUBJECT TO THE EXPRESS TERMS AND CONDITIONS DISCUSSED BELOW.

1. Required Acceptance of Plan by Sub-Classes within Class A4 and Class A7

IF ANY SUB-CLASS WITHIN CLASS A4 (GENERAL UNSECURED CLAIMS AGAINST ENCUMBERED DEBTORS) VOTES TO ACCEPT THE PLAN, HOLDERS OF ALLOWED CLAIMS IN SUCH SUB-CLASS WILL RECEIVE THE DISTRIBUTIONS PROVIDED FOR ABOVE. IF ALL SUB-CLASSES WITHIN CLASS A4 AND CLASS A7 (OLD FREEDOM STOCK INTERESTS) VOTE TO ACCEPT THE PLAN, HOLDERS OF ALLOWED CLAIMS AND INTERESTS IN SUCH SUB-CLASSES AND CLASS WILL RECEIVE THE DISTRIBUTIONS DESCRIBED ABOVE FOR EACH SUCH CLASS. OBJECTING HOLDERS IN CLASS A7 WILL RECEIVE NOTHING UNDER THE PLAN TO THE EXTENT THE BANKRUPTCY COURT DETERMINES SUCH FORFEITURE IS PERMITTED UNDER APPLICABLE LAW.

2. Effect of Rejection by Class A7

IF ALL SUB-CLASSES IN CLASS A4 (GENERAL UNSECURED CLAIMS AGAINST ENCUMBERED DEBTORS) VOTE TO ACCEPT THE PLAN BUT CLASS A7 (OLD FREEDOM STOCK INTERESTS) VOTES TO REJECT THE PLAN, HOLDERS OF GENERAL UNSECURED CLAIMS IN CLASS A4 WILL RECEIVE THE DISTRIBUTION DESCRIBED ABOVE FOR SUCH CLASS, BUT HOLDERS OF OLD FREEDOM STOCK INTERESTS IN CLASS A7 WILL RECEIVE NOTHING UNDER THE PLAN.

3. Effect of Rejection by Sub-Classes within Class A4 and Class A7

IF ANY SUB-CLASS WITHIN CLASS A4 (GENERAL UNSECURED CLAIMS AGAINST ENCUMBERED DEBTORS) VOTES TO REJECT THE PLAN, HOLDERS OF GENERAL UNSECURED CLAIMS IN SUCH SUB-CLASS WILL RECEIVE NOTHING UNDER THE PLAN AND HOLDERS OF OLD FREEDOM STOCK INTERESTS IN CLASS

A7 WILL ALSO RECEIVE NOTHING UNDER THE PLAN, REGARDLESS OF WHETHER CLASS A7 (OLD FREEDOM STOCK INTERESTS) VOTES TO ACCEPT THE PLAN.

4. Forfeiture by Objecting Holders in Class A7

IF HOLDER OF AN OLD FREEDOM STOCK INTEREST (I) TAKES ANY ACTION IN OPPOSITION TO THE PLAN OR THE TRANSACTIONS CONTEMPLATED THEREBY, (II) FAILS TO TAKE ANY ACTION NECESSARY TO IMPLEMENT THE PLAN; PROVIDED THAT THE DEBTORS RESERVE THE RIGHT TO REIMBURSE THE HOLDERS OF OLD FREEDOM STOCK INTERESTS FOR ANY REASONABLE EXPENSES INCURRED IN TAKING ANY ACTION NECESSARY TO IMPLEMENT THE PLAN, OR (III) DOES NOT CONSENT TO THE THIRD PARTY RELEASE PROVIDED FOR IN THE PLAN (AND DESCRIBED IN SECTION 5 BELOW) BY EITHER ELECTING NOT TO GRANT THE THIRD PARTY RELEASE ON A TIMELY RETURNED BALLOT, BY FILING AN OBJECTION TO THE THIRD PARTY RELEASE WITH THE BANKRUPTCY COURT, OR ARGUING AGAINST THE THIRD PARTY RELEASE AT THE CONFIRMATION HEARING, SUCH HOLDER, TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE BANKRUPTCY LAW, WILL FORFEIT ANY DISTRIBUTION UNDER THE PLAN.

5. Third Party Release

THE BALLOT PROVIDES FOR EACH HOLDER OF A CLAIM OR INTEREST TO GRANT A RELEASE IN FAVOR OF (I) THE DEBTORS' CURRENT AND FORMER DIRECTORS, OFFICERS, EMPLOYEES, ADVISORS, OR PROFESSIONALS, (II) THE EXISTING LENDERS AND THEIR RESPECTIVE AFFILIATES, (III) THE EXISTING LENDER AGENT AND ITS RESPECTIVE AFFILIATES, AND (IV) ANY OF THE RESPECTIVE PRESENT OR FORMER DIRECTORS, OFFICERS, EMPLOYEES, ADVISORS, OR PROFESSIONALS OF ANY OF THE FOREGOING (BUT SOLELY IN THEIR RESPECTIVE CAPACITIES AS SUCH) (THE PERSONS IDENTIFIED IN CLAUSES (I) THROUGH (IV) COLLECTIVELY, THE "THIRD PARTY RELEASEES"). THE PLAN PROVIDES THAT, AS OF THE EFFECTIVE DATE, (I) EACH HOLDER OF A CLAIM OR INTEREST THAT AFFIRMATIVELY ELECTS ON A TIMELY RETURNED BALLOT TO GRANT THE THIRD PARTY RELEASES WILL BE DEEMED TO FOREVER RELEASE, WAIVE, AND DISCHARGE ALL CLAIMS, OBLIGATIONS, SUITS, JUDGMENTS, DAMAGES, DEMANDS, DEBTS, RIGHTS, CAUSES OF ACTION, AND LIABILITIES WHATSOEVER AGAINST THE THIRD PARTY RELEASEES, IN CONNECTION WITH OR RELATED TO THE DEBTORS, THE CHAPTER 11 CASES, OR THE PLAN (OTHER THAN THE RIGHTS UNDER THE PLAN AND THE CONTRACTS, INSTRUMENTS, RELEASES, INDENTURES, AND OTHER AGREEMENTS OR DOCUMENTS DELIVERED THEREUNDER), WHETHER LIQUIDATED OR UNLIQUIDATED, FIXED OR CONTINGENT, MATURED OR UNMATURED, KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, THEN EXISTING OR THEREUNDER ARISING, IN LAW, EQUITY, OR OTHERWISE, THAT ARE BASED IN WHOLE OR PART ON ANY ACT, OMISSION, TRANSACTION, EVENT, OR OTHER OCCURRENCE TAKING PLACE ON OR PRIOR TO THE EFFECTIVE DATE IN ANY WAY RELATING TO THE DEBTORS OR THE REORGANIZED DEBTORS, THE CHAPTER 11 CASES, OR THE PLAN.

E. The Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a confirmation hearing. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of the Plan.

1. Time and Place of the Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a confirmation hearing. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of the Plan.

Pursuant to Section 1128 of the Bankruptcy Code and Rule 3017(c) of the Bankruptcy Rules, the Bankruptcy Court has scheduled the Confirmation Hearing to commence on [], 20[] at [] (Eastern time), before the Honorable Brendan Linehan Shannon, of the United States Bankruptcy Court for the District of Delaware, 824 North Market Street, 6th Floor, Courtroom No. 1, Wilmington, Delaware 19801. A notice setting forth the time and date of the Confirmation Hearing has been included along with this Disclosure Statement. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice, except for an announcement of such adjourned hearing date by the Bankruptcy Court in open court at such hearing.

2. Objections to the Plan

Any objection to confirmation of the Plan must be in writing; must comply with the Bankruptcy Code, Bankruptcy Rules, and the Local Rules of the Bankruptcy Court; and must be filed with the United States Bankruptcy Court for the District of Delaware, and served upon the following parties, so as to be received no later than [], 2009, at 4:00 pm.(Eastern time): (a) Robert A. Klyman, Latham & Watkins LLP, 355 South Grand Avenue, Los Angeles, California 90071-1560 (counsel for the Debtors); (b) Rosalie Walker Gray and Michael J. Riela, Latham & Watkins LLP, 885 Third Avenue, New York, New York 10022-4834 (counsel for the Debtors), (c) Michael R. Nestor. and Kara Hammond Coyle, Young Conaway Stargatt & Taylor LLP, 1000 West Street, 17th Floor, Wilmington, Delaware 19801, (counsel for the Debtors), (d) Robert H. Trust, Cravath, Swaine & Moore LLP, Worldwide Plaza, 825 Eighth Avenue, New York, NY 10019-7475 (counsel for the Existing Lender Agent), (e) Richard W. Riley and William Schrag, Duane Morris LLP, 1100 North Market Street, Suite 1200, Wilmington, DE 19801 (counsel for Existing Lender Agent), (f) Robert J. Feinstein, Pachulski Stang Ziehl & Jones, LLP, 780 Third Avenue, 36th Floor, New York, NY 10017-2024 (counsel for the Creditors Committee) and (g) David L. Buchbinder, Office of the United States Trustee, 844 King Street, Suite 2207, Wilmington, Delaware 19801.

FOR THE REASONS SET FORTH BELOW, THE DEBTORS URGE YOU TO RETURN YOUR BALLOT TO “ACCEPT” THE PLAN.

ARTICLE II.
GENERAL INFORMATION REGARDING THE DEBTORS

A. Formation and History of the Debtors

Freedom Holdings owns 100 percent of Freedom Communications, Inc. (“Freedom Communications”) and has no significant separate operations.

Freedom Communications, headquartered in Irvine, Calif., is a national privately owned information and entertainment company of print publications, broadcast television stations and interactive businesses. Its portfolio includes 30 daily newspapers (including *The Orange County Register*), weekly newspapers, magazines and other specialty publications, with news, information and entertainment websites to complement its media properties. Freedom’s newspaper publications have a combined circulation of nearly one million subscribers. The broadcast stations – five CBS network affiliates, two ABC network affiliates and one CW affiliate – reach more than 3 million households across the country. The Debtors operate an interactive business which offers website complements, as well as digital and mobile products, to their newspaper and broadcast properties.

The Debtors were founded in 1935 by libertarian R.C. Hoiles, with the purchase of a newspaper now known as *The Orange County Register*. Historical highpoints in the Debtors’ subsequent expansion include: in 1946, the acquisition of The Gazette-Telegraph in Colorado Springs, Colorado; during the period from 1981 to 1986, the entry into broadcast television with the acquisition of five stations; and during the period from 1995 to 2000, significant strategic expansions with the acquisition of 15 daily and weekly community newspapers, television stations in West Palm Beach, Florida and Grand Rapids/Lansing, Michigan, and newspapers in Phoenix and Yuma, Arizona and Alton, Illinois.

The family of R.C. Hoiles (the “Family”) continues to hold a majority stake in the Debtors through an approximately 52% ownership interest in the stock of Freedom Holdings. Other members of the Family sold their interests through a series of recapitalization transactions completed on May 18, 2004, pursuant to which the remaining stock ownership interest, which has increased from approximately 40% at the time of the recapitalization to approximately 48% at the current time, was acquired by The Blackstone Group, Providence Equity Partners, Inc., and certain of their respective affiliates. Freedom Holdings is closely held and its stock interests are not publicly traded.

The organizational chart showing the ownership interests and relationships among the Debtors is attached hereto as Exhibit 3.

B. The Debtors’ Business Operations

The Debtors are in the media business operating in two industry segments: newspaper publishing and broadcast television. The newspaper segment consists of two operating divisions: Orange County Register Communications (“OCRC”) and the Community Newspapers Division. In late 2007, the Debtors realigned their two newspaper operating divisions, combining the divisions into one newspaper group. Each of the Debtor’s business segments relies on advertising as their primary source of revenue.

The Debtors' newspaper publishing segment produces approximately 90 daily and weekly publications, including 30 daily newspapers, as well as ancillary magazines and other specialty publications. The newspapers include, without limitation, the following, listed by state:

Arizona: *The East Valley Tribune, Daily News-Sun, The Sun and Bajo El Sol*

California: *Appeal-Democrat, Daily Press, El Mojave, Desert Dispatch, Hesperia Star, The Orange County Register, Excelsior, The Porterville Recorder, and Noticiero Semanal*

Colorado: *The Gazette*

Florida: *The Times (Apalachicola/Carrabelle), Crestview News Bulletin, The Destin Log, Holmes County Times-Advertiser, The News Herald, Northwest Florida Daily News, Santa Rosa Press Gazette, The Star, The Walton Sun, and Washington County News*

Illinois: *Journal-Courier and The Telegraph*

Indiana: *The Tribune*

Missouri: *The Sedalia Democrat*

New Mexico: *Clovis News Journal, Portales News-Tribune, and Quay County Sun*

North Carolina: *The Daily News, The Free Press, The Jones Post, The Gaston Gazette, The Havelock News, The Star, Sun Journal, The Shopper, Times News, and Topsail Advertiser*

Ohio: *The Lima News*

Texas: *The Brownsville Herald, El Nuevo Herald, Mid-Valley Town Crier, The Monitor, Odessa American, El Semanario, and Valley Morning Star, and The Coastal Current Weekly*

Revenue for the Debtors' newspaper publishing segment is derived primarily from advertising (both print and online) and secondarily from paid circulation (including single copy sales and subscription sales), commercial printing, and other product offerings. Advertising revenue consists of three basic categories: retail, classified, and national. Newspaper revenue tends to follow a distinct and recurring seasonal pattern, with higher advertising revenue in months containing significant events or holidays. Accordingly, the fourth quarter has historically been the strongest, followed by the second quarter, and the third quarter. The first quarter has historically been the weakest. The Debtors' newspapers seek to produce desirable results for advertisers by targeting readers based on certain geographic and demographic characteristics.

In addition, the Debtors operate eight television stations within their broadcast television segment, including five CBS affiliates, two ABC affiliates, and one CW affiliate. The television stations include the following, listed by state:

Florida: WPEC (CBS, Channel 12)

Michigan: WLAJ (ABC, Channel 53) and WWMT (CBS, Channel 3)

New York: WRGB (CBS, Channel 6) and WCWN (CW, Channel 45)

Oregon: KTVL (CBS, Channel 10)

Tennessee: WTVC (ABC, Channel 9)

Texas: KFDM (CBS, Channel 6)

Revenue for the Debtors' broadcast television segment is derived primarily from advertising, with additional sources of revenue from video production services and other activities, including online product sales and retransmission consent fees. Television advertising revenue is generally classified in the following categories: national, local, and political. The revenue stream tends to follow a distinct and recurring bi-annual pattern correlated with the occurrence of political advertising during election years. The fourth quarter is typically the strongest due to holiday retail spending, followed by the second and the third quarters. The first quarter is typically the weakest. The broadcast stations seek to maximize advertising revenue by increasing audiences for local news and syndicated programming. Audience levels are also impacted by the popularity of their affiliated network's programming (CBS, ABC, or CW). There are long-term affiliation agreements in place between the broadcast stations and the networks.

The Debtors anticipate that any future advertising revenue growth will increasingly come from online advertising. Thus, the Debtors have been committed to building and supporting a portfolio of online products and services that are uniquely tailored to each of their local communities. The Debtors' online activities include websites supporting each of their daily newspapers and television broadcast stations, as well as selected communities of interest, such as high school sports.

For further information regarding the Debtor's business operations, see the audited consolidated financial statements for Freedom Holdings for the periods ended December 31, 2007 and December 31, 2008 posted at www.loganandco.com.

C. Corporate Governance of the Debtors

1. Boards of Directors

The members of the board of directors (the "Board") of Freedom Holdings and Freedom Communications are as follows:

Thomas W. Bassett. Chairman of the Board. Mr. Bassett is a Manager in the tax department of BKD, LLP. He is an attorney and CPA with a Juris Doctorate and Master of Business Administration degree from Washington University in St. Louis. Prior to working at BKD, Mr. Bassett was a Manager in the federal tax practice of KPMG LLP. Mr. Bassett served on the Board from 1993 through 1998. He has served on the Board's Retirement Benefits Investment Committee, continuing from 1998 to 2003, and various committees of the Board.

William F. Baker. Dr. Baker is Executive in Residence at the Columbia Business School and serves as President Emeritus of WNET/Channel 13 (the PBS station in New York City) having previously served as President and Chief Executive Officer of WNET/Channel 13 from 1987 to 2007. Prior to joining WNET, Dr. Baker served a dual role as President of Westinghouse Television, Inc. (from 1979) and Chairman of Group W Satellite Communications (from 1981). Since beginning his broadcasting career while in college, Dr. Baker has held a variety of programming and general management positions in radio and television in Cleveland, Baltimore, Los Angeles and New York and has been honored with seven Emmy Awards. Dr. Baker serves on the Board of Directors of Grey Island Systems; Summit Media Holdings; and Rodale, Inc., a privately held family publishing company. Dr. Baker is a Professor at Fordham University, NY. He received his Bachelor of Arts, Master of Business Administration and Ph.D. degrees from Case Western Reserve University.

Raymond C. H. Bryan. Mr. Bryan served as the former Business Manager for the Executive Intelligence Division at Freedom Technology Media Group, and has been a director since 2000. Mr. Bryan is the grandson of the late Harry Hoiles, a son of Freedom founder R.C. Hoiles. He has held various positions within Freedom in the Sales and Finance departments. Mr. Bryan is a graduate of Skidmore College and received his Master of Business Administration degree from Fordham University.

Jill A. Greenthal. Jill A. Greenthal is a Senior Advisor in the Private Equity Group of The Blackstone Group. Prior to September 2007, Ms. Greenthal was a Senior Managing Director in the Corporate and Mergers and Acquisitions Advisory Group of The Blackstone Group. She is based in Boston. Before joining Blackstone in 2003, Ms. Greenthal was Co-Head of the Global Media Group, Co-Head of the Boston Office and a member of the Executive Board of Investment Banking at Credit Suisse First Boston (now known as Credit Suisse). Ms. Greenthal was also Co-Head of the Boston office of Donaldson, Lufkin and Jenrette, before its acquisition by Credit Suisse. Prior to joining Donaldson, Lufkin and Jenrette, she was Head of the Media Group at Lehman Brothers. Ms. Greenthal has advised and financed media companies for over 20 years, having worked in all sectors of the business. As a Senior Advisor to Blackstone's Private Equity group, Ms. Greenthal works closely with the global media and technology teams to assist in investments in those sectors. Ms. Greenthal graduated as a member of The Academy from Simmons College and received an MBA from Harvard Business School. Ms. Greenthal is on the Board of Directors of Akamai Technologies, Orbitz Worldwide, The Weather Channel and Universal Orlando. Ms. Greenthal is also a member of the Women's Executive Council of Dana-Farber Cancer Institute and is a Trustee of The James Beard Foundation and Simmons College.

Robin J. Hardie. Ms. Hardie has held various positions within Freedom at the National Advertising Sales Office in Colorado Springs, KFDM-TV in Beaumont, Texas, and The Gazette in Colorado Springs. She also has worked at the Arizona Daily Star, The Thousand Oaks News Chronicle, The Sacramento Bee, and The San Antonio Light. Ms. Hardie is currently serving on the board of directors of coloradosprings.com, the Cheyenne Mountain Zoo, Goodwill Industries of Colorado Springs and the Colorado Springs Fine Arts Center. She has a Bachelor of Arts degree in Journalism from the University of Southern California.

Burl Osborne. Mr. Osborne is interim President and Chief Executive Officer of Freedom Holdings and Freedom Communications. He formerly held several positions in the Belo Corporation: President, Publishing Division from 1995 to 2001; Director from 1987 to

2002; and Publisher from 1986 to 2001 of The Dallas Morning News Co., with which he became associated in 1980. In connection with The Associated Press, Mr. Osborne served as Chairman of the Board from 2002 to 2007, Director from 1993 to 2007 and as a member of the Executive Committee. Mr. Osborne also has served as Director and Past Chairman of Southern Newspaper Publishers Association and Director of Newspaper Association of America. Currently, he serves as director of the Committee to Protect Journalists; director of GateHouse Media, Inc.; and director of J.C. Penney Company, Inc. Mr. Osborne earned a Bachelor of Arts degree from Marwill University in Huntington, West Virginia and a Master of Business Administration degree from Long Island University. He also participated in the Advanced Management Program at the Harvard Business School.

Chris Philibbosian. Mr. Philibbosian is President of SAAK Management, an advisory firm focused on actively assisting a limited group of stockholders and CEOs of privately held firms in managing, protecting and growing their businesses on an ongoing basis. Prior to forming SAAK Management, Mr. Philibbosian was with The Greenspun Corporation for over 10 years, serving most recently as President and COO. The Greenspun Corporation is responsible for managing the financial interests of the Greenspun family which is focused on operating and investing in public and private businesses primarily in the media, communication, travel, real estate and gaming industries. In addition, Mr. Philibbosian has held real estate investment and management consulting positions with Westfield Corporation and Ernst & Young/Kenneth Leventhal & Co. He holds a Bachelor of Science degree in Business Administration and a Masters of Accounting degree, both from the University of Southern California.

James J. Spanfeller. Mr. Spanfeller is the President and Chief Executive Officer of the Spanfeller Group, a content-based web media company. He most recently served as President and Chief Executive Officer of Forbes.com. Prior to joining Forbes.com, Mr. Spanfeller was President of the Consumer Magazine Group of Ziff Davis Media, Inc. He also served as Publisher of Inc. magazine and held senior positions at Playboy Enterprises Publishing Group and Newsweek. Mr. Spanfeller serves on several boards including: the board of directors of Viewpoint Corporation, Chairman of the Interactive Advertising Bureau (IAB) Executive Committee, and is Treasurer for the Online Publishers Association (OPA). He also served on the Magazine Publishers Association board from 1999-2000. He holds a Bachelor's degree in English Literature from Union College.

David M. Tolley. Mr. Tolley is a Senior Managing Director in the Private Equity group of The Blackstone Group. Since joining Blackstone in 2000, Mr. Tolley has focused on Blackstone's investment activities in the communications and media sectors. Before joining Blackstone, Mr. Tolley was a Vice President in the Global Communications Group at Morgan Stanley & Co., where he was responsible for sourcing and executing financing and advisory assignments for a broad array of public and private communications companies. Mr. Tolley holds a Bachelor of Arts degree from the University of Michigan and a Master of Business Administration degree from Columbia Business School. He currently serves as a director of Cumulus Media, Inc.

Gregory J. Wallace. Mr. Wallace was the founder of Digital Cranium, an online DVD retailer. From 1998 to 2001, he was the Major Accounts and Entertainment Sales Manager at *The Daily Breeze* in Torrance, CA, and he also held several positions at *The Orange County Register* from 1992 to 1996. From 1989 to 1991, Mr. Wallace held various positions within Freedom, including Classified Advertising Sales Manager at the *Odessa American* and at *The News Herald*

in Panama City, FL. Mr. Wallace has a Bachelor of Arts Degree from the University of Colorado and received his Master of Business Administration degree from Pepperdine University.

2. Senior Management

The following table sets forth certain information regarding the executive officers of Freedom Holdings and Freedom Communications:

Name	Title
Burl Osborne	Interim President and Chief Executive Officer
Mark A. McEachen	Senior Vice President and Chief Financial Officer
Jonathan Segal.....	President, Freedom Newspapers Division
Doreen D. Wade.....	President, Freedom Broadcasting Division
Douglas S. Bennett.....	President, Freedom Interactive Division
Rachel L. Sagan	Vice President, General Counsel and Secretary
Nancy S. Trillo.....	Vice President, Enterprise Finance, Controller and Treasurer
Marcy E. Bruskin	Vice President, Human Resources and Organizational Development

Burl Osborne. Mr. Osborne is interim President and Chief Executive Officer of Freedom Holdings and Freedom Communications. Mr. Osborne’s biographical information is included in the Board of Directors discussion above.

Mark A. McEachen. Mark McEachen is Senior Vice President and Chief Financial Officer. Prior to joining Freedom, Mr. McEachen was CFO of Fabrik, Inc., a manufacturer of external hard drives and digital content management software. Prior to that, he was interim CEO and then Chief Operating Officer/Chief Financial Officer of BridgeCo, Inc. Mr. McEachen has also held lead positions at International Rectifier Corp, Excite@Home, Transamerica and Chrysler. Mr. McEachen holds a master's degree and a bachelor's degree in commerce from the University of Windsor, Ontario. He also holds a bachelor's degree in economics from the University of Western Ontario, London.

Jonathan Segal. Jonathan Segal is President of the Newspaper Division. Mr. Segal had been President of the Community Newspapers division since 1999. During his career at Freedom, he has served as President of the Eastern Community Newspapers division, Senior Publisher of Freedom’s North Carolina newspapers and served as Publisher of The Gaston Gazette and New Bern Sun Journal. He was also Editor of the Free Press in Kinston, N.C. He is a graduate of the University of Texas with an honors degree in Journalism.

Doreen D. Wade. Doreen Wade has been President of the Broadcasting Division since 2002. Prior to assuming her current role, she served as the Vice President and General manager of the television station WPEC (West Palm Beach, FL) and she managed two of the company’s other television stations: WLNE (Providence, RI) and WRGB (Albany, NY). Ms. Wade has almost thirty years of experience in broadcast sales and station management. Her career with Freedom spans more than twenty years.

Douglas S. Bennett. Doug Bennett is President of the Interactive Division. He has been with the Company since 2006. Mr. Bennett's experience spans publishing, media, entertainment, and technology. Prior to joining Freedom, Bennett served as President and Chief Financial Officer for National Lampoon. Prior to that he was Chief Operating Officer at iUniverse, Inc., a digital publishing company that provides technology for multiple distribution methods of content such as ebooks and print-on demand deliveries. His other positions included: Chief Executive Officer and President of EoExchange, Inc. and President at Macmillan Publishing. Bennett holds a Bachelor's degree in Business Administration and Economics from Coe College in Cedar Rapids, Iowa.

Rachel L. Sagan. Rachel Sagan is Vice President, General Counsel and Secretary. From 2002-2003, she served as Acting General Counsel and was promoted to Vice President, General Counsel in 2003. She joined Freedom in January 2001 as Associate General Counsel. Prior to joining Freedom, Ms. Sagan served as an associate at the law firm, Gibson, Dunn & Crutcher, specializing in the areas of corporate law, mergers and acquisitions, and commercial transactions. She also practiced at the law firm, Hancock, Rothert and Bunshoft, specializing in litigation. Ms. Sagan earned her law degree from the University of Michigan School of Law and her Bachelor of Arts degree from Duke University, where she graduated magna cum laude and Phi Beta Kappa.

Nancy S. Trillo. Nancy Trillo is Vice President of Enterprise Finance, Controller and Treasurer. Prior to joining Freedom in 2000, Ms. Trillo was Senior Director, Corporate Accounting for Fluor Corp. (1996-2000); Corporate Controller and Chief Accounting Officer for BW/IP International, Inc., (now Flowserve Corp.) (1989-1996); and Senior Manager for Price Waterhouse (1977-1989). Ms. Trillo is a licensed Certified Public Accountant in the State of California and received her Master of Business Administration and Bachelor of Science degrees from the University of California at Los Angeles.

Marcy E. Bruskin. Marcy Bruskin is Vice President of Human Resources and Organizational Development. Prior to joining Freedom in June 2002, she was Vice President of Human Resources at AmerisourceBergen Corporation, a \$35 billion-dollar pharmaceutical distributor. Her experience includes: organizational development, associate relations, training and development, recruiting, quality performance measurement, compensation and benefits, relocation and government compliance. She has also worked in the Human Resource departments of Washington National Insurance Co. in Evanston, Ill., Rand McNally & Co., in Skokie, Ill. and Thorek Hospital & Medical Center in Chicago. She holds a Master's degree in Industrial Psychology from Fairleigh Dickinson University and a Bachelor's degree in Math and Psychology from New York University.

D. Employees

The Debtors' workforce consists of approximately 5,100 employees, of whom approximately 35% are salaried employees and approximately 65% are hourly employees. Moreover, approximately 82% of the employees are full-time and 18% are part-time. The average annual salary for salaried employees is \$56,400 and for hourly employees is \$39,500. Approximately 1.5% of the Debtors' hourly employees are covered by collective bargaining agreements. In addition, in the Broadcast division, approximately 125 employees are covered under personal services contracts. The Debtors' workforce of employees is augmented by services received from approximately 3,200 independent contractors.

1. Compensation and Benefits

The Debtors have historically provided a competitive compensation and benefit package to their employees, consistent with their belief that the success of their business is dependent to a significant extent on the efforts and abilities of their employees.

The compensation and benefit package consists of various plans, programs, policies and agreements that may provide for (a) wages, salaries, commissions, bonuses, holiday and vacation pay, sick leave pay, and other accrued compensation; (b) reimbursement of business, travel, and other reimbursable expenses; and (c) benefits, with coverage as applicable for eligible spouses, domestic partners, and dependents, in the form of medical, dental, vision, and prescription drug coverage, coverage continuation under COBRA, basic term life and supplemental life insurance, accidental death and dismemberment insurance, long-term disability insurance and benefit programs, pre-tax contribution cafeteria plan and flexible spending accounts, a voluntary employees beneficiary association trust, retirement, savings, other deferred compensation, and related types of benefits, leased car and automobile assistance programs, employees assistance programs, business travel accident insurance, workers' compensation coverage, severance protections, and miscellaneous other benefits provided to the employees in the ordinary course of business. Information about each of these programs is included in the Motion of Debtors for Order under 11 U.S.C. §§ 105(a), 363(b), 363(c), 507(a), 541, 1107(a), and 1108 and Fed. R. Bankr. P. 6003 (i) Authorizing Payment of Prepetition Employee Obligations, Including Compensation, Benefits, Expense Reimbursements, and Related Obligations, (ii) Confirming Right to Continue Employee Programs on Postpetition Basis, (iii) Confirming Right to Pay Withholding and Payroll-Related Taxes, (iv) Authorizing Payment of Prepetition Claims Owing To Administrators of, or Third Party Providers under, Employee Programs, (v) Authorizing Payment of Independent Contractor Obligations, (vi) Directing Banks to Honor Prepetition Checks and Fund Transfers for Payment of Prepetition Employee Obligations and Prepetition Independent Contractor Obligations dated September 1, 2009, and the supplement thereto dated September 17, 2009, both on file with the Bankruptcy Court.

2. Labor Matters

The Debtors currently have three collective bargaining agreements – two active and one in negotiations. Freedom Broadcasting of New York, Inc. (WRGB) currently has two union arrangements. The first agreement is with the National Association of Broadcast Employees and Technicians (NABET), Communication Workers of America (CWA) and the AFL-CIO. The Debtors have negotiated a new agreement and are awaiting approval by the unions' national organization. The proposed agreement spans the years 2009-2011. The second agreement is with the Schenectady Local American Federation of Television and Radio Artists (AFTRA) and the AFL-CIO. The Schenectady agreement expired in 2006. The Debtors are in active negotiations. Third, Freedom Broadcasting of Texas, Inc. (KFDM) has a contract with Local Union #2286, International Brotherhood of Electrical Workers (IBEW). The IBEW contract runs through 2010.

The Debtors' relationship with the unions has historically been good. The Debtors have been able to successfully negotiate needed concessions in their most recent agreements. Although all of the Debtors' newspaper locations remain non-union, the Debtors continue to monitor labor developments in all locations. The highest risk regarding labor developments is the Debtors' larger market locations.

Traditionally, any issues that are identified by the Debtors as related to employment law, labor relations and wage and hour violations are investigated and rectified quickly. The Debtors implemented an Ethics Hotline providing another option for their employees to escalate any issues creating dissatisfaction in the workplace. This has enabled the Debtors to investigate and address issues and to minimize risk.

3. Pension Plan Matters

The Debtors maintain the Retirement Plan of Freedom Communications, Inc. (the “Retirement Plan”) as a tax-qualified defined benefit pension plan subject to Title IV of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). The Retirement Plan is funded through a trust with Bank of New York. Benefit accruals were suspended under the Retirement Plan effective as of December 31, 2008. As of the January 1, 2009, there were approximately 6,631 participants in the Retirement Plan (approximately 3,515 active participants, 1,083 retired participants receiving benefits and 2,033 retired and terminated participants entitled to future benefits). The Debtors are not required to make any minimum funding contributions to the Retirement Plan for 2009.

The Debtors are jointly and severally liable to the Pension Benefit Guaranty Corporation (“PBGC”) for unfunded benefit liabilities, as defined in 29 U.S.C. § 1301(a)(18), if the Retirement Plan terminates. Prior to termination, the Debtors are jointly and severally liable for the contributions necessary to satisfy ERISA’s minimum funding standards. See 29 U.S.C. §§ 1082; 26 U.S.C. §412. The Debtors are also jointly and severally liable for PBGC premiums, and interest, and penalties, if any, imposed by ERISA for plans covered by Title IV of ERISA. See 29 U.S.C. § 1307(a), (b), (e); 29 C.F.R. § 4007.12(a).

The Debtors intend to continue the Retirement Plan, fund the plan in accordance with the minimum funding standards under the Internal Revenue Code of 1986, as amended (“IRC”), pay all required PBGC insurance premiums, and continue to administer and operate the Retirement Plan in accordance with the terms of the Retirement Plan and provisions of ERISA. However, the Debtors reserve the right to amend or terminate the Retirement Plan in accordance with its terms and ERISA.

E. Competitive Factors Affecting the Debtors’ Businesses

A substantial majority of the Debtors’ revenues are generated from the sale of local, regional and national advertising. Advertisers generally reduce their advertising spending during economic downturns. The worldwide economy is currently undergoing unprecedented turmoil amid stock market volatility, tightening credit markets, inflation and deflation concerns, decreased consumer confidence, reduced corporate profits and capital spending, adverse business conditions, and increased liquidity concerns and business insolvencies. This turmoil and uncertainty about future economic conditions has and could continue to negatively impact the Debtors’ advertisers and cause them to postpone their advertising decision-making or decrease their advertising spending.

The Debtors’ ability to generate advertising revenues is and will continue to be affected by financial market conditions, consumer confidence, advertiser challenges and changes in the national and sometimes international economy, as well as by regional economic conditions in each of the markets in which our stations operate. The Debtors’ have a significant concentration

of assets in California and Florida, which makes the economic condition of these regions of particular consequence to their financial condition and results of operations. The level of advertising spending, which is affected by broad economic trends, affects the broadcast industry in general and the revenues of individual broadcast television stations in particular. Advertisers have purchased less advertising time from the Debtors' stations recently, due to the current decline in the national economy and in regional economies. This is particularly the case with respect to automotive advertising.

The Debtors' advertising revenues depend upon a variety of other factors specific to the communities that they serve. Changes in those factors have and could in the future negatively affect advertising revenues. These factors include, among others, the size and demographic characteristics of the local population, the concentration of retail stores and other businesses, the level of online connectivity, and local economic conditions in general.

The Debtors' television businesses operate in highly competitive markets. The television stations compete for audiences and advertising revenue with newspapers and other broadcast and cable television stations, as well as with other media such as magazines, telephone and/or wireless companies, satellite television and the Internet. Some of the Debtors' current and potential competitors may have greater financial, marketing, programming and broadcasting resources than we do and the ability to distribute more targeted advertising. Cable companies and others have developed national advertising networks in recent years that increase the competition for national advertising.

The Debtors' television stations compete for audiences and advertising revenues primarily on the basis of programming content and advertising rates. Advertising rates are set based upon a variety of factors, including a program's popularity among the advertiser's target audience, the number of advertisers competing for the available time, the size and demographic make-up of the market served and the availability of alternative advertising in the market. Changes in market demographics, the entry of competitive stations into our markets, the transition to new methods for measuring audiences, the introduction of competitive local news or other programming by cable, satellite, Internet, telephone or wireless providers, or the adoption of competitive offerings by existing and new providers could result in lower ratings and adversely affect the Debtors' financial condition and results of operations.

With the continued development of alternative forms of media, particularly those based on the Internet, the Debtors' businesses face increased competition. Alternative media sources also affect their ability to generate circulation revenues and television audience. This competition could make it difficult for the Debtors to grow or maintain their broadcasting, print advertising and circulation revenues, which the Debtors believe will challenge them to expand the contributions of their online and other digital businesses.

F. Regulatory Factors Affecting the Debtors' Businesses

1. General

The Debtors' publishing and broadcasting operations are subject to government regulation. Changing regulations, particularly Federal Communications Commission under the Communications Act of 1934, as amended, regulations which affect the Debtors' television stations, may result in increased costs and adversely impact our future profitability. Among

other things, the Communications Act empowers the FCC to (1) issue, renew, revoke and modify station licenses; (2) regulate stations' technical operations and equipment, as well as the content of their broadcasts; and (3) impose sanctions for violations of the Communications Act or FCC regulations. The Communications Act and the FCC's regulations prohibit the assignment of a broadcast license or the transfer of control of a broadcast licensee without prior FCC approval, and also place certain limits on the direct or indirect ownership of FCC licensees by certain persons and entities.

2. Station Licenses

The FCC grants television station licenses for terms of up to eight years, and licenses may be renewed upon application to the FCC for additional eight-year terms. License renewal applications may be challenged by interested parties. The FCC has authority to renew broadcast licenses, to not renew them, or to renew them with conditions, including renewal for less than a full license term. Under the FCC's rules, a licensee may continue to operate pending review of a timely filed renewal application. The following stations owned by the Debtors are operating past their stated license expiration dates under that rule: WCWN, Schenectady, NY, WRGB, Schenectady, NY, WTVC, Chattanooga, TN, WLAJ, Lansing, MI, WWMT, Kalamazoo, MI, KFDM, Beaumont, TX, and KTVL, Medford, OR. The license expiration date for WPEC, West Palm Beach, Florida, is February 1, 2013.

3. Programming and Operations

Rules and policies of the FCC and other federal agencies regulate certain programming practices and other areas affecting the business and operations of broadcast stations.

The Children's Television Act of 1990 limits the amount and nature of commercial matter in children's television programs and requires stations to provide a minimum amount of children's educational programming per week on their video programming streams. The FCC also restricts commercialization of children's programming, including certain promotions of other programs and displays of Web site addresses during children's programming.

The FCC has adopted new public file and public interest reporting requirements on broadcasters that must be approved by the Office of Management and Budget (OMB) before they become effective, which has not yet occurred. Pursuant to these new requirements, stations with Web sites will be obligated to make certain portions of their public inspection files available online and broadcast notifications on how to access the public file. Stations also will be required to file quarterly a new, standardized form that will track various types and quantities of local programming. The form will require, among other things, information about programming related to local civic affairs, local electoral affairs, public service announcements, and independently-produced programming. The new standardized form will significantly increase recordkeeping requirements for television broadcasters. Several station owners and other interested parties have asked the FCC to reconsider the new reporting requirements and have sought to postpone their implementation. In addition, the order imposing the new rules is currently on appeal in the U.S. Court of Appeals for the District of Columbia Circuit.

In December 2007, the FCC initiated a proceeding in which it (i) tentatively concluded that broadcast licensees should be required to have regular meetings with permanent local advisory boards to ascertain the needs and interests of communities, (ii) tentatively adopted

specific renewal application processing guidelines that would require broadcasters to air a minimum amount of local programming, and (iii) sought comment on a variety of other issues concerning localism, including potential changes to the main studio rule, network affiliation rules, and sponsorship identification rules. The FCC has not yet issued a final order on the matter. The Debtors cannot predict whether the FCC will adopt some or all of these proposals.

The FCC's Equal Employment Opportunity rules impose upon broadcasters job information dissemination, recruitment, documentation and reporting requirements. Broadcasters are subject to random audits to ensure compliance with the Equal Employment Opportunity rules and could be sanctioned for noncompliance.

The FCC has increased its enforcement efforts regarding broadcast indecency and profanity over the past several years. In June 2006, the statutory maximum fine for the broadcast of indecent material increased from \$32,500 to \$325,000 per incident. Several judicial appeals of FCC indecency enforcement actions are currently pending, and their outcomes could affect future FCC policies in this area.

As indicated above, FCC licenses for seven of the Debtors' eight full-power television stations have expired without renewal, although the stations may continue to operate pending action on their license renewal applications before the FCC.

4. Digital Television

Under federal law, full-power broadcast television stations were required to cease analog service and convert to digital transmissions by June 12, 2009. All full-power television stations licensed to the Debtors were broadcasting digitally, and terminated analog broadcasts, by the June 12, 2009 deadline. Spectrum formerly used by broadcasters, including the Debtors, for analog service, was surrendered to the government at the end of the DTV transition.

Broadcasters may either provide a single DTV signal or "multicast" several DTV program streams. Broadcasters also may use some of their digital spectrum to provide non-broadcast "ancillary" services (i.e., subscription video, data transfer or audio signals), provided broadcasters pay the government a fee of five percent of gross revenues received from such services. Under the FCC's rules relating to must-carry rights of digital broadcasters, which apply to cable and certain satellite carriers, including direct broadcast satellite ("DBS") systems, a station asserting must-carry rights is entitled to carriage of only a single programming stream and other "program related" content, even if the station multicasts. In November 2007, the FCC decided that after the transition, cable operators must ensure that all analog cable subscribers will continue to be able to receive the signals of stations electing must-carry status. Cable operators can choose either to deliver the signal in digital format for digital customers and "down convert" the signal to analog format for analog customers, or to deliver the signal in digital format to all subscribers but ensure that all subscribers with analog sets have set-top boxes that will convert the digital signal to analog format.

5. Cable and Satellite Transmission of Local Television Signals

Under FCC regulations, cable systems must make available a specified portion of their channel capacity to the carriage of the signals of local television stations. Television stations may elect between "must-carry rights" or a right to restrict or prevent cable systems from

carrying the station's signal without the station's permission (retransmission consent). Stations must make this election once every three years, and did so most recently on October 1, 2008. All broadcast stations that made carriage decisions on October 1, 2008, will be bound by their decisions through the 2009-2011 cycle. Satellite carriers, including DBS operators, are subject to similar carriage rules. A television station may elect mandatory carriage rights on any satellite carrier which carries at least one local signal in that station's market, or alternatively, may elect retransmission consent. Such elections with respect to satellite carriers must be made on the same time cycle as carriage elections for cable systems.

6. Ownership Rules

The FCC's ownership rules affect the number, type and location of broadcast and newspaper properties that the Debtors or certain investors in Debtors may hold or acquire. The rules now in effect limit the common ownership, operation, or control of television stations serving the same area; television and radio stations serving the same area; and television stations and daily newspapers serving the same area; as well as the aggregate national audience of commonly-owned television stations. The FCC's rules also define the types of positions and interests that are considered "attributable" for purposes of the ownership limits, and thus also apply to certain of the Debtors' officers, directors, and investors. In general, officers, directors, and five percent or greater shareholders of the Debtors are deemed to hold attributable interests in the Debtors and their media interests.

In September 2003, the FCC relaxed many of its ownership restrictions. However, on June 24, 2004, the United States Court of Appeals for the Third Circuit rejected many of the FCC's 2003 rule changes. The court remanded the rules to the FCC for further proceedings and extended a stay on the implementation of the new rules. In December 2007, the FCC adopted a Report and Order that left most of the FCC's pre-2003 ownership restrictions in place, but made modifications to the newspaper/broadcast cross-ownership restriction. A number of parties appealed the FCC's order, and those appeals were consolidated in the Third Circuit in November 2008 and remain pending.

7. Local Television Ownership

Under the FCC's current local television ownership rules, absent a waiver, one entity may own two commercial television stations in a Designated Market Area (DMA) if no more than one of those stations is ranked among the top four stations in the DMA and eight independently owned, full-power stations will remain in the DMA.

The Debtors own stations WRGB and WCWN, both in the Albany-Schenectady-Troy, New York DMA, pursuant to a waiver granted by the FCC on the basis that WCWN, when acquired by the Debtors in 2006, was failing financially, that no out-of-market buyer for the station was available, and that public interest benefits would result from the Debtors' ownership of the station. The transfer of control of WRGB and WCWN as contemplated by the Plan would require that a new waiver be granted by the FCC, and there can be no assurance that such a waiver will be able to be obtained.

8. Cross-Media Limits

The newspaper/broadcast cross-ownership rule generally prohibits one entity from owning both a commercial broadcast station and a daily newspaper in the same community.

The radio/television cross-ownership rule allows a party to own one or two TV stations and a varying number of radio stations within a single market. The FCC's December 2007 decision leaves the newspaper/broadcast and radio/television cross-ownership prohibitions in place, but provides that the FCC will evaluate newly proposed newspaper/broadcast combinations under a non-exhaustive list of four public interest factors. The FCC will apply a presumption that the combination is in the public interest if it is located in a top 20 DMA and involves the combination of a newspaper and only one television station or radio station. If the combination involves a television station, the presumption will apply only where the station is not among the top 4 in the DMA and at least eight independently owned and operated newspapers and/or full-power commercial television stations remain in the DMA. All other combinations will be presumed not in the public interest. That negative presumption can be reversed if the combination will result in a new local news source that provides at least seven hours of local news programming or if the property being acquired has failed or is failing.

To the extent any person who acquires an attributable interest in the Debtors pursuant to the Plan holds an attributable interest in other broadcast media or daily newspapers in the same markets as the Debtors' media outlets, such acquisition may violate the FCC's local television ownership and/or cross-media limits.

9. Alien Ownership Limits

The Communications Act prohibits ownership of, or the power to vote, more than 20% of the equity of a broadcast licensee, and more than 25% of the equity of a company directly or indirectly controlling a licensee, from being held by aliens, foreign governments or their representatives, or corporations formed under the laws of foreign countries. The acquisition of equity interests in the Debtors pursuant to the Plan by persons or entities which are aliens, foreign governments or their representatives, or corporations formed under the laws of a foreign country, where such interests in the aggregate exceed such limits, would violate the Communications Act absent a waiver from the FCC.

10. National Television Station Ownership Cap

A person or entity is prohibited from having attributable interests in television stations that reach in excess of 39 percent of U.S. households.

11. Additional Regulations

The foregoing does not purport to be a complete summary of the Communications Act, other applicable statutes or the FCC's rules, regulations and policies. Proposals for additional or revised regulations and requirements are pending before, and are considered by, Congress and federal regulatory agencies from time to time. The Debtors cannot predict the effect of existing and proposed federal legislation, regulations and policies on their businesses. Also, several of the foregoing matters (e.g., the media ownership rules and the new reporting rules) are now, or

may become, the subject of litigation and the Debtors cannot predict the outcome of any such litigation or the effect on their respective businesses.

G. Prepetition Indebtedness and Capital Structure of the Debtors

1. Consolidated Liabilities

The Debtors have consolidated liabilities of approximately \$1.083 billion (calculated as of the month ended August 31, 2009). Their primary financial obligation arises under a secured credit agreement dated May 18, 2004, as amended, and is in the approximate amount of \$770.6 million (excluding accrued and unpaid interest, contingent letter of credit obligations, and related obligations) (the "Credit Agreement"). In addition, the Debtors account for other liabilities of approximately \$312.4 million. The \$312.4 million is comprised of the following: trade accounts payable of approximately \$16.6 million, accrued salaries, wages and employee benefits of approximately \$41.7 million, unearned subscription revenue of approximately \$17.8 million, accrued pension and other retirement related liabilities of approximately \$103.1 million, deferred income taxes of approximately \$90.2 million, and other miscellaneous liabilities of approximately \$43.0 million. MOST OF THE FOREGOING ITEMS ARE NOT CLAIMS FOR BANKRUPTCY PURPOSES. Moreover, the Debtors were obligated under a contingent class action settlement in the amount of approximately \$28.9 million. As a result of the commencement of these chapter 11 cases, the settlement terminated, and the Debtors anticipate that the claimants will assert renewed claims. Any such claims would be in addition to the consolidated liabilities of approximately \$1.083 billion.

2. Secured Indebtedness

The primary obligations in the Chapter 11 Cases arise under the senior secured credit facilities provided under (a) that certain credit agreement dated as of May 18, 2004, as amended, supplemented or otherwise modified from time to time, among Freedom Holdings, Freedom Communications as borrower, the several lenders from time to time party thereto, and JPMorgan Chase Bank, N.A. as administrative agent, (b) that certain guarantee and collateral agreement, as amended, supplemented or otherwise modified from time to time, among Freedom Holdings, Freedom Communications, certain of the Subsidiary Debtors as subsidiary loan parties (the Freedom parties are referred to in the Plan as the Encumbered Debtors), and JPMorgan Chase Bank, N.A. as collateral agent, and (c) the other "Loan Documents" as defined in the credit agreement.

The Debtors defaulted under the credit facilities as of September 30, 2008, and the defaults continued through April 29, 2009, when the Debtors negotiated a waiver with their lender group that would have been effective through December 31, 2009, if it had not otherwise been terminated or superseded by that date.

As of the Petition Date, the senior secured credit facilities consisted of a revolving credit facility and term loans (the "Term Loan Facility"), which facility included a \$228 million tranche A term loan and a \$300 million tranche A-1 term loan. The senior credit facilities also included a subfacility for swingline borrowings and a sublimit for letters of credit. As of the Petition Date, approximately \$245 million was outstanding under their revolving credit facility, including letters of credit.

The tranche A term loan and the revolving credit facility had maturity dates of May 1, 2011. The tranche A-1 term loan had a maturity date of December 31, 2012. The Term Loan Facility was subject to repayment based on a predetermined amortization schedule. Borrowings under the revolving credit facility and the Term Loan Facility bear interest at the bank's reference rate plus a margin of 2.25 percent per annum. Commitment fees on the unused portion of the revolving credit facility are 0.5 percent per annum and are payable monthly. At the Petition Date, the bank reference rate was 3.25 percent per annum, and the weighted-average interest rate for outstanding bank borrowings was 5.5 percent per annum.

3. Interests

Freedom Holdings is the ultimate parent entity of the other Debtors. As stated previously, the Family continues to hold approximately 52% of the stock ownership interests in Freedom Holdings. Other members of the Family sold their interests through a series of recapitalization transactions completed on May 18, 2004, pursuant to which the remaining stock ownership interest, which has increased from approximately 40% at the time of the recapitalization to approximately 48% at the current time, was acquired by The Blackstone Group, Providence Equity Partners, Inc., and certain of their respective affiliates (the "Investors"). Freedom Holdings is closely held and its stock interests are not publicly traded.

Freedom Holdings has two series of preferred stock: Series A Senior Preferred and Series A Junior Preferred, all par value \$0.01. The Board of Directors is authorized to issue up to 100,000 shares each of Series A Senior and Series A Junior preferred stock with such rights, privileges, preferences, and restrictions as may be determined by the Board of Directors. Preferred stockholders are not entitled to voting privileges except as may be determined under certain circumstances. Under Freedom Holdings' certificate of incorporation, shares of Series A Junior Preferred stock are mandatorily redeemable in 10 years from date of issuance.

As of the Petition Date, Freedom Holdings had issued 9,075 shares of Series A Senior Preferred stock to Series A stockholders (the Family) and 7,896 shares of Series A Junior Preferred stock to Series B and C stockholders (the Investors). Such preferred shares accrete interest from date of issuance at 7 percent per annum, compounded quarterly. The Series A Senior Preferred shares are classified as equity and included in stockholders' deficiency in the consolidated balance sheet. The aggregate accretion associated with these shares totaled \$425,000 as of the Petition Date and has been reflected as a reduction to retained earnings. The Series A Junior Preferred shares are classified as a liability and included in long-term liabilities in the consolidated balance sheet. The aggregate accretion associated with these shares totaled \$366,000 as of the Petition Date and has been reflected as interest expense. The total liability for Series A Junior Preferred shares as of the Petition Date was \$8.3 million.

Freedom Holdings has four series of common stock: Series A, Series B, Series C, and Series D, all par value \$0.001. Holders of Series A and Series B common stock are entitled to one vote for each share held. Series A and Series B common stock entitles its holders to vote in all matters requiring a vote of the stockholders; Series C and Series D common stock carry no voting rights, except as may be required pursuant to law. Series A, Series B, and Series C common stock were entitled to quarterly dividend rights as provided under Freedom Holdings' certificate of incorporation. Beginning in the second quarter of 2008, Freedom Holdings issued preferred stock in lieu of cash for quarterly dividends. In addition, Series B and Series C

common stock were entitled to a mandatory quarterly stock dividend, to be issued in Series C common stock, as provided under Freedom Holdings' certificate of incorporation. For the period January 1, 2009 through the Petition Date, Freedom Holdings issued stock dividends totaling 88,062 in Series C common shares; such shares had no value at issuance. There was no Series D common stock issued or outstanding as of the Petition Date.

ARTICLE III. **THE CHAPTER 11 CASES**

A. Events Leading to the Filing of the Chapter 11 Cases

In recent years, the newspaper industry and the Debtors have battled declining readership and circulation, declining advertising revenues due to alternative choices for advertisers, ongoing margin pressure and an ongoing free cash flow decline as print media pricing adapts to a more digitally-oriented and highly-competitive marketplace. The recent global recession has placed an even greater burden on an already distressed industry, leading to unprecedented industry-wide revenue declines. The slumping retail market has reduced demand for retail advertising, and the rise in the national unemployment rate, coupled with the decline in the real estate and auto sectors has led to a significant decline in classified advertising.

With the increased competition from other forms of media and slumping advertising revenues, the downward pressure on newspaper earnings will likely remain intense in the near-term. Further, many media companies, such as the Debtors, have debt loads that are not sustainable in the current economic environment.

The advertising revenue on which the media industry relies is currently being driven down by macroeconomic trends, including, but not limited to, the current housing downturn, declining automotive sales, the retail sector slowdown, a slow labor market and a shift in advertising dollars to online media. Due to structural changes in the advertising business and the reduced consumer spending in the current market, industry-wide retail advertising performance has been significantly negatively impacted from 2007 through the Petition Date.

In addition to the industry-wide decline in retail advertising sales, weakness in the real estate and auto markets and a soft labor demand have created a significant downturn in classified advertising revenue. Also, in recent years, Internet sites devoted to recruitment, automobile and real estate have become significant competitors of the Debtor's newspapers and websites.

In addition, increased competition from other forms of media has led to newspaper industry-wide decreases in circulation volume and revenues. The ability to obtain new subscribers was also adversely affected by changes to telemarketing regulations ("do not call" legislation) in 2004. Telemarketing historically had been the largest single source of new subscribers for the newspaper industry. The Debtors have been, and are likely to continue to be, affected by the industry-wide decline in circulation.

The Debtors' revenue decline was \$111 million, or 13 percent, during the year ended December 31, 2008 as compared to the year ended December 31, 2007. Advertising and circulation revenue were down \$110 million and \$7 million, respectively. During this same time period, operating cash flow decreased from \$150 million to \$34 million, or 77 percent. Similar trends have continued into fiscal year 2009. The Debtors' revenue declined \$115 million, or 23

percent, during the eight months ended August 31, 2009 as compared to the same period in 2008. Advertising and circulation revenue were down another \$99 million and \$6 million, respectively. Operating cash flow during the same time period, decreased \$42 million, or 76 percent, to \$13 million.

In response to declining revenues, the Debtors have been actively engaged in efforts to right-size their cost structure. In their newspaper publishing business, the Debtors have consolidated print facilities and operational functions, created regional hubs, introduced new business models, and outsourced selected distribution, printing, advertising production, and design activities. Additionally, the Debtors' newspapers have reduced headcount, cut back on unprofitable circulation, reduced newsprint consumption and streamlined printing. The Debtors have strengthened and reorganized their newspaper sales organization and have added sales hunters to focus on online revenue. In the broadcast arena, the Debtors have focused on sales execution, increase of in-market revenue, operational efficiencies, automation, and headcount reductions. Generally, the Debtors have, among other things, initiated the process of outsourcing the back-office functions in the accounting and finance areas, which is expected to be completed later this year, and have implemented an across-the-board mandatory one-week unpaid leave, during the second quarter of 2009, plus a 5 percent reduction in base pay for employees at all levels, effective as of July 13, 2009.

Notwithstanding their efforts to ameliorate the effects of declining revenues through cost-saving initiatives, the Debtors' financial condition deteriorated to the point of triggering defaults under their Credit Agreement. The defaults resulted from the Debtors' failure to satisfy certain financial covenants under the Credit Agreement as of September 30, 2008. The defaults continued through April 29, 2009, when the Debtors, the lenders, and the agents entered into the Amendment No. 4, Waiver and Agreement (the "April 29 Amendment"). Under the April 29 Amendment, in exchange for fees, an interest rate increase, accelerated amortization payments, revolver repayment and permanent reduction, and entry into control agreements with respect to certain of the Debtors' accounts, the lenders agreed to grant the Debtors a temporary waiver of the defaults through December 31, 2009, unless earlier terminated in accordance with its terms. As the waiver termination approached, the Debtors faced the prospect of lengthy negotiations with their secured lenders that, even if resulting in an out-of-court restructuring of the obligations under the Credit Agreement, were not certain to remedy all of the issues impacting their financial results.

Also during the period immediately prior to the Petition Date, the Debtors faced the imminent loss of approximately \$28.9 million to a contingent litigation settlement involving the class action claims of certain newspaper carriers for *The Orange County Register*. Those claims arose from a class action lawsuit filed in 2003 against Freedom Communications, Inc. d/b/a The Orange County Register (the "Register") in the Superior Court of California by lead plaintiff Nelson Gonzalez on behalf of certain newspaper carriers who alleged that they were employees rather than independent contractors and thus entitled to wages, overtime, and expenses under certain California labor laws and orders (the "Gonzalez Litigation"). The class as certified contained all persons engaged as home delivery newspaper carriers for *The Register* during the period from July 7, 1999 through August 22, 2008, approximately 5,000 individuals.

The Debtors denied, and continue to deny, any liability for the claims alleged in the Gonzalez Litigation. Nevertheless, on January 30, 2009, after lengthy and expensive discovery and litigation, but prior to judgment, and without any admission of liability, the Gonzalez

Litigation was settled pursuant to the terms of a Stipulation and Agreement of Settlement (Class Action) (the “Settlement Agreement”). Under the Settlement Agreement, the Register agreed to pay up to \$22 million for distribution to (a) the class members on a claims-made basis (claims ultimately made and validated were approximately \$14.5 million in the aggregate), (b) Rust Consulting, Inc. as claims administrator in the amount of \$100,000, and (c) the lead plaintiff and the four other named plaintiffs in the amount of \$35,000 each. In addition, the Register agreed to pay up to \$2 million in costs and up to \$12 million in attorneys fees to class counsel, subject to approval by the Superior Court of California (which approval was granted at such amounts).

The Superior Court of California approved the Settlement Agreement on June 25, 2009, pursuant to the terms of its Order Granting Final Approval of Class Action Settlement and Judgment (the “Settlement Approval Order”). By the terms of the Settlement Agreement, the effective date of the settlement was deferred for 61 days after the date of entry of the Settlement Approval Order, which date was August 25, 2009 (the “Effective Settlement Date”). Nevertheless, pending the Effective Settlement Date, the Settlement Agreement required that the settlement be funded into escrow within 15 calendar days after entry of the Settlement Approval Order. Accordingly, the Register entered into an Escrow Agreement dated July 8, 2009, with Wilmington Trust Company (“Wilmington”) acting as escrow agent. Pursuant to the terms of the Escrow Agreement, on July 10, 2009 and July 31, 2009, respectively, the Register forwarded funds in the amounts of approximately \$14.9 million and \$14 million to Wilmington for deposit into an interest-bearing account.

Notwithstanding the occurrence of the Effective Settlement Date, the Settlement Agreement clearly provided that the Register’s obligations under the Settlement Agreement would not become final and effective until, inter alia, the passage of 20 calendar days after the Effective Settlement Date during which the Register does not become subject to a chapter 11 proceeding. The 20 calendar day period would have ended on September 14, 2009. The Debtors recognized that, if they filed for chapter 11 relief after the funds were disbursed, they would have the right to seek to recover the funds as a preferential transfer, but the process of actually recovering the funds would be uncertain, time-consuming and expensive. Giving due consideration to the interests of all creditors, the Debtors determined that chapter 11 cases should be commenced before September 14, 2009. As a result, on the Petition Date, the Debtors commenced these chapter 11 cases, thus preventing the Register’s obligations from becoming final and effective. Consequently, both by the terms of the Settlement Agreement and the Escrow Agreement, the settlement funds have become property of the chapter 11 estate. Pursuant to a notice delivered to the Escrow Agent on September 1, 2009, the settlement funds have been returned to the Debtors.

B. Plan Support Agreement

Prior to the commencement of the Chapter 11 Cases, the Debtors and the Consenting Lenders executed the Plan Support Agreement, which contains the terms of a consensual restructuring. In connection therewith, the Debtors agreed to pay the Existing Lender Agent a work fee of \$2 million to review and evaluate restructuring proposals and alternatives, structure and negotiate a restructuring transaction, and provide related administrative services; and an arrangement fee of \$1 million to use commercially reasonable best efforts to arrange the requisite consent of the Existing Lenders to a restructuring transaction.

The Debtors intend to utilize the tools available to them under chapter 11 to improve their balance sheet and strengthen their businesses for the benefit of creditors, customers, employees, and the communities in which the Debtors operate. Towards that end, the Plan Support Agreement provides the terms upon which the Debtors will seek to restructure their liabilities, which terms, together with such modifications as have been subsequently agreed to by the Debtors and the Consenting Lenders, are substantially reflected in the Plan. In accordance with the schedule agreed to under the Plan Support Agreement, the Debtors intend to move as quickly as possible through the chapter 11 process, optimizing their ability to protect their business operations and maximize the value of their enterprise for the benefit of all parties in interest entitled to share in such value under the Bankruptcy Code. The Plan Support Agreement is on file with the Bankruptcy Court and may be accessed online at www.deb.uscourts.gov (cm/ecf) or www.loganandco.com.

C. Shareholder Consents

Pursuant to the Freedom Holdings Certificate of Incorporation, to commence the Chapter 11 Cases, the Debtors required not only the approval of the Board of Directors, but also the consent of the Series A stockholders (the Family) and the Series B stockholders (the Investors). The Debtors obtained those consents prior to the Petition Date.

D. Significant Developments in the Chapter 11 Cases

1. “First Day” Orders

On the Petition Date, the Debtors filed “first day” motions with the Bankruptcy Court seeking relief to aid in the efficient administration of the Chapter 11 Cases and to facilitate the Debtors’ transition to debtor in possession status. These motions and applications were granted at the “first day” hearing held on September 2, 2009. Among other things, the Bankruptcy Court’s orders authorized the Debtors to:

- procedurally consolidate and jointly administer their Chapter 11 cases;
- operate their consolidated cash management system during the Chapter 11 cases in substantially the same manner as it was operated prior to the commencement of the Chapter 11 cases;
- utilize cash collateral on an interim basis;
- pay and honor certain prepetition employee salaries, wages, and benefits, and reimburse certain prepetition employee business expenses;
- pay prepetition certain sales, payroll, and use taxes owed by the Debtors;
- pay and honor certain prepetition obligations to customers;
- pay prepetition claims of certain critical vendors and service providers;
- pay prepetition insurance obligations;
- pay certain prepetition tax obligations; and

- provide a deposit as adequate assurance of payment for postpetition utility service invoices.

2. Retention of Professionals

The Debtors' received Bankruptcy Court permission to retain a panel of professionals to assist the Debtors in their reorganizations, including: Latham & Watkins, LLP and Young Conaway Stargatt & Taylor LLP as co-counsel to the Debtors; Houlihan Lokey as the Debtors' financial advisor and investment banker; AP Services LLP as the Debtors' restructuring managers; Logan & Company as claims, noticing and balloting/voting agent; Sitrick and Company, Inc. as the Debtors' corporate communications consultants; Deloitte & Touche LLP as the Debtors' auditors and accounting advisors, and PriceWaterhouseCoopers LLP as the Debtors' tax services provider. Pursuant to interim payment procedures approved by the Bankruptcy Court, the professionals may receive fee and expense payments on a monthly basis, subject to the filing of monthly fee applications, quarterly fee applications, and final fee applications.

The Debtors also obtained authorization to retain and pay "ordinary course professionals," subject to the submission of retention affidavits by each professional, monthly payment caps applicable to each professional, and quarterly payment reporting by the Debtors.

3. Appointment of the Official Committee of Unsecured Creditors

On September 9, 2009, the United States Trustee appointed the Creditors Committee pursuant to Section 1102(a) of the Bankruptcy Code. The members of the Creditors Committee that were appointed were: Pension Benefit Guaranty Corporation, Nelson Gonzalez, Telerep LLC, Pitman Co., and Alan J. Bell. By orders entered on [], 2009, the Creditors' Committee was authorized to retain Pachulski Stang Ziehl & Jones, LLP as counsel to the Creditors' Committee, and BDO Seidman, LLP as financial advisors to the Creditors' Committee. The fees and expenses of the Committee's professionals are payable by the Debtors, subject to the same interim payment procedures applicable to the Debtors' professionals. Certain approved out-of-pocket expenses incurred by members of the Committee are also payable by the Debtors.

4. Additional Proceedings with Respect to Cash Collateral Order

As mentioned above, the "first day" orders included an interim order authorizing the Debtors to use the cash collateral of the Existing Lenders, subject to, among other things, budgeting, financial reporting, and the grant of adequate protection. The hearing to consider entry of a final order, originally scheduled for October 5, 2009, was continued and held on October 14, 2009. In advance of that hearing, objections were filed by the Creditors' Committee and the plaintiffs in the Gonzalez Litigation (the "Gonzalez Plaintiffs"). Following argument by the parties, the Bankruptcy Court overruled certain of the objections and sustained others. The final cash collateral order, referred to in the Plan as the Cash Collateral Order, was entered by the Bankruptcy Court on October 15, 2009. Subsequently, within the appeal period, the Gonzalez Plaintiffs filed a notice of appeal, challenging the adequate protection provision requiring payments of contractual interest and fees, and sought a limited stay of such provision pending the outcome of the appeal. The stay hearing is scheduled for November 2, 2009.

5. Additional Proceedings with Respect to Employee Order

The “first day” orders included an order authorizing the Debtors to pay and honor certain prepetition employee salaries, wages, and benefits, and reimburse certain prepetition employee business expenses. The order deferred the requested approval of ordinary course bonus programs and severance payments for presumed insiders under the associate severance plan pending a subsequent hearing initially scheduled for October 5, 2009, which was continued and held on October 16, 2009.. (The Debtors did not seek authorization to pay severance under the executive severance plan applicable to the Debtors’ senior management team.) In advance of that hearing, the Creditors’ Committee filed an objection to the payment of bonuses and severance amounts. That objection was substantially overruled as a result of the testimony and arguments presented at the hearing. With the exception of certain bonus amounts for the Debtors’ Senior Vice President and Chief Financial Officer, which will be presented for approval by separate motion, the Bankruptcy Court approved the Debtors’ bonus programs. As to severance, the Bankruptcy Court reconfirmed the authorization of the Debtors to pay severance under the associate severance plan to employees terminated postpetition, held that the presumption of insider status had been rebutted for all but six employees under the associate severance plan, and authorized payment of severance for insiders under the associate severance plan up to the amount permitted by Section 503(c)(2) of the Bankruptcy Code. Although the Debtors had been previously authorized to pay severance to non-insider employees terminated prepetition, the Bankruptcy Court indicated that, as to amounts remaining to be paid, such authorization, if challenged, may be reconsidered.

6. Rejection/Assumption of Executory Contracts and Unexpired Leases

As part of the review of their ongoing businesses, the Debtors have assessed their executory contracts and unexpired leases to identify those contracts that were no longer beneficial and those that remain valuable to the Debtors’ business operations.

As of the date hereof, the Debtors have filed two (2) motions, which in the aggregate sought to reject 197 contracts and leases. The Debtors have sought to reject 29 additional contracts and leases pursuant to notice procedures approved by the Bankruptcy Court. For a variety of reasons, the rejected contracts and leases were no longer advantageous to the Debtors’ businesses. The Debtors anticipate seeking additional rejections pursuant to the notice procedures or separate motion, if necessary, prior to the Effective Date. The terms of the Plan itself provide for rejections of certain types of contracts and leases.

The Debtors will assume contracts and leases either pursuant to separate motions to be filed prior to the Effective Date or pursuant to the provisions of the Plan. Contracts and leases that are not assumed will be deemed rejected under the Plan.

7. Sales of Assets

The Debtors are seeking to sell their newspaper properties in the Phoenix, Arizona metropolitan area. On October 5, 2009, the Bankruptcy Court authorized the Debtors to retain the firm of Dirks, Van Essen & Murray to act as their sales advisor in connection with the proposed sale. The Debtors will seek additional relief with respect to the transaction as and when appropriate.

8. Claims Process

Pursuant to an order of the Bankruptcy Court, the general bar date for filing proofs of claim against the Debtors is [], 2009. Notice of the general bar date was mailed to all known creditors on [], 2009. For purposes of treatment under the Plan, and taking into account payments made on account of prepetition liabilities under authority of the various “first day” orders, the Debtors believe that they have aggregate prepetition secured liabilities of approximately \$772 million and aggregate prepetition unsecured liabilities of approximately \$26 million, not including (a) contingent, unliquidated, or disputed claims, (b) rejection damage claims, and (c) intercompany claims. Proofs of claim may be filed that exceed such amounts. The Debtors 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.

ARTICLE IV. **SUMMARY OF THE PLAN**

THIS SECTION PROVIDES A SUMMARY OF THE STRUCTURE AND MEANS FOR IMPLEMENTATION OF THE PLAN AND THE CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN (AS WELL AS THE EXHIBITS THERETO INCLUDED IN THE PLAN SUPPLEMENT AND DEFINITIONS TO THE PLAN).

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT INCLUDE SUMMARIES OF THE PROVISIONS CONTAINED IN THE PLAN AND IN THE DOCUMENTS REFERRED TO THEREIN. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT DO NOT PURPORT TO BE PRECISE OR COMPLETE STATEMENTS OF ALL THE TERMS AND PROVISIONS OF THE PLAN OR DOCUMENTS REFERRED TO THEREIN, AND REFERENCE IS MADE TO THE PLAN AND TO SUCH DOCUMENTS FOR THE FULL AND COMPLETE STATEMENT OF SUCH TERMS AND PROVISIONS OF THE PLAN OR DOCUMENTS REFERRED TO THEREIN.

THE PLAN AND THE DOCUMENTS REFERRED TO THEREIN CONTROL THE ACTUAL TREATMENT OF CLAIMS AGAINST, AND INTERESTS IN, THE DEBTORS UNDER THE PLAN AND WILL, UPON THE OCCURRENCE OF THE EFFECTIVE DATE, BE BINDING UPON ALL HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE DEBTORS, THE DEBTORS’ ESTATES, THE REORGANIZED DEBTORS, ALL PARTIES RECEIVING DISTRIBUTIONS UNDER THE PLAN AND OTHER PARTIES IN INTEREST. IN THE EVENT OF ANY CONFLICT BETWEEN THIS DISCLOSURE STATEMENT AND THE PLAN OR ANY OTHER DOCUMENT REFERRED TO THEREIN, THE TERMS OF THE PLAN AND/OR SUCH OTHER OPERATIVE DOCUMENT WILL CONTROL.

A. Overview of Chapter 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11, a debtor can reorganize its business for the benefit of itself, its holders of claims and interests. Chapter 11 also strives to promote equality of treatment of similarly situated holders of claims and similarly situated holders of interests with respect to the distribution of a debtor’s assets.

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

The consummation of a plan of reorganization is the principal objective of a chapter 11 case. A plan of reorganization sets forth the means for satisfying claims against, and interests in, a debtor. Confirmation of a plan of reorganization by a bankruptcy court makes the plan binding upon the debtor, any issuer of securities under the plan, any person or entity acquiring property under the plan and any holder of claims against or interests in the debtor, whether or not such holders of claims or interests (1) is impaired under or has accepted the plan or (2) receives or retains any property under the plan. Subject to certain limited exceptions and other than as provided in the plan itself or confirmation order, a confirmation order discharges the debtor from any debt that arose prior to the date of confirmation of the plan and substitutes therewith the obligations specified under the confirmed plan.

Section 1123 of the Bankruptcy Code provides that a plan of reorganization will classify the debtor’s holders of claims and interests. Pursuant to Section 1122 of the Bankruptcy Code, each class of claims against and interests in a debtor must contain claims or interests, whichever is applicable, that are substantially similar to the other claims or interests in such class. Further, a chapter 11 plan may specify that the legal, contractual and equitable rights of the holders of claims or interests in certain classes are to remain unaltered by the reorganization effectuated by the plan. Such classes are Unimpaired and, because of such favorable treatment, are deemed to accept the plan. Accordingly, a debtor need not solicit votes from the holders of claims or interests in such classes. A chapter 11 plan also may specify that certain classes will not receive any distribution of property or retain any claim against a debtor. Such classes are deemed not to accept the plan and, therefore, need not be solicited to vote to accept or reject the plan. Any classes with claims or interests which are receiving a distribution under the plan but which are not Unimpaired will be solicited to vote to accept or reject the plan.

In compliance with the requirements of Section 1123 of the Bankruptcy Code, the Plan divides Claims and Interests into various Classes and sets forth the treatment for each class. Further, the Debtors believe that the Plan is in compliance with the requirements of Section 1122 of the Bankruptcy Code, but it is possible that a Holder of a Claim or Interest may challenge the classification of Claims and Interests and that the Bankruptcy Court may find that a different classification is required for the Plan to be confirmed. In such event, the Debtors intend, to the extent permitted by the Bankruptcy Court and the Plan (and after consultation with the Creditors’ Committee), to make such reasonable modifications to the classifications under the Plan to permit Confirmation and to use the Plan acceptances received in this solicitation for the purpose of obtaining the approval of the reconstituted Class or Classes of which the accepting Holder is ultimately deemed to be a member. Any such reclassification could adversely affect the Class in which such Holder was initially a member, or any other Class under the Plan, by changing the composition of such Class and the vote required of that Class for approval of the Plan.

B. Classification of Claims and Interests

1. Introduction

The categories of Claims and Interests set forth below classify all Claims against and Interests in the Debtors for all purposes of the Plan. A Claim or Interest will be deemed classified in a particular Class only to the extent the Claim or Interest qualifies within the description of that Class and will be deemed classified in a different Class to the extent that any remainder of such Claim or Interest qualifies within the description of such different Class. A Claim or Interest is in a particular Class only to the extent that such Claim or Interest is Allowed in that Class and has not been paid or otherwise settled prior to the Effective Date. The treatment with respect to each Class of Claims and Interests provided for in the Plan will be in full and complete satisfaction, release and discharge of such Claims and Interests.

2. Classification

For purposes of classification, voting, and treatment under the Plan, Claims against all Debtors are classified in a single class regardless of whether such Claims are assertable against one or more of the Debtors. The Debtors do not believe that such classification or treatment adversely impacts upon the rights of any Holder of a Claim. The Debtors do not intend, by so classifying Claims, to effect a substantive consolidation of any of the Debtors or their respective Estates for any purpose other than classification, voting and treatment under the Plan. Rather, the separate corporate existence of each of the Debtors is preserved under the Plan.

Except as otherwise provided in the Plan, nothing under the Plan is intended to or will affect the Debtors' or Reorganized Debtors' rights and defenses in respect of any Claim that is "unimpaired" under the Plan, including, but not limited to, all rights in respect of legal and equitable defenses to or setoffs or recoupment against such Unimpaired Claims.

The classification of Claims against and Interests in the Encumbered Debtors under the Plan is as follows:

<u>Class</u>	<u>Designation</u>	<u>Impairment</u>	<u>Entitled to Vote</u>
A1	Other Priority Claims	No	No
A2	Existing Lender Claims	Yes	Yes
A3	Other Secured Claims	Yes	Yes
A4	General Unsecured Claims	Yes	Yes
A5	Intercompany Claims	Yes	Yes
A6	Subsidiary Interests	Yes	No
A7	Old Freedom Stock Interests	Yes	Yes
A8	Old Freedom Stock Rights	Yes	No

The classification of Claims against and Interests in the Unencumbered Debtors under the Plan is as follows:

<u>Class</u>	<u>Designation</u>	<u>Impairment</u>	<u>Entitled to Vote</u>
B1	Other Priority Claims	No	No
B2	Other Secured Claims	No	No
B3	General Unsecured Claims	No	No

Class	Designation	Impairment	Entitled to Vote
B4	Intercompany Claims	No	No
B5	Subsidiary Interests	No	No

3. Treatment of Claims Against and Interests in Encumbered Debtors

The Encumbered Debtors consist of all the Debtors except Freedom Newspapers, Gaston Gazette LLP, Daily Press, Porterville Recorder Company, Seymour Tribune Company, Victorville Publishing Company, and The Creative Spot, L.L.C. The Classes of Claims against and Interests in the Encumbered Debtors, as well as their treatment and an analysis of whether they are impaired or unimpaired, are described in more detail as follows:

(a) Class A1 – Other Priority Claims Against Encumbered Debtors.

The Plan defines Other Priority Claims as any Claim against the Debtors entitled to priority pursuant to Section 507(a) of the Bankruptcy Code, other than a Priority Tax Claim or an Administrative Claim.

The Plan provides that on, or as soon as reasonably practicable after, the latest of (i) the Effective Date, (ii) the date on which such Other Priority Claim becomes an Allowed Other Priority Claim, or (iii) the date on which such Other Priority Claim becomes payable pursuant to any agreement between an Encumbered Debtor and the holder of such Other Priority Claim, each holder of an Allowed Other Priority Claim will receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Other Priority Claim, either (A) Cash equal to the unpaid portion of such Allowed Other Priority Claim or (B) such different treatment as to which the applicable Encumbered Debtor and such holder will have agreed upon in writing.

This treatment satisfies the requirements of Section 1129(a)(9)(B) of the Bankruptcy Code.

Class A1 is Unimpaired. The holders of Other Priority Claims are, therefore, not entitled to vote on the Plan.

The Encumbered Debtors are not currently aware of any outstanding Other Priority Claims existing against them.

(b) Class A2 – Existing Lender Claims.

The Plan defines Existing Lender Claims as any Claim arising under the Existing Credit Agreement Documents, which include (i) that certain Credit Agreement, dated as of May 18, 2004, as amended, among Freedom Holdings, Freedom Communications as borrower, the Existing Lenders and the Existing Lender Agent, (ii) that certain Guarantee and Collateral agreement, dated as of May 18, 2004, as amended, among Freedom Holdings, Freedom Communications, certain of the Subsidiary Debtors as subsidiary loan parties, and JPMorgan Chase Bank, N.A. as collateral agent, and (iii) the other "Loan Documents" as defined in the Credit Agreement. The term includes the Existing Lender Secured Claims and the Existing Lender Deficiency Claims.

The Plan provides for the Existing Lender Claims to be allowed in full in the Chapter 11 Cases, without setoff, subordination, avoidance, reduction, defense, setoff, recharacterization, or counterclaim, in the aggregate principal amount of not less than \$770,552,344.03 as of the Petition Date, plus \$1,933,100.00 in respect of letters of credit issued and outstanding as of the Petition Date.

Subject to a finding in the Confirmation Order that the Existing Lender Claims are undersecured, the aggregate amount of all payments made by the Debtors on account of Adequate Protection Obligations will be deemed applied to reduce the principal amount of the Existing Lender Secured Claims in accordance with the Existing Credit Agreement Documents and the Cash Collateral Order. In addition, the holders of Existing Lender Secured Claims, in full satisfaction, settlement, release, and discharge of and in exchange for the remaining amount of the Existing Lender Secured Claims, will receive on the Distribution Date, their Pro Rata share, in the aggregate, of:

- the Term Loan A Obligations, which are the obligations of the Reorganized Debtors under the Term A Facility, which is a new first-priority secured term loan facility in the aggregate principal amount of \$225 million, to be entered into by the Reorganized Debtors on the Effective Date, and having terms substantially described on Exhibit A to the Plan;
- the Term Loan B Obligations, which are the obligations of the Reorganized Debtors under the Term B Facility, which is a new second-priority secured term loan facility in the aggregate principal amount of \$100 million, to be entered into by the Reorganized Debtors on the Effective Date, and having terms substantially described on Exhibit B to the Plan;
- the Excess Cash, which is the amount of Cash held by the Reorganized Debtors on the Effective Date that exceeds \$15 million (calculated after deducting from the aggregate amount of Cash held by the Reorganized Debtors on the Effective Date (i) the aggregate amount of Unsecured Compensation to be distributed to the accepting sub-Classes of Class A4 under Section 3.2(d) of the Plan, (ii) the aggregate amount of the Trade Unsecured Claim Escrow to be established under Section 5.10 of the Plan, (iii) the aggregate amount of the Allowed Claims against the Unencumbered Debtors to be Reinstated under the Plan, (iv) the aggregate amount of known and incurred Administrative Claims (whether or not approved by the Bankruptcy Court), Priority Tax Claims, Other Priority Claims, and Other Secured Claims to be paid under the Plan, and (v) such other amounts as may be agreed to by the Debtors and the Consenting Lenders);
- the Existing Lender Shares, which are ninety-eight percent (98%) of the New Common Stock, or one hundred percent (100%) of the New Common Stock if the Old Equity Share Allocation is forfeited, subject to dilution as a result of the Exit Financing Share Allocation, the New Equity Incentive Plan, and the exercise of the New Warrants, which will be in the form of either Class A Common Stock or Class B Common Stock, as elected by each holder; and

- any remaining funds in the Trade Unsecured Claim Escrow after all required payments to holders of Allowed Trade Unsecured Claims have been made pursuant to the terms of all Post-Emergence Trade Agreements.

CHANGES TO THE FORM OR THE ALLOCATION OF THE CONSIDERATION TO BE DISTRIBUTED TO HOLDERS OF EXISTING LENDER SECURED CLAIMS MAY BE REQUIRED TO COMPLY WITH FEDERAL COMMUNICATIONS LAWS AND OBTAIN APPROVALS AND WAIVERS FROM THE FCC.

The distributions provided for the Existing Lender Secured Claims are in full satisfaction, settlement, release, and discharge of and in exchange for all Claims arising under the Existing Credit Agreement Documents. The holders of Existing Lender Deficiency Claims will not receive or retain any property under the Plan on account of any Existing Lender Deficiency Claims and all Existing Lender Deficiency Claims will be deemed waived by the Existing Lenders and discharged as of the Effective Date.

The Existing Lenders will be deemed to have received the Subsidiary Interests in the Encumbered Debtors and contributed such Subsidiary Interests back to their respective holders.

Class A2 is Impaired. The holders of Allowed Existing Lender Claims are, therefore, entitled to vote on the Plan.

(c) Class A3 – Other Secured Claims Against Encumbered Debtors.

The Plan defines Other Secured Claims as any Secured Claim arising prior to the Petition Date against any of the Debtors, other than an Existing Lender Secured Claim. A Secured Claim is a Claim that is secured by a Lien that is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable state law, on property in which an Estate has an interest, or a Claim that is subject to setoff under Section 553 of the Bankruptcy Code; to the extent of the value of the Claim holder's interest in the Estate's interest in such property or to the extent of the amount subject to setoff, as applicable; as determined by a Final Order pursuant to Section 506(a) of the Bankruptcy Code, or in the case of setoff, pursuant to Section 553 of the Bankruptcy Code, or in either case as otherwise agreed upon in writing by the Debtors or the Reorganized Debtors and the holder of such Claim.

The Plan provides that, at the option of the Reorganized Debtors, with the agreement of the Consenting Lenders, either (i) the legal, equitable, and contractual rights of the holder of an Allowed Other Secured Claim against an Encumbered Debtor will be Reinstated in accordance with the provisions of 11 U.S.C. § 1124(2); (ii) the holder of an Allowed Other Secured Claim against an Encumbered Debtor will (A) retain the Liens securing such Allowed Other Secured Claim and (B) receive regular installment payments in Cash having a total value, as of the Effective Date (reflecting an interest rate determined as of the Effective Date under 26 U.S.C. § 6622), equal to such Allowed Other Secured Claim, over a period ending not later than five (5) years after the Petition Date; (iii) the collateral securing such Allowed Other Secured Claim against an Encumbered Debtor will be surrendered to the holder of such Allowed Other Secured Claim; or (iv) the holder of the Allowed Other Secured Claim against an Encumbered Debtor will be paid in full on the Distribution Date. The treatment applicable to each holder of an Other Secured Claim will be announced in a filing made with the Bankruptcy Court no later than ten (10) days prior to the Confirmation Hearing.

Class A3 and each sub-class thereof is considered to be Impaired for voting purposes, even though the treatment options available under (i) and (iv) above are not Impaired treatments. Because the treatment option applicable to Claim will not have been announced when the voting commences, each holder of an Allowed Other Secured Claim is entitled to vote on the Plan.

The Encumbered Debtors are not currently aware of any Other Secured Claims existing against them.

(d) Class A4 – General Unsecured Claims Against Encumbered Debtors.

The Plan defines General Unsecured Claims as any Claim against any of the Debtors that is not an Administrative Claim, an Existing Lender Fee Claim, a Priority Tax Claim, an Other Priority Claim, an Existing Lender Secured Claim, an Other Secured Claim, an Existing Lender Deficiency Claim, a Trade Unsecured Claim, or an Intercompany Claim. For the avoidance of doubt, the unsecured Claim of a provider of goods or services will be considered a General Unsecured Claim until and unless such provider satisfies the requirements for becoming the holder of a Trade Unsecured Claim.

The sole source of recovery for holders of Allowed General Unsecured Claims against the Encumbered Debtors is the Unsecured Compensation, which is in the aggregate amount of \$5 million, but only the portion thereof that is allocated to accepting sub-Classes in Class A4, as more particularly described below and in the Plan.

With Class A2 Acceptance, the Plan provides for distributions to holders of Allowed General Unsecured Claims against the Encumbered Debtors as follows:

(i) If a sufficient number of votes are received in any sub-Class of Class A4 to constitute an acceptance of the Plan by such sub-Class under Section 1126(c) of the Bankruptcy Code, then each holder of an Allowed General Unsecured Claim in such accepting sub-Class will be entitled to share in the Unsecured Compensation as provided in (iii) below.

(ii) If an insufficient number of votes are received in any sub-Class of Class A4 to constitute an acceptance of the Plan by such sub-Class under Section 1126(c) of the Bankruptcy Code, then no holder of a General Unsecured Claim in such rejecting sub-Class will be entitled to share in the Unsecured Compensation or to receive any other distribution from the Debtors or the Estates.

(iii) The Unsecured Compensation will be allocated among all holders of Allowed General Claims in all sub-Classes of Class A4, but the portion thereof attributable to rejecting sub-Classes will be forfeited and will not be available for distribution to accepting sub-Classes. To determine the portion of the Unsecured Compensation attributable to rejecting sub-Classes of Class A4, all Disputed Claims therein as of the Effective Date will be deemed to be in the amount of \$0.00, and only the amounts of Allowed Claims therein as of the Effective Date will be counted. To determine the portion of the Unsecured Compensation attributable to accepting sub-Classes of Class A4, both Disputed Claims and Allowed Claims in such sub-Classes will be counted, with Disputed Claims being counted in amounts determined pursuant to Section 8.3 of the Plan. As thus determined, the portion of the Unsecured Compensation attributable to

accepting sub-Classes of Class A4 will be distributed on the Distribution Date to all holders of Allowed General Unsecured Claims in the accepting sub-Classes on a Pro Rata basis.

Without Class A2 Acceptance, however, the Plan provides that no holder of an Allowed General Unsecured Claim against the Encumbered Debtors will receive any distribution under the Plan or otherwise.

Class A4 consists of 43 separate sub-Classes for each of the Encumbered Debtors, with the sub-Class for each Encumbered Debtor consisting of the General Unsecured Claims against such Encumbered Debtor. For example, the sub-Class for Freedom Communications will include all General Unsecured Claims against Freedom Communications, and the sub-Class for Freedom Broadcasting, Inc. will include all General Unsecured Claims against Freedom Broadcasting, Inc. Each sub-Class is deemed to be a separate Class for all purposes under the Bankruptcy Code, including for voting purposes.

Class A4 is Impaired. The holders of Allowed General Unsecured Claims are, therefore, entitled to vote on the Plan.

Providers of goods or services who may later become holders of Trade Unsecured Claims pursuant to the procedures in the Plan will be holders of General Unsecured Claims at the time of voting and, thus, will vote as holders of General Unsecured Claims in Class A4.

The Encumbered Debtors estimate that they will have Allowed General Unsecured Claims in the aggregate amount of approximately \$[_____], although no assurances can be made that the aggregate amount of Allowed General Unsecured Claims will not exceed such estimate.

(e) Class A5 -- Intercompany Claims Against Encumbered Debtors.

The Plan defines Intercompany Claims as any Claim arising prior to the Petition Date against any of the Debtors by another Debtor or by a non-Debtor subsidiary or affiliate of a Debtor.

The Plan provides that, with respect to each Intercompany Claim against the Encumbered Debtors, at the election of the Reorganized Debtors, with the consent of the Existing Lender Agent, the Intercompany Claim will be adjusted, continued, or capitalized, either directly or indirectly or in whole or in part, or shall be Reinstated, and no such disposition will require the consent of the holders of New Common Stock or the consent of any holder of Subsidiary Interests.

Class A5 is Impaired.

(f) Class A6 – Subsidiary Interests in Encumbered Debtors.

The Plan defines Subsidiary Interests as the issued and outstanding shares of stock, membership units, or partnership interests in the Subsidiary Debtors, as of the Petition Date; as well as any stock options or other rights to purchase the stock, membership units, or partnership

interests of any of the Subsidiary Debtors, together with any warrants, conversion rights, rights of first refusal, subscriptions, commitments, agreements, or other rights, contractual or otherwise, to acquire or receive any stock, membership units, partnership interests, or other equity ownership interests in any of the Subsidiary Debtors, and any other rights based on the value (or increase in value) of any stock, membership units, partnership interests, or other equity ownership interests in any of the Subsidiary Debtors.

The Subsidiary Interests in the Encumbered Debtors are subject to Liens in favor of the Existing Lenders. In recognition of that fact, and to preserve the corporate structure of Freedom Holdings for the benefit of the Existing Lenders, the Subsidiary Interests will be deemed to have been distributed to the Existing Lenders on account of their Existing Lender Claims and then contributed back by the Existing Lender to the respective holders of the Subsidiary Interests. The Subsidiary Interests will thereafter be retained for the benefit of the holders of the New Securities, subject to any applicable restrictions arising under the Exit Facility, the Term A Facility, and the Term B Facility.

Class A6 is Impaired.

(g) Class A7 – Old Freedom Holdings Stock Interests.

The Plan defines Old Freedom Holdings Stock Interests as all preferred and common stock equity interests in Freedom Holdings issued and outstanding prior to the Effective Date. The Old Freedom Holdings Stock Interests are owned by the Family and the Investors.

Under the Plan all Old Freedom Stock Interests will be cancelled as of the Effective Date.

With Class A2 Acceptance, the Plan provides for distributions to holders of Old Freedom Stock Interests as follow:

(i) If a sufficient number of votes are received in each of the Class A4 sub-Classes applicable to Freedom Holdings and Freedom Communications to constitute an acceptance of the Plan by each such sub-Class under Section 1126(c) of the Bankruptcy Code, and if a sufficient number of votes are received in Class A7 to constitute an acceptance of the Plan by Class A7 under Section 1126(d) of the Bankruptcy Code, each holder of an Allowed Old Freedom Stock Interest who is not an Objecting Holder will receive on the Effective Date a Pro Rata share of:

- the Old Equity Share Allocation, which is two percent (2%) of the New Common Stock (subject to dilution as a result of any equity awards under the Exit Financing Share Allocation and New Equity Incentive Plan), in the form of Class A Common Stock, to be allocated among the holders of the Old Freedom Stock Interests, and
- the new Warrants, which are warrants to purchase shares of New Common Stock, to be allocated among the holders of the Old Freedom Stock Interests, with terms substantially as described on Exhibit D to the Plan.

Holders of Allowed Old Freedom Stock Interests who are Objecting Holders will, to the maximum extent permitted by law, forfeit their respective Pro Rata shares of the Old Equity

Share Allocation and the New Warrants and will receive no distribution under the Plan or otherwise. Any such forfeited allocation will not be issued.

(ii) But if an insufficient number of votes are received either in each of the Class A4 sub-Classes applicable to Freedom Holdings and Freedom Communications or in Class A7 to constitute an acceptance of the Plan by each such sub-Class or by Class A7, the Old Equity Share Allocation and the New Warrants will be forfeited and not issued, and no holder of an Allowed Old Freedom Stock Interest will receive any distribution under the Plan or otherwise.

Without Class A2 Acceptance, the Plan provides that no holder of an Allowed Old Freedom Stock Interest will receive any distribution under the Plan or otherwise.

The Plan defines an Objecting Holding as a holder of Allowed Old Freedom Stock Interests who (i) takes any action in opposition to the Plan or the transactions contemplated thereby, (ii) fails to take any action necessary to implement the Plan; *provided that* the Debtors reserve the right to reimburse the holders of Old Freedom Stock Interests for any reasonable expenses incurred in taking any action necessary to implement the Plan, or (iii) does not consent to the Third Party Release provided for in the Plan by either electing not to grant the Third Party Release on a timely returned Ballot, by filing an objection to the Third Party Release with the Bankruptcy Court, or arguing against the Third Party Release at the Confirmation Hearing. Holders of Allowed Old Freedom Stock Interests who are Objecting Holders will, to the maximum extent permitted by law, forfeit their respective Pro Rata shares of the Old Equity Share Allocation and the New Warrants and will receive no distribution under the Plan or otherwise.

Class A7 is Impaired. Because the Plan provides the potential for distribution, the holders of Allowed Old Freedom Stock Interests are entitled to vote on the Plan.

(h) Class A8 – Old Freedom Holdings Stock Rights.

The Plan defines Old Freedom Holdings Stock Rights as any stock options or other rights to purchase the stock of Freedom Holdings, together with any warrants, conversion rights, rights of first refusal, subscriptions, commitments, agreements, or other rights, contractual or otherwise, to acquire or receive any stock or other equity ownership interests in Freedom Holdings, and any phantom stock appreciation rights, restricted stock units or any other rights based on the value (or increase in value) of any stock or other equity ownership interests in Freedom Holdings. The term includes, without limitation, any award or rights under the Freedom Holdings 2004 Long-Term Incentive Plan (as amended and restated) and the Freedom Holdings 2008 Restricted Stock Unit Award Plan or any award agreement pursuant thereto. The term does not include any preferred and common stock equity interests in Freedom Holdings issued and outstanding prior to the Effective Date.

Under the Plan, all Old Freedom Stock Rights will be cancelled as of the Effective Date. The holders of such Old Freedom Stock Rights will not receive or retain any property under the Plan or otherwise on account thereof.

Class A8 is Impaired and will receive no distribution under the Plan. The holders of such rights are, therefore, deemed to have rejected the Plan and are not entitled to vote on the Plan.

4. Treatment of Claims Against and Interests in Unencumbered Debtors

The Unencumbered Debtors consist of Freedom Newspapers, Gaston Gazette LLP, Daily Press, Porterville Recorder Company, Seymour Tribune Company, Victorville Publishing Company, and The Creative Spot, L.L.C. The Classes of Claims against and Interests in the Unencumbered Debtors, as well as their treatment and an analysis of whether they are impaired or unimpaired, are described in more detail as follows:

(a) Class B1 – Other Priority Claims Against Unencumbered Debtors.

The Plan defines Other Priority Claims as any Claim against the Debtors entitled to priority pursuant to Section 507(a) of the Bankruptcy Code, other than a Priority Tax Claim or an Administrative Claim.

The Plan provides that on, or as soon as reasonably practicable after, the latest of (i) the Effective Date, (ii) the date on which such Other Priority Claim becomes an Allowed Other Priority Claim, or (iii) the date on which such Other Priority Claim becomes payable pursuant to any agreement between an Unencumbered Debtor and the holder of such Other Priority Claim, each holder of an Allowed Other Priority Claim will receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Other Priority Claim, either (A) Cash equal to the unpaid portion of such Allowed Other Priority Claim or (B) such different treatment as to which the applicable Unencumbered Debtor and such holder will have agreed upon in writing.

This treatment satisfies the requirements of Section 1129(a)(9)(B) of the Bankruptcy Code.

Class B1 is not Impaired. The holders of Other Priority Claims are, therefore, not entitled to vote on the Plan.

The Unencumbered Debtors are not currently aware of any outstanding Other Priority Claims existing against them.

(b) Class B2 – Other Secured Claims Against Unencumbered Debtors.

The Plan defines Other Secured Claims as any Secured Claim arising prior to the Petition Date against any of the Debtors, other than an Existing Lender Secured Claim. A Secured Claim is a Claim that is secured by a Lien that is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable state law, on property in which an Estate has an interest, or a Claim that is subject to setoff under Section 553 of the Bankruptcy Code; to the extent of the value of the Claim holder's interest in the Estate's interest in such property or to the extent of the amount subject to setoff, as applicable; as determined by a Final Order pursuant to Section 506(a) of the Bankruptcy Code, or in the case of setoff, pursuant to Section 553 of the Bankruptcy Code, or in either case as otherwise agreed upon in writing by the Debtors or the Reorganized Debtors and the holder of such Claim.

The Plan provides that the legal, equitable, and contractual rights of each holder of an Allowed Other Secured Claim against an Unencumbered Debtor will be Reinstated in accordance with the provisions of Section 1124(2) of the Bankruptcy Code.

Class B2 is not Impaired. The holders of Other Secured Claims are, therefore, not entitled to vote on the Plan.

The Unencumbered Debtors are not currently aware of any Other Secured Claims existing against them.

(c) Class B3 – General Unsecured Claims Against Unencumbered Debtors.

The Plan defines General Unsecured Claims as any Claim against any of the Debtors that is not an Administrative Claim, an Existing Lender Fee Claim, a Priority Tax Claim, an Other Priority Claim, an Existing Lender Secured Claim, an Other Secured Claim, an Existing Lender Deficiency Claim, a Trade Unsecured Claim, or an Intercompany Claim.

The Plan provides that the legal, equitable, and contractual rights of each holder of an Allowed General Unsecured Claim against an Unencumbered Debtor will be Reinstated in accordance with the provisions of Section 1124(2) of the Bankruptcy Code. On, or as soon as reasonably practicable after, the latest of (i) the Effective Date, (ii) the date on which such General Unsecured Claim becomes an Allowed General Unsecured Claim, and (iii) the date on which such General Unsecured Claim becomes payable pursuant to any agreement between a Debtor and the holder of such Claim, each holder of an Allowed General Unsecured Claim in Class B3 will receive, in full satisfaction of and in exchange for, such Allowed General Unsecured Claim, such payment on such terms as would otherwise apply to such Claim had the Chapter 11 Cases not been filed.

Class B3 is not Impaired. The holders of Allowed General Unsecured Claims are, therefore, not entitled to vote on the Plan.

The Unencumbered Debtors estimate that they will have Allowed General Unsecured Claims in the aggregate amount of approximately \$[_____], although no assurances can be made that the aggregate amount of Allowed General Unsecured Claims will not exceed such estimate.

(d) Class B4 -- Intercompany Claims Against Unencumbered Debtors.

The Plan defines Intercompany Claims as any Claim arising prior to the Petition Date against any of the Debtors by another Debtor or by a non-Debtor subsidiary or affiliate of a Debtor.

The Plan provides that the legal, equitable, and contractual rights of each holder of an Intercompany Claims against the Unencumbered Debtors will be Reinstated or, with the consent of the holder, may be adjusted, continued, or capitalized, either directly or indirectly or in whole or in part.

Class B4 is not Impaired.

(e) Class B5 – Subsidiary Interests in Unencumbered Debtors.

The Plan defines Subsidiary Interests as the issued and outstanding shares of stock, membership units, or partnership interests in the Subsidiary Debtors, as of the Petition Date; as well as any stock options or other rights to purchase the stock, membership units, or partnership interests of any of the Subsidiary Debtors, together with any warrants, conversion rights, rights of first refusal, subscriptions, commitments, agreements, or other rights, contractual or otherwise, to acquire or receive any stock, membership units, partnership interests, or other equity ownership interests in any of the Subsidiary Debtors, and any other rights based on the value (or increase in value) of any stock, membership units, partnership interests, or other equity ownership interests in any of the Subsidiary Debtors.

The Plan provides that the legal, equitable, and contractual rights of each holder of a Subsidiary Interest in any of the Unencumbered Debtors will be Reinstated in accordance with the provisions of Section 1124(2) of the Bankruptcy Code.

Class B5 is not Impaired.

C. Treatment of Unclassified Claims.

1. Summary

Pursuant to Section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims against the Debtors are not classified for purposes of voting on, or receiving distributions under, the Plan.

2. Treatment of Administrative Claims

The Plan defines Administrative Claims as any Claim for payment of an administrative expense of a kind specified in Section 503(b) or 1114(e)(2) of the Bankruptcy Code and entitled to priority pursuant to Section 507(a)(1) of the Bankruptcy Code, including, but not limited to, (a) the actual, necessary costs and expenses incurred after the Petition Date of preserving the Estates and operating the businesses of the Debtors, including wages, salaries, bonuses, or commissions for services rendered after the commencement of the Chapter 11 Cases, (b) Professional Fee Claims, (c) Substantial Contribution Claims, (d) all fees and charges assessed against the Estates under Section 1930 of Title 28 of the United States Code, (e) all Allowed Claims for the value of goods received under Section 503(b)(9) of the Bankruptcy Code, (f) all Allowed Claims for reclamation under Section 546(c)(2)(A) of the Bankruptcy Code, (g) Cure payments, and (h) to the extent applicable, the portion of the Adequate Protection Obligations that constitute Claims under Section 507(b) of the Bankruptcy Code.

The Plan provides that with respect to each Allowed Administrative Claim, except as otherwise provided in the Plan, and subject to the requirements of the Plan, on, or as soon as reasonably practicable after, the latest of (i) the Effective Date, (ii) the date such Administrative Claim becomes an Allowed Administrative Claim, or (iii) the date such Administrative Claim becomes payable pursuant to any agreement between a Debtor and the holder of such Administrative Claim, the holder of each such Allowed Administrative Claim will receive in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed

Administrative Claim, (A) Cash equal to the unpaid portion of such Allowed Administrative Claim or (B) such different treatment as to which the applicable Debtor and such holder will have agreed upon in writing; *provided, however*, that Allowed Administrative Claims with respect to liabilities incurred by a Debtor in the ordinary course of business during the Chapter 11 Cases will be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto.

The Existing Lender Agent and the Existing Lenders will be entitled to retain all payments made by the Debtors during the Chapter 11 Cases in full satisfaction of all Adequate Protection Obligations arising under the Cash Collateral Order, including any portion of the Adequate Protection Obligations that constitute an Administrative Claim under Section 507(b) of the Bankruptcy Code; *provided, however*, that subject to a finding in the Confirmation Order that the Existing Lender Claims are undersecured, such payments will be applied in accordance with the Existing Credit Agreement Documents to reduce the principal amount of the Existing Lender Secured Claims. Any Existing Lender Fee Claim that has been incurred and is unpaid as of the Effective Date shall be paid in Cash on or as soon as practicable after the Effective Date in full satisfaction, settlement, release and discharge of such Claim; *provided, however*, that subject to a finding in the Confirmation Order that the Existing Lender Claims are undersecured, any such payments will be deemed to be applied to reduce the principal amount of the Existing Lender Secured Claims in accordance with the Existing Credit Agreement Documents and the Cash Collateral Order. Any replacement or other Liens created under the Cash Collateral Order will terminate and will have no further force and effect as of the Effective Date.

This treatment satisfies the requirements of Section 1129(a)(9)(A) of the Bankruptcy Code.

3. Administrative Claims Bar Date

All Requests for Payment of an Administrative Claim (except as otherwise provided in the Plan) must be filed with the Bankruptcy Court and served on counsel for the Debtors no later than forty-five (45) days after the Effective Date. Unless the Debtors object to an Administrative Claim by the Claims Objection Deadline, such Administrative Claim will be deemed Allowed in the amount requested. In the event that the Debtors object to an Administrative Claim, the Bankruptcy Court will determine the Allowed amount of such Administrative Claim.

Notwithstanding the foregoing, (a) no Request for Payment need be filed with respect to an undisputed postpetition obligation which was paid or is payable by any of the Debtor in the ordinary course of business; *provided, however*, that in no event will a postpetition obligation that is contingent or disputed and subject to liquidation through pending or prospective litigation, including, but not limited to, alleged obligations arising from personal injury, property damage, products liability, consumer complaints, employment law (excluding claims arising under workers' compensation law), secondary payor liability, or any other disputed legal or equitable claim based on tort, statute, contract, equity, or common law, be considered to be an obligation which is payable in the ordinary course of business; (b) no Request for Payment need be filed with respect to Cure owing under an executory contract or unexpired lease if (i) the amount of Cure is fixed or proposed to be fixed by the Confirmation Order or other order of the Bankruptcy Court either pursuant to the Plan or pursuant to a motion to assume and fix the amount of Cure filed by the Debtors and (ii) a timely objection asserting an increased amount of Cure has been

filed by the non-Debtor party to the subject contract or lease; and (c) no Request for Payment need be filed with respect to fees payable pursuant to Section 1930 of Title 28 of the United States Code.

4. Deadline for Professional Fee Claims

All final applications seeking allowance and payment of Professional Fee Claims pursuant to Sections 327, 328, 330, 331, 503(b), or 1103 of the Bankruptcy Code and Substantial Contribution Claims under Section 503(b)(3), (4), or (5) of the Bankruptcy Code must be filed and served on the Reorganized Debtors, their counsel, and other necessary parties in interest no later than sixty (60) days after the Confirmation Date, unless otherwise ordered by the Bankruptcy Court. Objections to such applications must be filed and served on the Reorganized Debtors, their counsel, and the requesting Professional or other entity no later than twenty (20) days (or such longer period as may be allowed by order of the Bankruptcy Court) after the date on which the applicable application was served.

5. Priority Tax Claims

The Plan defines Priority Tax Claims as any Claim of a governmental unit that is entitled to priority pursuant to Section 507(a)(8) of the Bankruptcy Code. Claims for the following types of taxes have priority status: (a) a tax on or measured by income or gross receipts for a taxable year ending on or before the date of the filing of the petition, (i) for which a return, if required, is last due, including extensions, after three years before the date of the filing of the petition; (ii) assessed within 240 days before the date of the filing of the petition, exclusive of (I) any time during which an offer in compromise with respect to that tax was pending or in effect during that 240-day period, plus 30 days; and (II) any time during which a stay of proceedings against collections was in effect in a prior case under this title during that 240-day period, plus 90 days; (iii) other than a tax of a kind specified in section 523 (a)(1)(B) or 523 (a)(1)(C) of this title, not assessed before, but assessable, under applicable law or by agreement, after, the commencement of the case; (b) a property tax incurred before the commencement of the case and last payable without penalty after one year before the date of the filing of the petition; (c) a tax required to be collected or withheld and for which the debtor is liable in whatever capacity; (d) an employment tax on a wage, salary, or commission of a kind specified in Section 507(a)(4) earned from the debtor before the date of the filing of the petition, whether or not actually paid before such date, for which a return is last due, under applicable law or under any extension, after three years before the date of the filing of the petition; (e) an excise tax on (i) a transaction occurring before the date of the filing of the petition for which a return, if required, is last due, under applicable law or under any extension, after three years before the date of the filing of the petition; or (ii) if a return is not required, a transaction occurring during the three years immediately preceding the date of the filing of the petition; (f) a customs duty arising out of the importation of merchandise (i) entered for consumption within one year before the date of the filing of the petition; (ii) covered by an entry liquidated or reliquidated within one year before the date of the filing of the petition; or (iii) entered for consumption within four years before the date of the filing of the petition but unliquidated on such date, if the Secretary of the Treasury certifies that failure to liquidate such entry was due to an investigation pending on such date into assessment of antidumping or countervailing duties or fraud, or if information needed for the proper appraisal or classification of such merchandise was not available to the appropriate customs officer before such date; or (g) a penalty related to a claim of a kind specified in this paragraph and in compensation for actual pecuniary loss.

Under the Plan, each holder of an Allowed Priority Tax Claim will receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Priority Tax Claim, either, with the agreement of the Consenting Lenders, (i) on, or as soon as reasonably practicable after, the later of the Effective Date or the date on which such Claim becomes an Allowed Claim, Cash equal to the unpaid portion of such Allowed Priority Tax Claim, (ii) such different treatment as to which the applicable Debtor and such holder will have agreed upon in writing, or (iii) at the Reorganized Debtors' sole discretion, regular installment payments in Cash having a total value, as of the Effective Date (reflecting an interest rate determined as of the Effective Date under 26 U.S.C. § 6622), equal to such Allowed Priority Tax Claim, over a period ending not later than five (5) years after the Petition Date.

This treatment satisfies the requirements of Section 1129(a)(9)(C) of the Bankruptcy Code.

D. Means for Implementation of the Plan

1. Continued Corporate Existence

The Reorganized Debtors will continue to exist after the Effective Date as separate corporate, limited liability, partnership entities, in accordance with the applicable laws in the respective jurisdictions in which they are organized and pursuant to the New Freedom Governing Documents in the case of Reorganized Freedom Holdings and the New Subsidiary Governing Documents in the case of the respective Reorganized Subsidiaries.

The New Freedom Governing Documents and the New Subsidiary Governing Documents will be amended as necessary to satisfy the provisions of the Plan and the Bankruptcy Code. The New Freedom Charter and New Freedom By-Laws will be in substantially the forms of such documents included in the Plan Supplement.

2. Exit Funding

The Exit Facility is a proposed revolving loan facility in an amount of at least \$25 million, to be provided under that certain credit agreement (and any related documents, agreements, and instruments) to be entered into by the Reorganized Debtors as of the Effective Date, and having terms and conditions satisfactory in all respects to the Debtors and the Consenting Lenders, and substantially in accordance with the term sheet included in the Plan Supplement.

In addition to funds remaining as of the Effective Date, the funds necessary to make payments required to be made on the Effective Date and to provide working capital and satisfy other general corporate purposes after the Effective will be obtained from the Exit Facility.

With the agreement of the Consenting Lenders, the obligations under the Exit Facility will be secured by valid, binding, perfected first priority liens on inventory, accounts, and other assets of the Reorganized Debtors, if necessary to obtain a commitment for such Exit Facility. In the event that the Exit Facility is provided by the Existing Lender Agent or any Existing Lender, then the Exit Financing Share Allocation will be set aside as compensation for such exit lender, as an administrative expense, to the extent necessary to obtain such Exit Facility; *provided that* if any existing Consenting Lender offers to provide such Exit Facility to the Reorganized Debtors, all other Consenting Lenders will have the opportunity to participate in such Exit Facility and the

Exit Financing Share Allocation on a pro rata basis. Letters of credit under the Existing Credit Agreement Documents outstanding on the Effective Date will be rolled into, and become letters of credit under, the Exit Facility without any further action by any party.

The Reorganized Debtors will be authorized to (a) enter into the Exit Facility, (b) grant any liens and security interests and incur or guaranty the indebtedness as required under the Exit Facility, and (c) issue, execute and deliver all documents, instruments and agreements necessary or appropriate to implement and effectuate all obligations under the Exit Facility and to take all other actions necessary to implement and effectuate borrowings under the Exit Facility. On the Effective Date, the Exit Facility, together with new promissory notes and guarantees, if any, evidencing obligations of the Reorganized Debtors thereunder, and all other documents, instruments, and agreements to be entered into, delivered, or confirmed thereunder on the Effective Date, will become effective. The new promissory notes issued pursuant to the Exit Facility and all obligations under the Exit Facility and related documents will be paid as set forth in the Exit Facility and related documents.

3. Authorization and Issuance of New Securities

The New Securities under the Plan consist of New Common Stock, meaning common shares of Reorganized Freedom Holdings with terms substantially as set forth on Exhibit C to the Plan, and New Warrants, meaning warrants to purchase shares of New Common Stock with terms substantially as described on Exhibit D to the Plan.

On the Effective Date, Reorganized Freedom Holdings will issue the New Common Stock and the New Warrants in accordance with the provisions of the Plan. The issuance of New Common Stock and New Warrants and the distributions thereof will be exempt from registration under applicable securities laws pursuant to Section 1145(a) of the Bankruptcy Code.

The New Common Stock will consist of (i) a class of full voting common stock (the “Class A Common Stock”) and (ii) a separate class of limited-voting common stock (the “Class B Common Stock”). Each Secured Lender will have the option to choose to take its New Common Stock in the form of Class A Common Stock or Class B Common Stock. The New Common Stock allocated to Old Equity will be Class A Common Stock.

Each share of Class B Common Stock will be convertible at the option of the holder, exercisable at any time, into one share of Class A Common Stock; *provided that*, at all times, there must be outstanding at least one share of Class A Common Stock.

The economic rights of the Class A Common Stock and Class B Common Stock will be identical. The holders of the Class A Common Stock will be entitled to one vote for each share of Class A Common Stock held by such holder of record on the books of Reorganized Freedom Holdings for all matters on which stockholders of Reorganized Freedom Holdings are entitled to vote. The Class B Common Stock will not be entitled to general voting rights, but will be entitled to vote on an “as converted” basis (together with the holders of the Class A Common Stock, voting as a single class) on certain non-ordinary course transactions, including (i) any authorization of, or increase in the number of authorized shares of, any class of capital stock ranking *pari passu* with or senior to the New Common Stock as to dividends or liquidation preference, including additional New Common Stock; (ii) certain amendments to Reorganized Holding’s certificate of incorporation or by-laws; (iii) certain amendments to any shareholders or

comparable agreement; (iv) any sale, lease or other disposition of all or substantially all of the assets of Reorganized Holdings through one or a series of transactions; (v) any recapitalization, reorganization, consolidation or merger of Reorganized Holdings into another entity so that Reorganized Holdings does not survive; (vi) to the extent that holders of Class A Common Stock have the right to vote thereon, any issuance or entry into an agreement for the issuance of capital stock (or any options or other securities convertible into capital stock) of Reorganized Holdings, except as may be provided for under the New Equity Incentive Plan or any other management incentive plan; and (vii) to the extent that holders of Class A Common Stock have the right to vote thereon, any redemption, purchase or other acquisition by Reorganized Holdings of any of its capital stock (except for purchases from employees upon termination of employment or any redemptions, purchases or other transactions permitted by Reorganized Holdings article of incorporation or by-laws). The Class B Common Stock will be entitled to a separate class vote on any amendment or modification of any rights or privileges of the Class B Common Stock that does not equally affect the Class A Common Stock. In any liquidation, dissolution or winding up of the Reorganized Company, all assets will be distributed to holders of the New Common Stock on a pro rata basis.

Reorganized Freedom Holdings will (i) authorize on the Effective Date such number of shares of New Common Stock as will be specified by the Debtors with the consent of the Existing Lender Agent in the Plan Supplement; (ii) issue on the Effective Date such number of shares of New Common Stock as will be specified by the Debtors with the consent of the Existing Lender Agent in the Plan Supplement, representing 100% of the outstanding shares of New Common Stock as of such date; *provided* that the shares of New Common Stock is to be distributed under the Plan to holders of Existing Lender Secured Claims pursuant to the Plan will be contributed by Reorganized Freedom Holdings to Reorganized Freedom Communications for distribution by Reorganized Freedom Communications to such holders; (iii) reserve for issuance in accordance with the terms of the Plan a number of shares of New Common Stock necessary (excluding shares that may be issuable as a result of the antidilution provisions thereof) to satisfy the required distributions of (x) the New Warrants, and (y) the options and other awards granted under the New Equity Incentive Plan (excluding shares that may be issuable as a result of the antidilution provisions thereof). In the event that the Exit Facility is provided by the Existing Lender Agent or any Existing Lender, then the Exit Financing Share Allocation (up to 20% of the New Common Stock) will be set aside as compensation for such exit lender, as an administrative expense, to the extent necessary to obtain such Exit Facility; *provided that* if any existing Consenting Lender offers to provide such Exit Facility to the Reorganized Debtors, all other Consenting Lenders will have the opportunity to participate in such Exit Facility and the Exit Financing Share Allocation on a pro rata basis.

Upon receipt of its Pro Rata share of any New Common Stock, whether as part of the Exit Financing Share Allocation, the Existing Lender Shares, or the Old Equity Share Allocation, or any New Warrants, as the case may be, each Existing Lender and each holder of Allowed Old Freedom Stock Interests will be deemed to have executed, without any further action by such party, the New Stockholders Agreement, the New Warrant Agreement and the Registration Rights Agreement, as applicable.

The New Stockholders Agreement will provide, among other things, for customary “drag along” and “tag along” rights and the right to vote on certain non-ordinary course transactions.

The Registration Rights Agreement will provide, among other things, for (a) “piggyback” registration rights for the New Common Stock (with customary exceptions, including Reorganized Holding’s initial public offering); (b) following the initial public offering of Reorganized Holdings, if any, for those holders of New Common Stock that cannot sell freely under Rule 144 of the Securities Act of 1933, as amended, S-3 or "short-form" demand registration rights for the New Common Stock (with customary limitations); (c) information rights, including the right of prospective purchasers of the New Common Stock to obtain non-public information upon execution of a confidentiality agreement; and (d) preemptive rights (with customary exceptions).

It is expected that Reorganized Freedom Holdings will not be a “public” company subject to the reporting requirements of the Exchange Act. In such event, the New Stockholders Agreement would include transfer and trading restrictions intended to limit the number of record holders of New Common Stock to no more than [___] per class of securities (as such concept is understood for purposes of Section 12 of the Exchange Act) such that Reorganized Freedom Holdings would not be subject to reporting requirements under the Exchange Act.

The foregoing may be modified by the Debtors, with the agreement of the Consenting Lenders, at any time. Certain of the terms described above may instead or also be included in the New Freedom Governing Documents.

4. Directors and Officers of Reorganized Debtors

(a) Reorganized Freedom Holdings

The New Board will be comprised of five (5) directors, initially consisting of (i) four (4) independent and disinterested directors designated by the Consenting Lenders and (ii) Freedom Holdings’ Chief Executive Officer. The designation of directors pursuant to the foregoing clause (i) will be made at least ten (10) days prior to the Confirmation Hearing and will be announced in a filing made with the Bankruptcy Court no later than ten (10) days prior to the Confirmation Hearing. The members of the New Board will continue to serve as such until replaced or removed in accordance with the New Freedom Governing Documents. Each of the Consenting Lenders holding in excess of a threshold percentage (to be agreed among the Consenting Lenders) of the Existing Lender Secured Claims will be entitled to appoint a representative to attend and observe all meetings of the New Board.

The existing senior officers of Freedom Holding will serve initially in the same capacities after the Effective Date for Reorganized Freedom Holdings until replaced or removed in accordance with the New Freedom Governing Documents.

(b) Reorganized Subsidiary Debtors

The existing directors of the Subsidiary Debtors will continue to serve in their same respective capacities after the Effective Date for the Reorganized Subsidiary Debtors, until replaced or removed in accordance with the New Subsidiary Governing Documents of the respective entity; *provided, however*, that any such director who is not as of the Effective Date a member of the New Board or a full-time employee of any of the Reorganized Debtors will be deemed to have resigned as of the Effective Date.

The existing senior officers of the Subsidiary Debtors will continue to serve in their same respective capacities after the Effective Date for the Reorganized Subsidiary Debtors, until replaced or removed in accordance with the New Subsidiary Governing Documents of the respective entity.

(c) Indemnification of Directors, Officers, and Employees

The Plan requires that upon the Effective Date, the New Freedom Governing Documents and the New Subsidiary Governing Documents will contain customary indemnification provisions for directors, officers, and other key employees (as identified by the Chief Executive Officer of the Reorganized Debtors) on terms and conditions reasonably acceptable to the Consenting Lenders and the Debtors.

(d) Management Incentive and Other Agreements

On the Effective Date, Reorganized Freedom will be authorized and directed to establish and implement the New Equity Incentive Plan, substantially in the form included in the Plan Supplement, which will have terms and conditions reasonably acceptable to the Debtors and the Existing Lender Agent (in consultation with the Consenting Lenders). The New Equity Incentive Plan will reserve for issuance pursuant to awards of a number of shares of New Common Stock (in the form of Class A Common Stock) up to ten percent (10%) of the number of shares of New Common Stock outstanding as of the Effective Date. Members of management, employees, and directors of Reorganized Freedom and the other Reorganized Debtors will receive such stock options or other awards under the New Equity Incentive Plan as are determined from time to time by the New Board (or an authorized committee thereof). The awards made to such recipients will be in accordance with the terms of such determinations, subject to such terms as are more specifically described in the New Equity Incentive Plan. The New Equity Incentive Plan may be amended or modified from time to time by the New Board in accordance with its terms and any such amendment or modification will not require an amendment of the Plan.

In addition, the Plan contemplates an executive incentive plan, severance plan, and other employment agreements to be effective on and after the Effective Date for the Reorganized Debtors' senior management team and other key employees, having terms and conditions agreed to by the Debtors and the Consenting Lenders and set forth in the Plan Supplement.

5. Post-Emergence Trade Agreements with Holders of Trade Unsecured Claims

With Class A2 Acceptance, the Consenting Lenders have agreed to provide a mechanism for the Debtors' continuing providers of goods and services, who are important business partners to the Debtors, to provide value to the Reorganized Debtors by maintaining preexisting trade credit terms, in consideration of which the prepetition claim of such provider may be paid in full. To qualify, a provider of goods or services must be the holder of an Allowed Trade Unsecured Claim.

The Plan defines a Trade Unsecured Claim as a Claim based upon or arising from the Encumbered Debtors' receipt of goods or services in the ordinary course of business prior to the Petition Date from, and held by, a provider of goods or services that (a) has continued to supply such goods or services to the Encumbered Debtors during the Chapter 11 Cases and (b) becomes

a party to a fully executed Post-Emergence Trade Agreement before or on the Effective Date. The term Trade Unsecured Claim does not include any Claims arising from (i) any employee or individual independent contractor relationship between any Debtor and any Person, (ii) the rejection of an executory contract or unexpired lease, (iii) the litigation captioned *Gonzalez v. Freedom Communications, Inc.*, Case No. 03CC08756, Superior Court of California, County of Orange, (iv) any other litigation brought, or that could have been brought, prior to the Petition Date and (v) any non-qualified pension or retirement plan or agreement provided by any Debtor, or any termination of any such plan or agreement. The term also excludes any Claim against the Unencumbered Debtors, which Claims are being Reinstated under the Plan.

Under the Plan, any provider of goods or services who holds a Trade Unsecured Claim may be afforded the opportunity to enter into a Post-Emergence Trade Agreement, in accordance with the following procedure: (i) the Encumbered Debtors will make available to all providers of goods or services, at www.loganandco.com, a Notice of Desire to Enter into Post-Emergence Trade Agreement, in which each provider will certify that (A) it holds a Claim based upon or arising from the Encumbered Debtors' receipt of goods or services in the ordinary course of business prior to the Petition Date, (B) it has continued to supply such goods or services to the Encumbered Debtors during the Chapter 11 Cases, and (C) it is willing to enter into and comply with the terms of the Post-Emergence Trade Agreement; (ii) the deadline for returning a completed Notice of Desire to Enter into Post-Emergence Trade Agreement will be ten (10) days before the date of the Confirmation Hearing; (iii) the Encumbered Debtors will provide copies of the returned Notices of Desire to Enter into Post-Emergence Trade Agreement to the Existing Lender Agent, and the Encumbered Debtors will determine, in their business judgment, if the Reorganized Debtors will have a continuing need for the goods or services of the provider after the Effective Date, and will so advise the Existing Lender Agent; (iv) if, as determined by the Encumbered Debtors in their business judgment, the Reorganized Debtors will have a continuing need for the goods or services of the provider after the Effective Date, then the Encumbered Debtors will deliver to the provider a form Post-Emergence Trade Agreement, with a deadline for executing and returning the agreement; (v) as to each provider who timely returns an executed Post-Emergence Trade Agreement, the Encumbered Debtors will, prior to the anticipated Effective Date, make a final determination as to the Reorganized Debtors' continuing need for the goods or services of the provider; and (vi) if the final determination is that the Reorganized Debtors will have a continuing need for the goods or services after the Effective Date, the Encumbered Debtors will execute the Post-Emergence Trade Agreement and return a copy to the provider of goods or services as soon as practicable after the Effective Date, but in no event later than the Distribution Date.

On the Effective Date, the Trade Unsecured Claim Escrow will be established, into which the Encumbered Debtors will deposit funds in an amount to be agreed between the Encumbered Debtors and the Consenting Lenders and included in the Plan Supplement. The funds in the Trade Unsecured Claim Escrow will be funds that otherwise would have been distributed to the Existing Lenders as Excess Cash under the Plan, and that, as of the Effective Date and subject to the terms of this section, will constitute property of the Existing Lenders.

With Class A2 Acceptance, under the terms of the Post-Emergence Trade Agreement, as soon as reasonably practicable after the latest of (i) the Effective Date, (ii) the date on which such Trade Unsecured Claim becomes an Allowed Trade Unsecured Claim, and (iii) the date on which such Trade Unsecured Claim becomes payable pursuant to any agreement between an

Encumbered Debtor and the holder of such Trade Unsecured Claim, each holder of an Allowed Trade Unsecured Claim will receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Trade Unsecured Claim, Cash from the Trade Unsecured Claim Escrow equal to all or such portion of the Allowed Trade Unsecured Claim as the parties may agree. By executing a Post-Emergence Trade Agreement, the Reorganized Debtors will not become obligated to pay any Trade Unsecured Claim or portion thereof that is not an Allowed Claim. Any funds remaining in the Trade Unsecured Claim Escrow after satisfaction of Allowed Trade Unsecured Claims will be disbursed to the Existing Lenders on a Pro Rata basis.

A form Post-Emergence Trade Agreement will be included in the Plan Supplement.

Providers of goods or services who may become holders of Trade Unsecured Claims pursuant to the procedures in the Plan will be holders of General Unsecured Claims in Class A4 at the time of voting and, thus, will vote as holders of General Unsecured Claims in Class A4.

6. Plan Supplement, Effectuating Documents, and Further Transactions

The primary documents pursuant to which the Plan will be implemented will be included in the Plan Supplement, including:

- the Term A Facility,
- the Term B Facility,
- the Intercreditor Agreement,
- the New Freedom Charter,
- the New Freedom By-Laws,
- the Exit Facility (or term sheet therefor),
- the New Equity Incentive Plan,
- the New Stockholders Agreement,
- the Registration Rights Agreement,
- the New Warrants,
- the New Warrant Agreement, and
- the Post-Emergence Trade Agreement.

In addition, the Plan Supplement will include the terms and conditions for an executive incentive plan, severance plan, and other employment agreements for their senior management team and key employees, to be agreed to by the Debtors and the Consenting Lenders; will specify the number of shares of New Common Stock to be authorized and issued as of the Effective Date; and will specify the amount of funds to be placed in the Trade Unsecured Claim Escrow.

The Plan Supplement will be filed with the Clerk of the Bankruptcy Court at least five (5) Business Days prior to the date of the commencement of the Confirmation Hearing. Upon such filing, all documents included in the Plan Supplement may be inspected in the office of the Clerk of the Bankruptcy Court during normal business hours or may be accessed online at www.deb.uscourts.gov (cm/ecf) or www.loganandco.com.

The chief executive officer, the president, the chief financial officer, the general counsel or any other appropriate officer of Freedom Holdings, or any applicable Debtor, or any of the Reorganized Debtors, as the case may be, will be authorized to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The secretary or assistant secretary of Freedom Holdings, or any applicable Debtor, or any of the Reorganized Debtors, as the case may be, will be authorized to certify or attest to any of the foregoing actions.

On the Effective Date, the adoption and filing of the New Freedom Governing Documents, the appointment of the New Board, the adoption of the New Equity Incentive Plan, and all actions contemplated or necessary to implement the transactions described in the Plan will be authorized and approved in all respects pursuant to the Plan. All matters provided for in the Plan involving the corporate structure of the Debtors or Reorganized Debtors, and any corporate action required by the Debtors or Reorganized Debtors in connection with the Plan, will be deemed to have occurred and will be in effect, without any requirement of further action by the stockholders or directors of the Debtors or Reorganized Debtors. On the Effective Date, the appropriate officers of the Reorganized Debtors and members of the board of directors of the Reorganized Debtors are authorized and directed to issue execute and deliver the agreements, documents, securities, and instruments contemplated by the Plan in the name of and on behalf of the Reorganized Debtors without the need for any required approvals, authorizations or consents except for express consents required under the Plan. Without limiting the foregoing, the New Equity Incentive Plan will be deemed to have been unanimously approved by the stockholders of Reorganized Freedom Holdings pursuant to Section 303 of the Delaware General Corporation Law.

7. Exemption from Transfer Taxes

Pursuant to Section 1146(c) of the Bankruptcy Code, any transfers from a Debtor to a Reorganized Debtor or any other Person pursuant to the Plan in the United States, including any Liens granted by the Debtors to secure the Exit Facility, the Term A Facility, and the Term B Facility, will not be taxed under any law imposing a stamp tax or other similar tax. Such exemption specifically applies, without limitation, to all documents necessary to evidence and implement distributions under the Plan, including the documents contained in the Plan Supplement.

8. Preservation of Rights of Action

Litigation Rights are defined in the Plan as all claims, rights of action, suits, or proceedings whether in law or in equity, whether known or unknown, that the Debtors or their Estates may hold against any Person, which are to be retained by the Reorganized Debtors pursuant to the Plan, including without limitation, claims or causes of action arising under or pursuant to Chapter 5 of the Bankruptcy Code.

Except as otherwise provided in the Plan or the Confirmation Order, or in any contract, instrument, release, indenture, or other agreement entered into in connection with the Plan, in accordance with Section 1123(b) of the Bankruptcy Code, on the Effective Date, each Debtor or Reorganized Debtor will retain all of their respective Litigation Rights that such Debtor or Reorganized Debtor may hold against any Person. Each Debtor or Reorganized Debtor will

retain and may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all such Litigation Rights. Each Debtor or Reorganized Debtor or their respective successor(s) may pursue such retained Litigation Rights as appropriate, in accordance with the best interests of the Reorganized Debtors or their successor(s) who hold such rights in accordance with applicable law and consistent with the terms of the Plan.

E. Treatment of Executory Contracts and Unexpired Leases

1. Assumption of Executory Contracts and Unexpired Leases.

The Debtors may file motions seeking to assume executory contracts and unexpired leases. In addition, pursuant to the procedure outlined in the Plan, the Debtors may use the Contract/Lease Schedules to assume contracts and leases. The Contract/Lease Schedules are schedules that identify the executory contracts and unexpired leases to be assumed under the Plan and set forth any Cure obligation associated with the assumption of such contracts and leases.

As provided for in the Plan, on the Effective Date, in addition to all executory contracts and unexpired leases that have been previously assumed by the Debtors by order of the Bankruptcy Court, all executory contracts and unexpired leases of the Debtors listed on the Contract/Lease Schedules will be deemed assumed in accordance with the provisions and requirements of Sections 365 and 1123 of the Bankruptcy Code. On or before the day that is five (5) days before the Voting Deadline, the Debtors will file the Contract/Lease Schedules; *provided, however*, that the Debtors reserve the right to amend the Contract/Lease Schedules at any time prior to the Effective Date. The Debtors will provide notice of any amendments to the Contract/Lease Schedules to the parties to the executory contracts and unexpired leases affected thereby and to the Creditors Committee.

To the extent applicable, all executory contracts or unexpired leases of Reorganized Debtors assumed pursuant to the Plan will be deemed modified such that the transactions contemplated by the Plan will not be a “change of control,” however such term may be defined in the relevant executory contract or unexpired lease, and any required consent under any such contract or lease will be deemed satisfied by the Confirmation of the Plan.

Each executory contract and unexpired lease assumed pursuant to the Plan (or pursuant to other Bankruptcy Court order) will remain in full force and effect and be fully enforceable by the applicable Reorganized Debtor(s) in accordance with its terms, except as modified by the provisions of the Plan, or any order of the Bankruptcy Court authorizing and providing for its assumption or applicable law.

In the event that any license granted to the Debtors by a governmental unit, and in effect immediately prior to the Effective Date, is considered to be an executory contract and is not otherwise terminated or rejected by the Debtors, such license will be deemed to be assumed pursuant to Section 365 of the Bankruptcy Code under the Plan; *provided, however*, that the assumption of the licenses issued by the FCC will be subject to compliance with the rules and regulations of the FCC.

Continuing obligations of third parties to the Debtors under insurance policies, contracts, or leases that have otherwise ceased to be executory or have otherwise expired on or prior to the

Effective Date, including, without limitation, continuing obligations to pay insured claims, to defend against and process claims, to refund premiums or overpayments, to provide indemnification, contribution or reimbursement, to grant rights of first refusal, to maintain confidentiality, or to honor releases, will continue and will be binding on such third parties notwithstanding any provision to the contrary in the Plan, unless otherwise specifically terminated by the Debtors or by order of Bankruptcy Court. The deemed rejection provided by the Plan will not apply to any such continuing obligations.

To the extent any insurance policy under which the insurer has a continuing obligation to pay the Debtors or a third party on behalf of the Debtors is held by the Bankruptcy Court to be an executory contract and is not otherwise assumed upon motion by a Final Order, such insurance policy will be treated as though it is an executory contract that is assumed pursuant to Section 365 of the Bankruptcy Code under the Plan. Any and all Claims (including Cure) arising under or related to any insurance policies or related insurance agreements that are assumed by the Debtors prior to or as of the Effective Date: (i) will not be discharged; (ii) will be Allowed Administrative Claims; and (iii) will be paid in full in the ordinary course of business of the Reorganized Debtors as set forth in the Plan.

2. Cure of Defaults for Assumed Contracts and Leases

Any monetary Cure amounts by which each executory contract and unexpired lease to be assumed pursuant to the Plan is in default will be satisfied, pursuant to Section 365(b)(1) of the Bankruptcy Code, by payment of the Cure amount in Cash on the later of (a) the Effective Date (or as soon as practicable thereafter), (b) as due in the ordinary course of business or (c) on such other terms as the parties to such executory contracts or unexpired leases may otherwise agree. In the event of a dispute regarding: (i) the amount of any Cure payments, (ii) the ability of the Reorganized Debtors or any assignee to provide “adequate assurance of future performance” (within the meaning of Section 365 of the Bankruptcy Code) under the contract or lease to be assumed or assigned, or (iii) any other matter pertaining to assumption, the Cure payments required by Section 365(b)(1) of the Bankruptcy Code will be made following the entry of a Final Order resolving the dispute and approving the assumption.

The Debtors will list Cure amounts for executory contracts and unexpired leases on the Contract/Lease Schedules. The failure of any non-Debtor party to an executory contract or unexpired lease to file and serve an objection to the Cure amount listed on the Contract/Lease Schedules for such party’s contract or lease by the deadline set forth on the Contract/Lease Schedules will be deemed consent to such Cure amount; *provided, however*, that the Debtors will be authorized to reject any executory contract or unexpired lease to the extent the Debtors, in the exercise of their sound business judgment, conclude that the amount of the Cure obligation as determined by Final Order renders assumption of such executory contract or unexpired lease unfavorable to the Debtors’ estates.

3. Rejection of Executory Contracts and Unexpired Leases

Except as otherwise provided in the Plan, or in any contract, instrument, release, indenture, or other agreement or document entered into in connection with the Plan, as of the Effective Date, each Debtor will be deemed to have rejected each prepetition executory contract and unexpired lease to which it is a party unless such contract or lease (i) is listed on the Contract/Lease Schedules as of the Confirmation Date, (ii) was previously assumed or rejected

upon motion by a Final Order, (iii) previously expired or terminated pursuant to its own terms, or (iv) is the subject of any pending motion, including to assume, to assume on modified terms, to reject or to make any other disposition filed by a Debtor on or before the Confirmation Date. The Confirmation Order will constitute an order of the Bankruptcy Court under Section 365(a) of the Bankruptcy Code approving the rejection of the prepetition executory contracts and unexpired leases described above, as of the Effective Date.

4. Rejection Damage Claim Bar Date for Rejections Pursuant to Plan

If the rejection of an executory contract or unexpired lease pursuant to the Plan results in a Claim, then such Claim will be forever barred and will not be enforceable against any Debtor or Reorganized Debtor or the properties of any of them unless a Proof of Claim is filed with the claims agent and served upon counsel to the Reorganized Debtors within thirty (30) days after entry of the Confirmation Order. The foregoing applies only to Claims arising from the rejection of an executory contract or unexpired lease; any other Claims held by a party to a rejected contract or lease will have been evidenced by a Proof of Claim filed by earlier applicable bar dates or will be barred and unenforceable.

5. Employee Compensation and Benefit Programs

(a) Continuing Programs

Except to the extent (i) otherwise provided for in the Plan, (ii) previously assumed or rejected by an order of the Bankruptcy Court entered on or before the Confirmation Date, (iii) the subject of a pending motion to reject filed by a Debtor on or before the Confirmation Date, or (iv) previously terminated, all employee compensation, benefit, and expense reimbursement programs, plans, policies, and agreements of the Debtors in effect during the pendency of the Chapter 11 Cases, including all health and welfare plans, 401(k) plans, pension plans within the meaning of Title IV of the Employee Retirement Income Security Act of 1974, as amended, and all benefits subject to Sections 1114 and 1129(a)(13) of the Bankruptcy Code, entered into before or after the Petition Date and in effect during the pendency of the Chapter 11 Cases, will be deemed to be, and will be treated as though they are, executory contracts that are assumed pursuant to Section 365 of the Bankruptcy Code under the Plan. Nothing contained in the Plan will be deemed to modify the existing terms of any such employee compensation, benefit, and expense reimbursement program, plan, policy, or agreement, including, without limitation, the Debtors' and the Reorganized Debtors' rights of termination and amendment thereunder.

With certain exceptions, the Debtors intend to continue to offer their employees the full-range of compensation, benefit, and expense reimbursement programs offered prior to the Petition Date. The Debtors believe that all such programs are standard within the business community and necessary to remain competitive within their industry and communities. The success of the Debtors' restructuring is dependent upon the continuing dedication and support of their workforce.

(b) Qualified Pension Plan

Subject to the rights of the Debtors and the Reorganized Debtors to terminate or amend as provided for in the Plan, the Debtors will continue after the Effective Date the Retirement Plan, the qualified defined benefit pension plan covered by Title IV of ERISA, maintained by the

Debtors. As part of the continuation of the Retirement Plan, subject to any such termination or amendment, the Reorganized Debtors will meet the minimum funding standards under ERISA and the Internal Revenue Code, pay all insurance premiums owed to the PBGC, and administer and operate the Retirement Plan in accordance with its terms and ERISA. Nothing in this Plan is intended to release or discharge any statutory liability or obligation of the Debtors or the Reorganized Debtors with respect to the PBGC or the Retirement Plan. Neither the PBGC nor the Retirement Plan will be enjoined or precluded from enforcing such liability as a result of the Plan.

(c) Workers' Compensation Benefits

In accordance with the authority provided by the Order (i) Authorizing Payment of Prepetition Employee Obligations, Including Compensation, Benefits, Expense Reimbursements, and Related Obligations, (ii) Confirming Right to Continue Employee Programs on Postpetition Basis, (iii) Confirming Right to Pay Withholding and Payroll-Related Taxes, (iv) Authorizing Payment of Prepetition Claims Owing To Administrators of, or Third Party Providers under, Employee Programs, (v) Authorizing Payment of Independent Contractor Obligations, (vi) Directing Banks to Honor Prepetition Checks and Fund Transfers for Payment of Prepetition Employee Obligations and Prepetition Independent Contractor Obligations dated September 2, 2009, the Debtors will, in the ordinary course of business, pay all valid prepetition claims, assessments and premiums arising under their workers' compensation program.

(d) Non-Qualified Retirement Plans

(d) Benefit accruals under the Freedom Communications, Inc. Non-Qualified Defined Contribution Plan, a non-qualified defined contribution retirement plan maintained by the Debtors (the "Nonqualified DC Plan"), have been suspended, and no further benefits will be payable under the Nonqualified DC Plan, the Freedom Communications, Inc. Excess Benefit Plan, a non-qualified defined benefit retirement plan maintained by the Debtors (the "Excess Benefit Plan"), or any other nonqualified retirement plan or agreement, or related trust or individual agreements maintained by the Debtors, from and after the Petition Date. To the extent any rights or obligations exist under the Nonqualified DC Plan, the Excess Benefit Plan, or any other non-qualified retirement plans or agreements maintained by the Debtors, or related trust or individual agreements, such rights or obligations will be extinguished and terminated in full as of the Effective Date. To the extent such plans or agreements, or related trust or individual agreements (and any separate agreements that may incorporate such plans and agreements) are considered to be executory contracts, such plans or agreements, and related trust and individual agreements (and any separate agreements that may incorporate such plans and agreements) will be deemed to be rejected pursuant to Section 365 of the Bankruptcy Code under the Plan. The Claims of all vested participants in the non-qualified retirement plans and agreements will be calculated as of the Petition Date without postpetition interest or other accruals, and without regard to service completed after the Petition Date, and will be treated under the Plan as General Unsecured Claims.

(e) Collective Bargaining Agreements

The Debtors' prepetition collective bargaining agreements will be deemed to be, and will be treated as though they are, executory contracts that are assumed pursuant to Section 365 of the Bankruptcy Code under the Plan.

(f) Stock-Based Plans

As of the Effective Date, any and all stock based incentive plans or stock ownership plans of the Debtors entered into before the Effective Date (including, without limitation, the Freedom Holdings 2004 Long-Term Incentive Plan (as amended and restated) and the Freedom Holdings 2008 Restricted Stock Unit Award Plan), or other agreements or documents giving rise to Old Freedom Stock Rights, will be terminated. To the extent such plans, agreements, or documents are considered to be executory contracts, such plans, agreements, or documents will be deemed to be, and will be treated as though they are, executory contracts that are rejected pursuant to Section 365 of the Bankruptcy Code under the Plan.

6. Indemnification Obligations

Indemnification Obligations include any obligation of any of the Debtors to indemnify, reimburse, or provide contribution to a Person arising pursuant to by-laws, articles or certificate of incorporation, contract, or otherwise.

The Plan provides that unless assumed by Final Order upon motion of the Debtors or pursuant to the Confirmation Order as part of the Contract/Lease Schedules, in either case with the agreement of the Consenting Lenders, all Indemnification Obligations owed to any person who was a director, officer, or employee of the Debtor, will be deemed to be, and will be treated as though they are, executory contracts that are rejected pursuant to Section 365 of the Bankruptcy Code under the Plan pursuant to the Confirmation Order (unless earlier rejected by Final Order).

7. Limited Extension of Time to Assume or Reject

Notwithstanding anything set forth in the Plan, in the event of a dispute as to whether a contract is executory or a lease is unexpired, Debtors' right to move to assume or reject such contract or lease will be extended until the date that is thirty (30) days after entry of a Final Order by the Bankruptcy Court determining that the contract is executory or the lease is unexpired. The deemed rejection provided for in the Plan will not apply to any such contract or lease, and any such contract or lease will be assumed or rejected only upon motion of the Debtors following the Bankruptcy Court's determination that the contract is executory or the lease is unexpired.

In the event the Debtors or the Reorganized Debtors become aware after the Confirmation Date of the existence of an executory contract or unexpired lease that was not included in the Contract/Lease Schedules, the right of the Reorganized Debtors to move to assume or reject such contract or lease will be extended until the date that is thirty (30) days after the date on which the Debtors or the Reorganized Debtors become aware of the existence of such contract or lease. The deemed rejection provided for in the Plan will not apply to any such contract or lease unless a motion to assume or reject is not filed within such (30) day period.

F. Provisions Regarding Distributions

1. Allowance Requirement

Only holders of Allowed Claims and Interests are entitled to receive distributions under the Plan.

An Allowed Administration Claim is an Administrative Claim that has been allowed, or adjudicated in favor of the holder by estimation or liquidation, by a Final Order, that was incurred by the Debtors in the ordinary course of business during the Chapter 11 Cases and as to which there is no dispute as to the Debtors' liability, or that has become allowed by failure to object pursuant to the Plan.

As to all other types of Claims, an Allowed Claim is a Claim that has been allowed, or adjudicated in favor of the holder by estimation or liquidation, by a Final Order, or (ii) as to which (x) no Proof of Claim has been filed with the Bankruptcy Court and (y) the liquidated and noncontingent amount of which is included in the Schedules, other than a Claim that is included in the Schedules at zero, in an unknown amount, or as Disputed, or (iii) for which a Proof of Claim in a liquidated amount has been timely filed with the Bankruptcy Court pursuant to the Bankruptcy Code, any Final Order of the Bankruptcy Court, or other applicable bankruptcy law, and as to which either (x) no objection to its allowance has been filed within the periods of limitation fixed by the Plan (as may be extended pursuant to the Plan), the Bankruptcy Code, or any order of the Bankruptcy Court, or (y) any objection to its allowance has been settled or withdrawn, or has been denied by a Final Order, or (iv) that is expressly allowed in a liquidated amount in the Plan

An Allowed Interest is an Interest held in the name, kind, and amount set forth on the stock records retained by the applicable Debtor.

2. Distributions for Claims and Interests Allowed as of the Effective Date

Except as otherwise provided in the Plan or as ordered by the Bankruptcy Court, all distributions to holders of Allowed Claims as of the applicable Distribution Date will be made on or as soon as practicable after the applicable Distribution Date. Distributions on account of Claims that first become Allowed Claims after the applicable Distribution Date will be made pursuant to the Plan. The Debtors will have the right, in their discretion, to accelerate any Distribution Date occurring after the Effective Date if the facts and circumstances so warrant.

3. Disbursing Agent

The Debtors will, in their sole discretion, designate the Person to serve as the Disbursing Agent under the Plan, and will file a written notice of such designation at least five (5) days before the Confirmation Hearing. Reorganized Freedom Holdings may elect to serve as the Disbursing Agent in lieu of an independent third party. Unless otherwise provided in the Plan, the Disbursing Agent will make all distributions required to be made on the respective Distribution Date under the Plan. If the Disbursing Agent is an independent third party designated by the Debtors to serve in such capacity, such Disbursing Agent will receive from the Debtors or the Reorganized Debtors, without further Bankruptcy Court approval, reasonable compensation for distribution services rendered pursuant to the Plan and reimbursement of

reasonable out-of-pocket expenses incurred in connection with such services, on any agreed terms. No Disbursing Agent will be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court.

4. Delivery of Distributions

Distributions to holders of Allowed Claims will be made by the Disbursing Agent (a) at the addresses set forth on the Proofs of Claim filed by such holders (or at the last known addresses of such holders if no Proof of Claim is filed or if the Debtors have been notified of a change of address), (b) at the addresses set forth in any written notices of address changes delivered to the Disbursing Agent after the date of any related Proof of Claim, (c) at the addresses reflected in the Schedules if no Proof of Claim has been filed and the Disbursing Agent has not received a written notice of a change of address, or (d) in the case of an Existing Lender Claims, at the addresses provided by the Existing Lenders.

TO THE EXTENT THAT ADDRESSES ARE REQUIRED TO EFFECT DISTRIBUTIONS TO THE EXISTING LENDERS, EACH EXISTING LENDER IS RESPONSIBLE FOR PROVIDING TO THE EXISTING LENDER AGENT AND TO THE DEBTORS WRITTEN INSTRUCTIONS AS TO THE ADDRESS AT WHICH SUCH LENDER DESIRES TO RECEIVE PLAN DISTRIBUTIONS. DISTRIBUTIONS WILL BE HELD PENDING RECEIPT OF SUCH WRITTEN INSTRUCTIONS.

5. Undeliverable Distributions

If any holder's distribution is returned as undeliverable, no further distributions to such holder will be made unless and until the Disbursing Agent is notified of such holder's then current address, at which time all missed distributions will be made to such holder without interest. If any distribution is made by check and such check is not returned but remains uncashed for six (6) months after the date of such check, the Disbursing Agent may cancel and void such check, and the distribution with respect thereto will be deemed undeliverable. If any holder is requested to provide a taxpayer identification number or to otherwise satisfy any tax withholding requirements with respect to a distribution and such holder fails to do within six (6) months of the date of such request, such holder's distribution will be deemed undeliverable.

Unless otherwise agreed between the Reorganized Debtors and the Disbursing Agent, and except with respect to the Unsecured Compensation, amounts in respect of returned or otherwise undeliverable or unclaimed distributions made by the Disbursing Agent will be returned to the Reorganized Debtors until such distributions are claimed. All claims for returned or otherwise undeliverable or unclaimed distributions must be made (a) on or before the first (1st) anniversary of the Effective Date or (b) with respect to any distribution made later than such date, on or before six (6) months after the date of such later distribution; after which date all undeliverable property (other than the undeliverable distributions of the Unsecured Compensation, which will be handled as provided in the Plan), will revert to the Reorganized Debtors free of any restrictions thereon and the claims of any holder or successor to such holder with respect to such property will be discharged and forever barred, notwithstanding any federal or state escheat laws to the contrary. In the event of a timely claim for any returned or otherwise undeliverable or unclaimed distribution, the Reorganized Debtors will deliver the applicable distribution amount or property to the Disbursing Agent for distribution pursuant to the Plan. Nothing contained in

the Plan will require any Debtor, any Reorganized Debtor, or any Disbursing Agent to attempt to locate any holder of an Allowed Claim.

6. Distributions to Holders as of the Distribution Record Date

The Distribution Record Date is the record date for determining entitlement to receive distributions under the Plan on account of Allowed Claims. For holders of Existing Lender Claims, the Distribution Record Date is the date to be agreed by the Debtors and the Existing Lender Agent. For holders of all other Claims and Interests, the Distribution Record Date is the Business Day immediately preceding the Effective Date, at 5:00 p.m. prevailing Eastern time on such Business Day.

As to Existing Lender Claims, at the close of business on the Distribution Record Date, the register maintained by the Existing Lender Agent will be closed and there will be no further changes in the listed holders of the Existing Lender Claims for purposes of distributions under the Plan. As to all other Claims, at the close of business on the Distribution Record Date, the claims register maintained by the claims agent will be closed and there will be no further changes in the listed holders of the Claims. For Old Freedom Stock Interests, at the close of business on the Distribution Record Date, the stock register maintained by the Debtors will be closed and there will be no further changes in the listed holders of the Old Freedom Stock Interests. Only holders of Claims and Interests as of the Distribution Record Date will be recognized and dealt with for distribution and all other purposes under the Plan.

7. De Minimis Distributions

Neither the Reorganized Debtors nor the Disbursing Agent will have any obligation to make a Cash distribution with respect to any Claim (other than a Claim held by an Existing Lender) if the amount of the distribution is less than \$20.00. The Claim of any holder (other than an Existing Lender) whose distribution is in an amount less than \$20.00 will be discharged, and such holder will be forever barred from asserting such Claim against the Reorganized Debtors or their respective property. Any Cash not distributed as a result of this provision will be the property of the Reorganized Debtors, free of any restrictions, and any such Cash held by the Disbursing Agent will be returned to the Reorganized Debtors following the Distribution Date that would have applied to any such distribution.

8. Fractional Securities; Fractional Dollars

No fractional shares of New Common Stock or New Warrants will be issued or distributed under the Plan. Each Person entitled to receive New Common Stock or New Warrants will receive the total number of whole shares of New Common Stock and/or New Warrants to which such Person is entitled. Whenever any distribution to a particular Person would otherwise call for distribution of a fraction of shares of New Common Stock or New Warrants, the actual distribution of shares of such stock or warrants will be rounded to the next higher or lower whole number as follows: (a) fractions one-half ($\frac{1}{2}$) or greater will be rounded to the next higher whole number and (b) fractions of less than one-half ($\frac{1}{2}$) will be rounded to the next lower whole number. Notwithstanding the foregoing, whenever rounding to the next lower whole number would result in such Person receiving no New Common Stock or no New Warrants, such Person will receive one (1) share of New Common Stock or one (1) New Warrant, as the case may be. If two or more Persons are entitled to equal fractional entitlements and the

aggregate amount of New Common Stock or New Warrants that would otherwise be issued to such Persons with respect to such fractional entitlements as a result of such rounding exceeds the number of whole shares which remain to be allocated, the Disbursing Agent will allocate the remaining whole shares to such holders by random lot or such other impartial method as the Disbursing Agent deems fair. Upon the allocation of all of the whole shares authorized under the Plan, all remaining fractional portions of the entitlements will be cancelled and will be of no further force and effect. The Disbursing Agent will have the right to carry forward to subsequent distributions any applicable credits or debits arising from the rounding described in this paragraph.

9. Withholding Taxes

In connection with the Plan and all distributions hereunder, the Disbursing Agent will, to the extent applicable, comply with all tax withholding, payment, and reporting requirements imposed by any federal, state, provincial, local, or foreign taxing authority, and all distributions hereunder will be subject to any such withholding, payment, and reporting requirements. The Disbursing Agent will be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding, payment, and reporting requirements. Notwithstanding any other provision of the Plan, (a) each holder of an Allowed Claim that is to receive a distribution pursuant to the Plan will have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding, and other tax obligations, on account of such distribution, and (b) no distribution will be made to or on behalf of such holder pursuant to the Plan unless and until such holder has made arrangements satisfactory to the Disbursing Agent for the payment and satisfaction of such withholding tax obligations in connection with such distribution. Any cash or other property to be distributed pursuant to the Plan will, pending the implementation of such arrangements, be treated as an undeliverable distribution pursuant to the Plan.

G. Procedures for Treating and Resolving Disputed Claims

1. Objections to Claims and Interests

All objections to Claims must be filed and served on the holders of such Claims by the Claims Objection Deadline. The Claims Objection Deadline is defined as the last day for filing objections to Claims, including Administrative Claims, which will be the latest of (a) one hundred and twenty (120) days after the Effective Date, (b) sixty (60) days after the applicable Proof of Claim or request for payment of an Administrative Claim is filed, and (c) such other date ordered by the Bankruptcy Court upon motion of the Reorganized Debtors without notice to any party.

If an objection has not been filed to a Proof of Claim by the Claims Objection Deadline, the Claim to which the Proof of Claim or scheduled Claim relates will be treated as an Allowed Claim if such Claim has not been allowed earlier. The Debtors may, at any time, request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to Section 502(c) of the Bankruptcy Code, regardless of whether such Debtor has previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. In the event the Bankruptcy Court so estimates any contingent or unliquidated Claim, that estimated

amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Debtors may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim. All of the aforementioned Claims objection, estimation, and resolution procedures are cumulative and are not necessarily exclusive of one another. Claims may be estimated and thereafter resolved by any permitted mechanisms.

After the Effective Date, only the Reorganized Debtors will have the authority to file objections to Claims and to settle, compromise, withdraw, or litigate to judgment objections to Claims. The Reorganized Debtors may settle or compromise any Disputed Claim without approval of the Bankruptcy Court.

2. No Distributions Pending Allowance

Notwithstanding any other provisions of the Plan, no payments or distributions will be made on account of a Disputed Claim or, if less than the entire Claim is a Disputed Claim, the portion of a Claim that is Disputed, until such Claim becomes an Allowed Claim; *provided, however*, that the Debtors may elect to withhold distributions on the portion of a Claim that is not Disputed until the portion of the Claim that is Disputed is resolved by Final Order.

3. Distributions after Allowance

The Disbursing Agent will, on the applicable Distribution Dates, make distributions on account of any Disputed Claim that has become an Allowed Claim. Such distributions will be made pursuant to the provisions of the Plan governing the applicable Class. Such distributions will be based upon the cumulative distributions that would have been made to the holder of such Claim under the Plan if the Disputed Claim had been an Allowed Claim on the Effective Date in the amount ultimately Allowed.

4. Allocations for Disputed General Unsecured Claims in Accepting Sub-Classes

With respect to accepting sub-Classes within Class A4 of the Plan, as soon as practicable prior to the initial Distribution Date applicable to General Unsecured Claims in Class A4, the Disbursing Agent will make an initial Pro Rata allocation of the portion of the Unsecured Compensation attributable to such accepting sub-Classes among all holders of (a) Allowed General Unsecured Claims based upon their Allowed Claim amounts and (b) Disputed General Unsecured Claims based upon their Proof of Claims amounts or such other allocation amounts as may be agreed by such holders or ordered by the Bankruptcy Court. The amount of the Unsecured Compensation allocated to the holder of a Disputed General Unsecured Claim will be available for distribution to such holder, but only in an amount reflecting the Pro Rata share attributable to the actual amount of such holder's Allowed Claim, on the Distribution Date following entry of a Final Order resolving such Claim. As such time as all Disputed General Unsecured Claims have been resolved by Final Order, if any portion of the Unsecured Compensation attributable to accepting sub-Classes remains, then such remaining portion will be either (a) if large enough to provide a final distribution of at least \$20.00 to each holder of an Allowed General Unsecured Claim in such accepting sub-Classes, distributed Pro Rata among all holders of Allowed General Unsecured Claims in such accepting sub-Classes (b) if not, returned to the Debtors.

H. Conditions Precedent to Confirmation and the Effective Date of the Plan

1. Conditions to Confirmation

The following are conditions precedent to Confirmation, each of which must be satisfied or waived in accordance with the Plan:

- the Disclosure Statement will have been in form and substance satisfactory to the Debtors and the Consenting Lenders and an order finding that the Disclosure Statement contains adequate information pursuant to Section 1125 of the Bankruptcy Code will have been entered by the Bankruptcy Court;
- the Debtors will have obtained a commitment the Exit Facility on terms and conditions that (i) are reasonably acceptable to the Consenting Lenders and the Debtors; and (ii) support the Debtors' demonstration that (x) the Plan is feasible; and (y) the Reorganized Debtors will have the ability to satisfy their obligations to pay current interest and principal under the Term A Facility and the Term B Facility; and
- the proposed Confirmation Order will be in form and substance reasonably satisfactory to the Debtors and the Consenting Lenders, and will, among other things: (i) provide that the Debtors and the Reorganized Debtors are authorized and directed to take all actions necessary or appropriate to enter into, implement, and consummate the contracts, instruments, releases, leases, indentures, and other agreements or documents created in connection with the Plan; (ii) approve the Exit Facility; and (iii) authorize the issuance of the New Securities.

2. Conditions to the Effective Date

The following conditions precedent must be satisfied or waived on or prior to the Effective Date in accordance with the Plan:

- the Confirmation Order will have been entered;
- the Confirmation Order will not then be stayed, vacated, or reversed, or will not have been amended without the agreement of the Consenting Lenders and the Debtors;
- the Confirmation Order will not then be subject to a pending appeal, and the time to appeal or seek review or rehearing or leave to appeal has expired and as to which no appeal or petition for review or rehearing was filed or, if filed, remains pending;
- the New Freedom Charter, the New Freedom By-Laws, the Exit Facility, the New Equity Incentive Plan, the Term A Facility, the Term B Facility, the Intercreditor Agreement, the New Stockholders Agreement, the Registration Rights Agreement, and the New Warrant Agreement will be in form and substance reasonably acceptable to the Debtors and the Consenting Lenders, and, to the extent any of such documents contemplates execution by one or more persons, any such document will have been executed and delivered by the respective parties thereto,

and all conditions precedent to the effectiveness of each such document will have been satisfied or waived in accordance with their respective terms;

- there will not have been any material adverse change (as measured against the information provided to the Existing Lender Agent and/or its advisors prior to the Petition Date) in the status of any claims against the Debtors on account of (i) pension funding liability, (ii) tax liability, and (iii) environmental liability; *provided that*, with respect to (i) and (ii), there will not be a material adverse change if the Consenting Lenders and the Debtors are able to negotiate a mutually satisfactory response to such change, subject to any requirements of the Bankruptcy Code, within 15 business days of its discovery;
- the Debtors will have Cash on hand as of the Effective Date of at least \$15 million;
- the Exit Facility (i) will be on terms and conditions reasonably acceptable to the Consenting Lenders and the Debtors; (ii) will be in full force and effect upon closing, and (iii) will provide for the extension of credit thereunder to be available upon closing;
- all conditions precedent to the closing of the Exit Facility, the Term A Facility, and the Term B Facility as set forth on Exhibit A to the Plan will have been satisfied or waived, as applicable;
- all material governmental, regulatory, and third party approvals, waivers, or consents in connection with the Plan (including any required approvals or waivers by the FCC), if any, will have been obtained and will remain in full force and effect, and there will exist no third party claim, action, suit, investigation, litigation, request for reconsideration, or proceeding pending in any court or before any arbitrator or governmental instrumentality, which would if successfully pursued prohibit the transactions contemplated by the Plan; and
- all material actions, documents, and agreements necessary to implement the Plan will have been effected or executed.

3. Waiver of Conditions

With certain exceptions identified in the Plan, relating to the entry of the order approving the Disclosure Statement, the entry of the Confirmation Order, and the continuing effectiveness of the Confirmation Order, each of the conditions may be waived in whole or in part by the Debtors without any notice to parties in interest or the Bankruptcy Court and without a hearing, *provided, however*, that such waiver will not be effective without the agreement of the Consenting Lenders.

I. Effect of the Plan

1. Revesting of the Debtors' Assets

Except as otherwise provided in the Plan, the property of each Debtor's Estate, including all claims, rights, and causes of action, will revert in the applicable Debtor on the Effective Date. On and after the Effective Date, each Reorganized Debtor may operate its business and may use, acquire, and dispose of such property free of any restrictions of the Bankruptcy Code, the

Bankruptcy Rules, and the Bankruptcy Court. As of the Effective Date, all such property of each Reorganized Debtor will be free and clear of all Claims and Interests, and all Liens with respect thereto, except as specifically provided in the Plan or the Confirmation Order.

2. Discharge of Claims and Termination of Interests

Except as otherwise provided in the Plan or in the Confirmation Order, all consideration distributed under the Plan will be in exchange for, and in complete satisfaction, settlement, discharge, and release of, all Claims and Interests of any nature whatsoever against the Debtors or any of their assets or properties and, regardless of whether any property will have been abandoned by order of the Bankruptcy Court, retained, or distributed pursuant to the Plan on account of such Claims; and upon the Effective Date, except as otherwise provided in the Plan or in the Confirmation Order, (i) the Debtors, and each of them, will be deemed discharged and released under Section 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims, including, but not limited to, demands and liabilities that arose before the Effective Date, and all debts of the kind specified in Section 502 of the Bankruptcy Code, whether or not (A) a Proof of Claim based upon such debt is filed or deemed filed under Section 501 of the Bankruptcy Code, (B) a Claim based upon such debt is Allowed under Section 502 of the Bankruptcy Code, or (C) the holder of a Claim based upon such debt accepted the Plan, and (ii) all Interests will be terminated.

As of the Effective Date, except as provided in the Plan or in the Confirmation Order, all Persons will be precluded from asserting against the Debtors or the Reorganized Debtors, any other or further Claims, debts, rights, causes of action, liabilities, or Interests relating to the Debtors based upon any act, omission, transaction, or other activity of any nature that occurred prior to the Effective Date. In accordance with the foregoing, except as provided in the Plan or the Confirmation Order, the Confirmation Order will be a judicial determination of discharge of all such Claims and other debts and liabilities against the Debtors and termination of all Interests, pursuant to Sections 524 and 1141 of the Bankruptcy Code, and such discharge will void any judgment obtained against the Debtors at any time, to the extent that such judgment relates to a discharged Claim or terminated Interest.

The discharge of the Debtors pursuant to the Plan is not intended to limit in any way the Debtors' insurance coverage or to deprive any third party of any rights to such coverage that may otherwise exist.

3. Injunction

Except as otherwise provided in the Plan or the Confirmation Order, as of the Confirmation Date, but subject to the occurrence of the Effective Date, all Persons who have held, hold or may hold Claims against or Interests in the Debtors or the Estates are, with respect to any such Claims or Interests, permanently enjoined after the Confirmation Date from: (i) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against or affecting the Debtors, the Reorganized Debtors, the Estates or any of their property, the Consenting Lenders (solely in their capacity as such) (or any of their respective present or former affiliates, employees, agents, officers, directors, or principals), or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Persons or any property of any such transferee or successor;

(ii) enforcing, levying, attaching (including, without limitation, any pre-judgment attachment), collecting or otherwise recovering by any manner or means, whether directly or indirectly, any judgment, award, decree or order against the Debtors, the Reorganized Debtors, or the Estates or any of their property, the Consenting Lenders (solely in their capacity as such), or any direct or indirect transferee of any property of, or direct or indirect successor in interest to, any of the foregoing Persons, or any property of any such transferee or successor; (iii) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against the Debtors, the Reorganized Debtors, or the Estates or any of their property, the Consenting Lenders or any direct or indirect transferee of any property of, or successor in interest to, any of the foregoing Persons; (iv) acting or proceeding in any manner, in any place whatsoever, that does not conform to or comply with the provisions of the Plan to the full extent permitted by applicable law; and (v) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of the Plan; *provided, however*, that nothing contained in the Plan will preclude such persons from exercising their rights, or obtaining benefits, pursuant to and consistent with the terms of the Plan.

4. Release by Debtors of Certain Parties

The Plan contains the following language regarding releases of claims by the Debtors and their Estates:

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the Debtors, the Reorganized Debtors, and any Person seeking to exercise the rights of the Estates, including any successor to the Debtors or any estate representative appointed or selected pursuant to Section 1123(b)(3) of the Bankruptcy Code, whether pursuing a derivative cause of action or otherwise, shall be deemed to forever release, waive, and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action (including claims or causes of action arising under Chapter 5 of the Bankruptcy Code), and liabilities whatsoever in connection with or related to the Debtors, the Chapter 11 Cases, or the Plan (other than the rights of the Debtors and the Reorganized Debtors to enforce the Plan and the contracts, instruments, releases, indentures, and other agreements or documents delivered thereunder), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise, that are based in whole or part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtors, the Reorganized Debtors, the Chapter 11 Cases, the Estates, the conduct of the Debtors' business, or the Plan, and that may be asserted by or on behalf of the Debtors, the Estates, or the Reorganized Debtors against (i) any of the other Debtors and any of the Debtors' non-Debtor affiliates, (ii) the Debtors' current and former directors, officers, employees, advisors, or professionals, (iii) the Existing Lenders and any of their respective affiliates, (iv) the Existing Lender Agent and any of its affiliates, and (v) any of the respective present or former directors, officers, employees, advisors, or professionals of any of the foregoing (but solely in their respective capacities as such); *provided, however*, that nothing in this Section 11.9(a) shall be deemed to prohibit the Debtors or the Reorganized Debtors from asserting and enforcing any claims, obligations, suits, judgments, demands,

debts, rights, causes of action or liabilities they may have against any of their employees that is based upon an alleged breach of a confidentiality, noncompete, or any other contractual or fiduciary obligation owed to the Debtors or the Reorganized Debtors; and *provided further, however*, that nothing in this Section 11.9(a) shall operate as a release of intercompany obligations between any of the Debtors or between any of the Debtors and their non-Debtor subsidiaries unless otherwise provided for in the Plan.

The Debtors do not believe that any valid potential actions exist against the Released Parties with regard to the foregoing released claims. The Debtors have not pursued any valid potential actions against the Released Parties arising from such transactions or any other transactions. Additionally, the Debtors believe that litigation over the validity of any theoretically potential claims against the Released Parties based upon the foregoing released claims would require a significant expenditure of the Debtors' time and resources and could unnecessarily impair the Debtors' businesses and the administration of the Chapter 11 Cases.

5. Release by Holders of Claims and Interests.

The Plan contains the following language regarding releases of claims by holders of Claims and Interests:

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, each holder of a Claim or Interest that affirmatively elects on a timely returned Ballot to grant the following described Third Party Release (each a "Releasing Party") shall be deemed to forever release, waive, and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities whatsoever against (i) the Debtors' current and former directors, officers, employees, advisors, or professionals, (ii) the Existing Lenders and any of their respective affiliates, (iii) the Existing Lender Agent and any of its affiliates, and (iv) any of the respective present or former directors, officers, employees, advisors, or professionals of any of the foregoing (but solely in their respective capacities as such) (the Persons identified in clauses (i) through (iv) collectively, the "Third Party Releasees"), in connection with or related to the Debtors, the Reorganized Debtors, the Chapter 11 Cases, the Estates, the conduct of the Debtors' business, or the Plan (other than the rights under the Plan and the contracts, instruments, releases, indentures, and other agreements or documents delivered thereunder), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereunder arising, in law, equity, or otherwise, that are based in whole or part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtors or the Reorganized Debtors, the Chapter 11 Cases, or the Plan.

Each of the Third Party Releasees shall be deemed to forever release, waive, and discharge any claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities whatsoever taking place on or prior to the Effective Date in any way relating to the Debtors, the Reorganized Debtors, the Chapter 11 Cases, the Estates, the conduct of the Debtors' business, or the Plan, against each Releasing Party, in connection with or related to the Debtors, the

Reorganized Debtors, the Chapter 11 Cases, the Estates, the conduct of the Debtors' business, or the Plan (other than the rights under the Plan and the contracts, instruments, releases, indentures, and other agreements or documents delivered thereunder), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereunder arising, in law, equity, or otherwise, that are based in whole or part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtors or the Reorganized Debtors, the Chapter 11 Cases, or the Plan.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Section 363 of the Bankruptcy Code and Rule 9019 of the Bankruptcy Rules, of the Third Party Release, which includes by reference each of the related provisions and definitions contained herein, and further, shall constitute the Bankruptcy Court's finding that the Third Party Release is (i) in exchange for the good and valuable consideration provided by the Third Party Releasees, representing good faith settlement and compromise of the claims released herein; (ii) in the best interests of the Debtors and all holders of Claims and Interests; (iii) fair, equitable, and reasonable; (iv) approved after due notice and opportunity for hearing; and (v) a bar to any of the Releasing Parties asserting any claim released by the Releasing Parties against any of the Third Party Releasees or their respective properties.

The Debtors believe the releases set forth in the Plan are reasonable and appropriate given the extraordinary facts and circumstances of these cases. The releases are voluntary and are supported by the consideration provided under the Plan.

6. Exculpation

The Plan provides standard exculpations for key parties involved in the Debtors' restructuring efforts under Chapter 11. Specifically, the Plan provides that none of (i) the Debtors, (ii) the Reorganized Debtors, (iii) the Existing Lenders and any of their respective affiliates, (iv) the Existing Lender Agent and any of its affiliates, (v) the Creditors Committee, or (vi) any of the respective present or former members, directors, officers, employees, advisors, or professionals of the foregoing (but solely in their respective capacities as such), will have or incur any liability to any holder of a Claim or an Interest, or any other party in interest, or any of their respective agents, employees, representatives, advisors, attorneys, or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the formulation, negotiation, or implementation of the Plan, the solicitation of acceptances of the Plan, the pursuit of Confirmation of the Plan, the Confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for acts or omissions which are the result of fraud, gross negligence, or willful misconduct, or willful violation of federal or state securities laws or the Internal Revenue Code, and in all respects will be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

Notwithstanding any other provision of the Plan, no holder of a Claim or an Interest, no other party in interest, none of their respective agents, employees, representatives, advisors, attorneys, or affiliates, and none of their respective successors or assigns will have any right of

action against (i) any Debtor, (ii) any Reorganized Debtor, (iii) any of the Existing Lenders and any of their respective affiliates, (iv) the Existing Lender Agent and any of its affiliates, (v) the Creditors Committee, or (vi) any of the respective present or former members, directors, officers, employees, advisors, professionals and agents of the foregoing (but solely in their respective capacities as such), for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the formulation, negotiation, or implementation of the Plan, solicitation of acceptances of the Plan, the pursuit of Confirmation of the Plan, the Confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for acts or omissions which are the result of fraud, or willful misconduct or willful violation of federal or state securities laws or the Internal Revenue Code.

7. Injunction

Except as provided in the Plan or in the Confirmation Order, as of the Effective Date, all Persons that have held, currently hold, may hold, or allege that they hold, a Claim or other debt or liability that is discharged or an Interest or other right of an equity security holder that is terminated pursuant to the terms of the Plan are permanently enjoined from taking any of the following actions against the Debtors, the Reorganized Debtors, and their respective subsidiaries or their property on account of any such discharged Claims, debts, or liabilities or terminated Interests or rights: (i) commencing or continuing, in any manner or in any place, any action or other proceeding; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order; (iii) creating, perfecting, or enforcing any Lien or encumbrance; (iv) asserting a setoff, right of subrogation, or recoupment of any kind against any debt, liability, or obligation due to the Debtors or the Reorganized Debtors; or (v) commencing or continuing any action, in each such case in any manner, in any place, or against any Person that does not comply with or is inconsistent with the provisions of the Plan.

As of the Effective Date, all Persons that have held, currently hold, or may hold, a Claim, obligation, suit, judgment, damage, demand, debt, right, cause of action, or liability that is released, discharged, or exculpated pursuant to the Plan are permanently enjoined from taking any of the following actions on account of such released Claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, or liabilities or terminated Interests or rights: (i) commencing or continuing, in any manner or in any place, any action or other proceeding; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order; (iii) creating, perfecting, or enforcing any Lien or encumbrance; (iv) asserting a setoff against any debt, liability, or obligation due to any released Person; or (v) commencing or continuing any action, in any manner, in any place, or against any Person that does not comply with or is inconsistent with the provisions of the Plan.

Without limiting the effect of the foregoing upon any person, by accepting distributions pursuant to the Plan, each holder of an Allowed Claim or Interest receiving distributions pursuant to the Plan will be deemed to have specifically consented to the injunctions set forth in the Plan.

J. Retention of Jurisdiction after Confirmation and Effective Date

Under Sections 105(a) and 1142 of the Bankruptcy Code, and notwithstanding entry of the Confirmation Order and occurrence of the Effective Date, and except as otherwise ordered by the Bankruptcy Court, the Bankruptcy Court will retain exclusive jurisdiction over all matters

arising out of, and related to, the Chapter 11 Cases and the Plan to the fullest extent permitted by law, including, among other things, jurisdiction to:

- allow, disallow, determine, liquidate, classify, estimate, or establish the priority or secured or unsecured status of any Claim or Interest not otherwise Allowed under the Plan (other than personal injury or wrongful death Claims, unless agreed by the holder), including the resolution of any request for payment of any Administrative Claim and the resolution of any objections to the allowance or priority of Claims or Interests;
- hear and determine all applications for compensation and reimbursement of expenses of Professionals under the Plan or under Sections 327, 328, 330, 331, 503(b), 1103, and 1129(a)(4) of the Bankruptcy Code; *provided, however*, that from and after the Effective Date, the payment of the fees and expenses of the retained Professionals of the Reorganized Debtors will be made in the ordinary course of business and will not be subject to the approval of the Bankruptcy Court;
- hear and determine all matters with respect to the assumption or rejection of any executory contract or unexpired lease to which a Debtor is a party or with respect to which a Debtor may be liable, including, if necessary, the nature or amount of any required Cure or the liquidation or allowance of any Claims arising therefrom;
- effectuate performance of and payments under the provisions of the Plan;
- hear and determine any and all adversary proceedings, motions, applications, and contested or litigated matters arising out of, under, or related to, the Chapter 11 Cases or the Litigation Rights;
- enter such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, and other agreements or documents created in connection with the Plan, the Disclosure Statement, or the Confirmation Order;
- hear and determine any matters arising in connection with or relating to the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, or other agreement or document created in connection with the Plan, the Disclosure Statement, or the Confirmation Order;
- hear and determine disputes arising in connection with the interpretation, implementation, consummation, or enforcement of the Plan, including disputes arising under agreements, documents, or instruments executed in connection with the Plan, *provided, however*, that any dispute arising under or in connection with the Exit Facility, Term A Facility, the Term B Facility, and the New Securities will be determined in accordance with the governing law designated by the applicable document;
- consider any modifications of the Plan, cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

- issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any entity with the implementation, consummation, or enforcement of the Plan or the Confirmation Order;
- enter and implement such orders as may be necessary or appropriate if the Confirmation Order is for any reason reversed, stayed, revoked, modified, or vacated;
- enforce all orders, judgments, injunctions, releases, exculpations, indemnifications, and rulings entered in connection with the Chapter 11 Cases;
- except as otherwise limited in the Plan, recover all assets of the Debtors and property of the Estates, wherever located;
- hear and determine matters concerning state, local, and federal taxes in accordance with Sections 346, 505, and 1146 of the Bankruptcy Code;
- hear and determine all disputes involving the existence, nature, or scope of the Debtors' discharge;
- hear and determine such other matters as may be provided in the Confirmation Order or as may be authorized under, or not inconsistent with, provisions of the Bankruptcy Code; and
- enter one or more final decrees closing some or all of the Chapter 11 Cases.

If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising in, arising under, or related to the Chapter 11 Cases, including the matters set forth above, the provisions of the Plan will have no effect upon and will not control, prohibit, or limit the exercise of jurisdiction by any other court having jurisdiction with respect to such matter.

K. Miscellaneous Provisions of the Plan

1. Post-Confirmation Date Retention of Professionals

Upon the Confirmation Date, any requirement that professionals comply with Sections 327 through 331 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date will terminate, and the Reorganized Debtors may employ and pay professionals in the ordinary course of business.

2. Dissolution of Creditors Committee

On the Confirmation Date, the Creditors Committee will dissolve and its members will be released and discharged from all duties and obligations arising from or related to the Chapter 11 Cases. The Professionals retained by the Creditors Committee and the members thereof will not be entitled to compensation or reimbursement of expenses for any services rendered after the Confirmation Date, except as may be necessary to file final applications as prescribed by the Plan.

3. Confirmation of Plans for Separate Debtors

In the event the Debtors are unable to confirm the Plan with respect to all Debtors, the Debtors reserve the right, unilaterally and unconditionally, to proceed with the Plan with respect to any Debtor for which the confirmation requirements of the Bankruptcy Code are met.

4. Modifications and Amendments

The Debtors may alter, amend, or modify the Plan under Section 1127(a) of the Bankruptcy Code at any time prior to the Confirmation Date, *provided, however*, that any such alteration, amendment or modification will not be effective without the consent of the Existing Lender Agent. After the Confirmation Date and prior to substantial consummation of the Plan, as defined in Section 1101(2) of the Bankruptcy Code, the Debtors may, with the consent of the Existing Lender Agent, under Section 1127(b) of the Bankruptcy Code, institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan or the Confirmation Order, *provided, however*, that prior notice of such proceedings will be served to the extent required by the Bankruptcy Rules or order of the Bankruptcy Court.

5. Severability of Plan Provisions

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court, at the request of any Debtor, with the consent of the Existing Lenders Agent, will have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision will then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order will constitute a judicial determination and will provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms. Each of the Debtors reserves the right to sever itself from the Plan, in which event the Plan will continue as to all other non-severing Debtors.

6. Revocation, Withdrawal or Non-Consummation

The Debtors reserve the right to revoke or withdraw the Plan as to all Debtors or any one or more Debtors at any time prior to the Confirmation Date and to file subsequent plans of reorganization for all Debtors or any of the Debtors as to which the Plan is withdrawn or revoked. If the Debtors revoke or withdraw the Plan in its entirety, or if Confirmation or the Effective Date does not occur, then (a) the Plan will be null and void in all respects, (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Class of Claims), assumption or rejection of executory contracts or unexpired leases effected by the Plan, and any document or agreement executed pursuant to the Plan will be deemed null and void, and (c) nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan, will (i) constitute or be deemed to constitute a waiver or release of any Claims by or against, or any Interests in, any Debtor or any other Person, (ii) prejudice in any manner the rights of any Debtor or any Person in any further proceedings involving a Debtor, or (iii) constitute an admission of any sort by any Debtor or any other Person. A revocation or

withdrawal of the Plan as to any but not all of the Debtors will not affect the Plan as it relates to the other non-revoking or non-withdrawing Debtors.

7. Term of Injunctions or Stays

Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays provided for in the Chapter 11 Cases under Sections 105 or 362 of the Bankruptcy Code or otherwise, and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order), will remain in full force and effect until the Effective Date.

8. Service of Documents

Any pleading, notice or other document required by the Plan or Confirmation Order to be served on or delivered to the Debtors must be sent by overnight delivery service, facsimile transmission, courier service or messenger to:

Rachel Sagan
Vice President and General Counsel
FREEDOM COMMUNICATIONS HOLDINGS, INC.
17666 Fitch
Irvine, California 92614
Telephone: 949-798-3535
Facsimile: 949-789-3524

with copies to:

Robert A. Klyman
LATHAM & WATKINS LLP
355 South Grand Avenue
Los Angeles, California 90071-1560
Telephone: 213-485-1234
Facsimile: 213-891-8763

Rosalie Walker Gray
Michael J. Riela
LATHAM & WATKINS LLP
885 Third Avenue
New York, New York 10022-4834
Telephone: 212-906-1200
Facsimile: 212-751-4864

Michael R. Nestor
Kara Hammond Coyle
YOUNG CONAWAY STARGATT & TAYLOR, LLP
The Brandywine Building
1000 West Street, 17th Floor
Wilmington, Delaware 19801
Telephone: 302-571-6600
Facsimile: 302-571-1253

9. Governing Law

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules), the laws of (a) the State of Delaware will govern the construction and implementation of the Plan and (except as may be provided otherwise in any such agreements, documents, or instruments) any agreements, documents, and instruments executed in connection with the Plan and (b) the laws of the state of incorporation of each Debtor will govern corporate governance matters with respect to such Debtor; in each case without giving effect to the principles of conflicts of law thereof.

L. Additional Plan Provisions

THE FOREGOING SUMMARY OF THE PLAN CONTAINED IN THE DISCLOSURE STATEMENT IS INTENDED TO HIGHLIGHT ONLY CERTAIN PROVISIONS OF THE PLAN. IT IS NOT INTENDED TO COVER EVERY PROVISION OF THE PLAN AND IT IS NOT A SUBSTITUTE FOR A COMPLETE REVIEW OF THE PLAN ITSELF. THE SUMMARY IS QUALIFIED IN ITS ENTIRETY BY THE PROVISIONS OF THE PLAN ITSELF, WHICH PROVISIONS CONTROL IN THE EVENT OF ANY INCONSISTENCY WITH THE SUMMARY.

ARTICLE V. **REQUIREMENTS FOR CRAMDOWN OF THE PLAN**

The Bankruptcy Code provides that the Plan may be confirmed even if it is not accepted by all Impaired Classes. To confirm the Plan without the requisite number of acceptances of each Impaired Class, the Bankruptcy Court must find that at least one Impaired Class has accepted the Plan without regard to the acceptances of insiders, and the Plan does not discriminate unfairly against, and is otherwise fair and equitable, to any Impaired Class that does not accept the Plan. Accordingly, if any Impaired Class votes to reject or is deemed to reject the Plan, the Debtors will seek to confirm the Plan under the “cramdown” provisions of Section 1129(b) of the Bankruptcy Code.

The Debtors believe the Plan does not discriminate unfairly with respect to the Interests in Classes 6 and 8, which are deemed to reject the Plan. Such Classes are not entitled to payment under the absolute priority rule until all other creditors have been paid in full. Because all holders of Interests in Class 6 and 8 are similarly treated, there is no unfair discrimination with respect to such holders of Claims and Interests.

Under Section 1129(b)(2)(C) of the Bankruptcy Code, a plan is fair and equitable as to a class of equity interests that rejects a plan if the plan provides (i) that each holder of an interest included in the rejecting class receive or retain on account of that interest property that has a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled or the value of such interest or (ii) that the holder of any interest that is junior to the interests of such class will not receive or retain under the plan on account of such junior interest any property at all.

The Debtors believe that they will meet the “fair and equitable” requirements of Section 1129(b) of the Bankruptcy Code with respect to holders of Interests in Classes 6 and 8 in that no holders of junior claims or interests will receive distributions under the Plan.

The Debtors also believe that they will satisfy the requirements of Section 1129(b) of the Bankruptcy Code with respect to any Impaired Class of Claims or Interests that is entitled to vote on the Plan and votes to reject the Plan. There is no unfair discrimination with respect to any of the voting Classes.

As to Class A2, containing Existing Lender Claims, the Plan reflects the terms of the Plan Support Agreement entered into with the Consenting Lenders, and the Debtors believe that such Class will accept the Plan by the requisite majorities. As to Class A3 and the sub-classes thereof containing Other Secured Claims, the treatment options provided in the Plan satisfy the requirements of Section 1129(b)(2)(A), which are that a plan provides: (a) that the holders of secured claims retain the liens in the property securing such claims to the extent of the allowed amount of such claims, and that the holders of such claims receive on account of such claims deferred cash payments totaling at least the allowed amount of such claims, of a value, as of the effective date of the plan, of at least the value of such holders’ interest in the estate’s interest in such property, (b) for the sale of any property subject to the liens securing such claims, free and clear of such liens, with the liens attaching the proceeds of such sale, and such liened proceeds being treated either pursuant to (a) or (c), or (c) for the realization by such holders of the indubitable equivalent of such claims. In the event that any sub-class in Class A3 votes to reject the Plan, the Plan can be crammed down over that rejection.

As to Class A4, containing General Unsecured Claims against the Encumbered Debtors, the Plan satisfies the requirements of Section 1129(b)(2)(B), which are that the plan provides (a) for each holder of a claim included in the rejecting class to receive or retain on account of that claim property that has a value, as of the effective date of the plan, equal to the allowed amount of such claim or (b) that the holder of any claim or interest that is junior to the claims of such class will not receive or retain on account of such junior claim or interest any property at all. As the treatment of Class A4 and Class A7, containing Old Freedom Stock Interests, are structured, if any sub-Class within Class A4 votes to reject the Plan, there will no distribution to holders of Old Freedom Stock Interests.

As to Class A7, containing Old Freedom Stock Interests, the Plan satisfies the requirements of Section 1129(b)(2)(C), as described above in connection with Classes A6 and A8.

ARTICLE VI. **FEASIBILITY OF THE PLAN AND BEST INTERESTS TEST**

A. Feasibility of the Plan

The Bankruptcy Code requires that, for the Plan to be confirmed, the Debtors must demonstrate that consummation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors. The Debtors believe that the Debtors and/or Reorganized Debtors, as applicable, will be able to timely perform all obligations described in the Plan and, therefore, that the Plan is feasible.

To demonstrate the feasibility of the Plan, the Debtors have prepared pro forma Financial Projections for fiscal years 2010 through 2014 (the “Projections”), as set forth in Exhibit 4 to this Disclosure Statement. The Projections indicate that the Reorganized Debtors should have sufficient cash flow to pay and service their debt obligations, including the Exit Facility, the Term A Facility, and the Term B Facility, to make all payments required to be made pursuant to the Plan, and to fund their restructured operations. Accordingly, the Debtors believe that the Plan satisfies the feasibility requirement of Section 1129(a)(11) of the Bankruptcy Code. The Debtors caution that they are making no representations, and no representations can be made, as to the accuracy of the Projections or as to the Reorganized Debtors’ ability to achieve the projected results. Many of the assumptions upon which the Projections are based are subject to uncertainties outside the Debtors or Reorganized Debtors’ control. Some assumptions inevitably will not materialize, and events and circumstances occurring after the date on which the Projections were prepared may be different than those assumed or may be unanticipated and may adversely affect the Reorganized Debtors’ financial results. Therefore the actual results may vary from the Projections, and the variations may be material and adverse.

HOLDERS OF CLAIMS AND INTERESTS ARE ADVISED TO REVIEW CAREFULLY THE RISK FACTORS INCLUDED IN ARTICLE VII OF THIS DISCLOSURE STATEMENT AS THEY MAY AFFECT THE FINANCIAL FEASIBILITY OF THE PLAN.

B. Best Interests of Creditors Test

To be confirmed, the Plan must pass the “best interests of creditors” test incorporated in Section 1129(a)(7) of the Bankruptcy Code. The test applies to holders of Claims and Interests that are both (i) in Impaired Classes under the Plan, and (ii) do not vote to accept the Plan. Section 1129(a)(7) of the Bankruptcy Code requires that such holders receive or retain an amount under the Plan not less than the amount that such holders would receive or retain if the Debtors were to be liquidated under Chapter 7 of the Bankruptcy Code.

In a typical Chapter 7 case, a trustee is elected or appointed to liquidate the debtor’s assets for distribution to creditors in accordance with the priorities set forth in the Bankruptcy Code. Secured creditors generally are paid first from the sales proceeds of properties securing their liens. If any assets are remaining in the bankruptcy estates after the satisfaction of secured creditors’ claims from their collateral, administrative expense claims generally are next to receive payment. Unsecured creditors are paid from any remaining sales proceeds, according to their respective priorities. Unsecured creditors with the same priority share in proportion to the amount of their allowed claims in relationship to the total amount of allowed claims held by all unsecured creditors with the same priority. Finally, holders of interests receive the balance that remains, if any, after all creditors are paid.

The Debtors believe that the Plan meets the “best interests of creditors” test of Section 1129(a)(7) of the Bankruptcy Code because members of each Impaired Class will receive a more valuable distribution under the Plan than they would in a liquidation in a hypothetical Chapter 7 case. Creditors will receive a better recovery through the distributions contemplated by the Plan because the continued operation of the Debtors as going concerns rather than a forced liquidation will allow the realization of more value for the Debtors’ assets. Moreover, creditors such as the Debtors’ employees will retain their jobs and most likely make few if any other claims against the Estates. Lastly, in the event of liquidation, the aggregate amount of unsecured claims would

increase significantly, and such claims would be subordinated to priority claims that would be created. For example, employees will file claims for wages and other benefits, some of which would be entitled to priority. The resulting increase in both general unsecured and priority claims would decrease percentage recoveries to unsecured creditors of the Debtors. Attached as Exhibit 5 to the Disclosure Statement is a hypothetical liquidation analysis (the “Liquidation Analysis”) that shows the hypothetical distribution creditors would receive in the event the Plan is not confirmed and the Chapter 11 Cases are converted to Chapter 7 liquidations.

C. Reorganized Value Analysis

THE VALUATION INFORMATION SET FORTH IN THIS SECTION REPRESENTS A HYPOTHETICAL VALUATION OF THE REORGANIZED DEBTORS, WHICH ASSUMES THAT SUCH REORGANIZED DEBTORS CONTINUE AS AN OPERATING BUSINESS. THE ESTIMATED VALUE SET FORTH IN THIS SECTION DOES NOT PURPORT TO CONSTITUTE AN APPRAISAL OR NECESSARILY REFLECT THE ACTUAL MARKET VALUE THAT MIGHT BE REALIZED THROUGH A SALE OR LIQUIDATION OF THE REORGANIZED DEBTORS, THEIR SECURITIES OR THEIR ASSETS, WHICH VALUE MAY BE SIGNIFICANTLY HIGHER OR LOWER THAN THE ESTIMATE SET FORTH IN THIS SECTION. ACCORDINGLY, SUCH ESTIMATED VALUE IS NOT NECESSARILY INDICATIVE OF THE PRICES AT WHICH THE NEW COMMON STOCK OR OTHER SECURITIES OF THE REORGANIZED DEBTORS MAY TRADE AFTER GIVING EFFECT TO THE REORGANIZATION AND TRANSACTIONS SET FORTH IN THE PLAN, WHICH PRICES MAY BE SIGNIFICANTLY HIGHER OR LOWER THAN INDICATED BY THIS VALUATION.

The Debtors have been advised by Houlihan Lokey (“Houlihan”), their financial advisor, with respect to the total enterprise value of the Reorganized Debtors on a going-concern basis. Houlihan undertook this valuation analysis (the “Reorganized Value Analysis”), based in part on information provided by the Debtors, for the purpose of determining value available for distribution to holders of Allowed Claims and Interests pursuant to the Plan and to analyze the relative recoveries to such holders thereunder.

Attached as Exhibit 6 to this Disclosure Statement is Houlihan’s Reorganized Value Analysis. As set forth in the Reorganized Value Analysis, solely for purposes of the Plan, the estimated range of reorganization value of the Reorganized Debtors was assumed to be \$400.0 million to \$500.0 million as of June 30, 2010. Houlihan Lokey’s estimate of a range of enterprise values does not constitute an opinion as to fairness from a financial point of view of the consideration to be received under the Plan or of the terms and provisions of the Plan.

THE ESTIMATED RANGE OF THE REORGANIZATION VALUE, AS OF AN ASSUMED EFFECTIVE DATE OF JUNE 30, 2010, REFLECTS WORK PERFORMED BY HOULIHAN LOKEY ON THE BASIS OF INFORMATION IN RESPECT OF THE BUSINESSES AND ASSETS OF THE DEBTORS AVAILABLE TO HOULIHAN LOKEY AS OF OCTOBER 2009. IT SHOULD BE UNDERSTOOD THAT, ALTHOUGH SUBSEQUENT DEVELOPMENTS MAY AFFECT HOULIHAN LOKEY’S CONCLUSIONS, HOULIHAN LOKEY DOES NOT HAVE ANY OBLIGATION TO UPDATE, REVISE, OR REAFFIRM ITS ESTIMATE.

Based upon the estimated range of the reorganization value of the Reorganized Debtors of between \$400.0 million and \$500.0 million less assumed total net debt of \$310.0 million, Houlihan Lokey has estimated the range of equity value for the Reorganized Debtors between approximately \$90.0 million and \$190.0 million.

The foregoing estimate of the reorganization value of the Reorganized Debtors is based on a number of assumptions, including a successful implementation of the Debtors' business plan, the achievement of the forecasts reflected in the Projections, the restructuring of existing secured credit facilities in the form of the Term A Facility and the Term B Facility, access to the Exit Facility, the continuing leadership of the existing management team, market conditions as of October 2009 continuing through the assumed Effective Date of June 2010 or as assumed in the Projections, and the Plan becoming effective in accordance with the estimates and other assumptions discussed herein.

ARTICLE VII. **CERTAIN RISK FACTORS TO CONSIDER**

PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN, ALL IMPAIRED HOLDERS OF CLAIMS SHOULD READ AND CAREFULLY CONSIDER THE FACTORS SET FORTH BELOW, AS WELL AS ALL OTHER INFORMATION SET FORTH OR OTHERWISE REFERENCED IN THIS DISCLOSURE STATEMENT.

The following provides a summary of various important considerations and risk factors associated with the Plan. However, it is not exhaustive. In considering whether to vote for or against the Plan, holders of Claims or Interests should read and carefully consider the factors set forth below, as well as all other information set forth or otherwise referenced in this Disclosure Statement.

A. Certain Bankruptcy Law Considerations

Parties in Interest May Object To Debtors' Classification of Claims and Interests

Section 1122 of the Bankruptcy Code provides that a plan of reorganization may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests in such class. The Debtors believe that the classification of Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because the Debtors created eight classes of Claims and Interests, each encompassing Claims or Interests that are substantially similar to the other Claims or Interests in each such class.

A Delay in Plan Confirmation May Disrupt the Debtors' Operations

A prolonged confirmation process could adversely affect the Debtors' relationships with their customers, suppliers, and employees, which, in turn, could adversely affect the Debtors' competitive position, financial condition, and results of operations. Such developments could, in turn, adversely affect the price of the New Common Stock, and the value of assets available to satisfy holders of Allowed Claims or Interests.

The Debtors May Not be Able to Secure Confirmation of the Plan

There can be no assurance that the requisite acceptances to confirm the Plan will be received. Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Plan. A non-accepting creditor or interest holder might challenge the adequacy of this Disclosure Statement or the balloting procedures and results as not being in compliance with the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determined that the Disclosure Statement and the balloting procedures and results were appropriate, the Bankruptcy Court could still decline to confirm the Plan if it found that any of the statutory requirements for confirmation had not been met, including that the terms of the Plan are fair and equitable to non-accepting Classes. Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation and requires, among other things, a finding by the Bankruptcy Court that the Plan “does not unfairly discriminate” and is “fair and equitable” with respect to any non-accepting Classes, confirmation of the Plan is not likely to be followed by a liquidation or a need for further financial reorganization, and the value of distributions to non-accepting holders of claims and interests within a particular class under the Plan will not be less than the value of distributions such Holders would receive if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code. While there can be no assurance that these requirements will be met, the Debtors believe that the Plan will not be followed by a need for further financial reorganization and that non-accepting holders within each Class under the Plan will receive distributions at least as great as would be received following a liquidation under Chapter 7 of the Bankruptcy Code when taking into consideration all administrative expense claims and costs associated with any such Chapter 7 case. The Debtors believe that neither holders of unsecured Claims nor Interests would receive any distribution under either a liquidation pursuant to Chapter 7 or Chapter 11.

Confirmation of the Plan is also subject to certain conditions as described in Article IV, Section H hereof. If the Plan is not confirmed, it is unclear whether a restructuring of the Debtors could be implemented and what distributions holders of Claims or Interest ultimately would receive with respect to their Claims or Interests. If an alternative reorganization could not be agreed to, it is possible that the Debtors would have to liquidate their assets, in which case holders of Claims and Interests would receive substantially less favorable treatment than they would receive under the Plan.

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

Risk of Non-Occurrence of the Effective Date

Various conditions precedent must be satisfied before the Effective Date of the Plan can occur. Although the Debtors believe that the Effective Date may occur within 330 days after the Confirmation Date, there can be no assurance that the Effective Date will occur or as to the actual timing of the Effective Date.

Risk of Post-Effective Date Default

At the Confirmation Hearing, the Court will be required to make a judicial determination that the Plan is feasible, but that determination does not serve as any guarantee that there will not be any post-Effective Date defaults. The Debtors believe that the cash flow generated from operations and post-Effective Date borrowing will be sufficient to meet the Reorganized Debtors' operating requirements, their obligations under the Exit Facility, and other post-Effective Date obligations under the Plan.

Amount or Classification of a Claim or Interest May be Subject to Objection

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

Estimated Claim Amounts by Class May not be Accurate

There can be no assurance that the estimated Claim or Interest amounts assumed for the purposes of preparing the Plan are correct. The actual amount of Allowed Claims or Interests likely will differ in some respect from the estimates. The estimated amounts are subject to certain risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, the actual Allowed amount of Claims or Interests may vary from those estimated for the purpose of preparing the Plan. Depending on the outcome of claims objections, the estimated recovery percentages provided in this Disclosure Statement may be different than the actual recovery percentages that are realized under the Plan.

Validity of Votes Cast to Accept Plan not Affected by Contingencies

The distributions available to holders of Allowed Claims and Interests under the Plan can be affected by a variety of contingencies, including, without limitation, whether the Bankruptcy Court orders certain Claims and Interests to be subordinated to other Claims and Interests. The occurrence of any and all such contingencies which could affect distributions available to holders of Allowed Claims or Interests under the Plan, however, will not affect the validity of the vote taken by the Impaired Classes to accept or reject the Plan or require any sort of revote by the Impaired Classes.

Possible Limitations on Contract or Lease Rights and Protections

Certain parties to executory contracts or unexpired leases may assert that their contracts or leases are subject to Section 365(c) of the Bankruptcy Code and, thus, may not be assumed or assigned absent the consent of such parties. An executory contract or unexpired lease may be subject to Section 365(c) if applicable law excuses the non-debtor party from accepting performance from or rendering performance to an entity other than the debtor, whether or not such contract or lease prohibits or restricts assignment of rights or delegation of duties. In addition, a contract to make a loan or extend other debt financing or financial accommodations may be subject to Section 365(c). In addition, pursuant to Section 365(e)(2) of the Bankruptcy

Code, contracts or leases of a type subject to Section 365(c) may not be protected from termination or modification. If a party to a contract or lease successfully asserts the applicability of Section 365(c) and Section 365(e)(2), the Debtors may lose the benefit of such contract or lease, which loss may be significant depending upon the contract or lease at issue.

B. Risk Factors Associated with the Business

Impact of the U.S. Economy

The Debtors' business is vulnerable to the U.S. economy and the varying economic and business cycles of their customers.

Incurrence of Significant Losses In Recent Years

Although the restructuring providing under the Plan will improve the Debtors' balance sheet, there can be no assurance that the Reorganized Debtors will be, or of the extent to which they will be, profitable.

Reliance on Key Personnel

The Debtors' success and future prospects depend on the continued contributions of their senior management and other key employees. The Debtors current financial position makes it difficult for them to retain key employees. There can be no assurances that the Debtors would be able to find qualified replacements for these individuals if their services were no longer available. The loss of services of members of the senior management team, in particular, and other key employees could have a material adverse effect on the Debtors' business, financial condition and results of operations.

Loss of Key Customers

If some of the Debtors' existing customers ceased doing business with the Debtors, or if the Debtors were unable to generate new customers, they could experience an adverse impact on their business, financial condition and results of operations. The Debtors cannot be certain that any given customer in any given year will continue to use the Debtors' services in subsequent years. There is significant risk in concentrating their sales with these customers, including but not limited to, potential customer insolvency, cessation of business, work stoppage, or other adverse circumstances.

Digital Media Challenges

The Debtors have placed an emphasis on building their digital/online businesses. Failure to succeed in this undertaking would adversely affect their future business growth and profitability. The Debtors seek to increase their online revenues through a number of digital media initiatives, including developing digital products internally and entering into strategic partnerships with existing online businesses. While the Debtors have invested in successful internet ventures to capture some of the advertising dollars that have migrated online, retaining the Debtors' historical share of advertising revenues remains a challenge and there can be no assurances that the Debtors' digital media initiatives will be successful or result in significant online revenue growth.

Advertising and Circulation Dependencies

The Debtors' advertising revenues and, to a lesser extent, circulation revenues, are dependent on a variety of factors specific to the communities that the Debtors' publications and television stations serve. These factors include, among other things, the size and demographic characteristics of the local population, local economic conditions in general, and the related retail segments and labor markets in particular, as well as local weather conditions. Competition from other media, including other metropolitan, suburban and national newspapers, broadcasters, cable systems and networks, satellite television and radio, websites, magazines, direct marketing and solo and shared mail programs, affects, and may continue to affect, the Debtors' ability to retain advertising clients and raise rates in the future.

The advertising revenue on which the media industry is reliant is currently being driven by macroeconomic trends, including, but not limited to, the current housing downturn, declining automotive sales, a declining job market, the retail sector slowdown and a shift in advertising dollars to online media. Due to structural changes in the advertising business, and other factors including the reduced consumer spending in the current market and the tight labor market, industry-wide retail and classified advertising performance is expected to be significantly negatively impacted in 2009.

Labor Unrest

If the Reorganized Debtors experience labor unrest, their ability to produce and deliver their products could be impaired. The results of future labor negotiations could harm the Reorganized Debtors' operating results. As of October 1, 2009, approximately 1.5% of full-time and part-time employees were represented by unions. Most of the Debtors' union-represented employees are currently working under labor agreements, which expire at various times. In addition, if some or all of the Reorganized Debtors' non-union employees were to become union-represented, the Reorganized Debtors could experience an adverse impact on their business, financial condition and results of operations.

Retirement Plan Funding Obligations

The Debtors expect to continue to maintain the Retirement Plan, as described above. The Reorganized Debtors will have an obligation to continue making contributions necessary to fund the Retirement Plan. These funding obligations will vary from year to year and may be affected by various factors that will be primarily outside of the Reorganized Debtors' control, including the performance of the investments of the Retirement Plan, interest rates, and IRS funding rules. The funding obligations may result in significant costs to the Reorganized Debtors, which could have a material adverse effect on their financial condition and results of operations.

Privacy Laws

Recent public concern over methods of information gathering has led to the enactment of legislation in certain jurisdictions that restricts the collection and use of information. The Reorganized Debtors' publishing business relies in part on telemarketing and online sales, which are affected by recent "do not call" and "spam e-mail" legislation at both the federal and state levels. Further legislation, industry regulations, the issuance of judicial interpretations or a change in customs relating to the collection, management, aggregation and use of consumer

information could materially increase the cost of collecting that data, or limit the Reorganized Debtors' ability to provide that information to their customers or otherwise utilize telemarketing or online sales and could adversely affect the Reorganized Debtors' results of operations.

Cost of Newsprint

The basic raw material for newspapers and shoppers is newsprint. The Debtors' newsprint consumption related to their publications totaled approximately \$33.7 million in 2009 through the Petition Date, which was approximately 10% of total revenue of their newspaper operations. The Reorganized Debtors are unable to predict whether any price increase will take place or the amount or timing of any increase. The Reorganized Debtors inability to obtain an adequate supply of newsprint in the future or significant increases in newsprint costs could have a material adverse effect on their financial condition and results of operations.

Publishing Industry Competition

The Debtors' newspaper business is concentrated primarily in small metropolitan and suburban areas in the United States. Revenues in the newspaper industry primarily consist of advertising and paid circulation. Competition for advertising expenditures and paid circulation comes from local, regional and national newspapers, shopping guides, television, radio, direct mail, on-line services and other forms of communication and advertising media. Competition for newspaper advertising expenditures is based largely upon advertiser results, readership, advertising rates, demographics and circulation levels, while competition for circulation and readership is based largely upon the content of the newspaper, its price and the effectiveness of its distribution. The Debtors' have many competitors for advertising revenue that are larger and have greater financial and distribution resources than the Debtors. Circulation revenue and the ability to achieve price increases for print products are affected by competition from other publications and other forms of media available in various markets, declining consumer spending on discretionary items like newspapers, decreasing amounts of free time and declining frequency of regular newspaper buying among young people. The Reorganized Debtors' may incur increasing costs trying to compete for advertising expenditures and paid circulation. If the Reorganized Debtors' are not able to compete effectively for advertising expenditures and paid circulation, their revenue may decline and their financial condition and results of operations may be adversely affected.

Variability of Television Revenues

The Debtors' television stations compete for audiences and advertising revenues primarily on the basis of programming content and advertising rates. Advertising rates are set based upon a variety of factors, including a program's popularity among the advertiser's target audience, the number of advertisers competing for the available time, the size and demographic make-up of the market served and the availability of alternative advertising in the market. The Reorganized Debtors' ability to maintain market share and competitive advertising rates depends in part on audience acceptance of their network, syndicated and local programming. Changes in market demographics, the entry of competitive stations into the Reorganized Debtors' markets, the transition to Local People Meters and other methods for measuring audiences, the introduction of competitive local news or other programming by cable, satellite, Internet, telephone or wireless providers, or the adoption of competitive offerings by existing and new

providers could result in lower ratings and adversely affect the Reorganized Debtors' financial condition and results of operations.

The Debtors' revenues and results of operations are subject to seasonal, cyclical and other fluctuations that they expect to continue in future periods. In particular, the Debtors typically experience fluctuations in their revenues between even and odd numbered years. During elections for various state and national offices, which are primarily in even numbered years, advertising revenues tend to increase based on the demand for political advertising in their markets. Advertising revenues in odd numbered years tend to be less than in even numbered years due to the lack of demand for political advertising in the Debtors' markets.

New Media Technologies

The television broadcasting industry is subject to rapid technological change, evolving industry standards and the emergence of new media technologies and services. The Reorganized Debtors may not have the resources to acquire new technologies or to introduce new services that will compete effectively with these new technologies. Competition arising from new technologies or new services may have a negative effect on the television broadcasting industry or on the Reorganized Debtors.

Advances in technology may increase competition for viewers and advertisers, which could possibly have a material adverse effect on the Reorganized Debtors' operating results. For example, digital video recorders, which permit consumers to digitally record multiple hours of video programming, allow those viewers to play back that programming without watching commercial advertisement, which could reduce the willingness of advertisers to spend money on television advertising. Moreover, the development of new and additional video distribution systems can increase competition for broadcasting stations like ours by bringing into the local television market broadcasting signals and programming not otherwise available to the stations' audiences. Video compression techniques, now in use with direct broadcast satellite and cable television systems, permit greater numbers of channels to be carried within existing bandwidth and have the potential to provide vastly expanded programming to highly targeted audiences. Reduction in the cost of creating additional channel capacity could lower entry barriers for new channels and may alter the competitive dynamics for advertising expenditures.

Effect of Loss or Modification of Network Affiliation Agreements

The non-renewal, termination or modification of the network affiliation agreements for the Debtors' television stations could have a material adverse effect on the Debtors' business. The Debtor has five stations affiliated with the CBS network, two affiliated with the ABC network, and one affiliated with the CW network. In addition, the Debtors have four stations that multicast CW network programming in addition to the programming of their primary affiliated network. Each of the affiliation agreements has a stated expiration date. In the process of renewing an affiliation agreement, a network may seek changes in the economics of its agreement, including the elimination of cash compensation to the stations and/or the imposition of cash payments to the network, that could adversely affect the stations. Consequently, the Debtors' network affiliation agreements may not all remain in place on existing terms and conditions, and each network may not continue to provide programming or compensation to affiliates on the same terms as are currently in place. In the event of a loss of network

programming, the Debtor would have to find alternative sources of programming, which may be less attractive, and more expensive, and may yield lower advertising revenues.

In recent years, networks have streamed their programming on the Internet and other distribution platforms. These and other practices by the networks tend to dilute the exclusivity and value of network programming originally broadcast by local stations and could adversely affect the Debtors' business.

Effect of any Inability to Secure or Maintain Carriage of Television Signals

The ability of Debtors' television stations to generate advertising revenue is directly correlated with the number of viewers who watch those stations. Carriage of the signals of those stations on cable television, direct broadcast satellite ("DBS"), or other multichannel video distribution systems, in turn, increases the number of potential viewers. Pursuant to FCC rules, local television stations must elect every three years to either (i) require cable and/or DBS operators to carry the stations' signals, or (ii) enter into retransmission consent negotiations for carriage. Currently, the Debtors have retransmission consent agreements with the major cable operators in each of their markets and with both DBS operators, although in some cases such agreements are interim extensions of existing agreements effective while new agreements are being negotiated. If those retransmission consent agreements are terminated or not renewed, or if the signals of the Debtors' stations are distributed on less favorable terms than its competitors, the Debtors' ability to compete effectively may be adversely affected.

Effect of Regulatory Changes

The Debtors' television business is subject to extensive and changing federal regulation. Changes in current regulations or the adoption of new laws and policies could affect the Debtors' strategy, increase competition and operating costs, and adversely affect the Debtors' financial condition and operations. Among other things, the Communications Act and FCC rules and policies govern the term, renewal and transfer of the Debtors' television broadcasting licenses and limit certain concentration of media control and ownership of multiple television stations, including ownership by foreign persons and entities. Relaxation of ownership restrictions may provide a competitive advantage to those with greater financial and other resources than the Debtors. Federal law also regulates indecency on television broadcasting, political advertising availability and rates, and the amount of children's programming and advertising in children's programming.

In June 2009, the television industry transitioned from analog to digital broadcasting. Digital broadcasts are available only to those viewers who receive the broadcasts via cable or satellite delivered television systems, or who use over-the-air antennas and digital receivers or converter equipment to receive digital signals. Viewers who received analog signals over the air, and have not acquired digital receivers or converter equipment, are not able to view the programming currently broadcast on the Debtors' television stations. Because the coverage of digital broadcasting stations may not replicate the coverage of analog stations, certain former viewers of the Debtors' analog broadcast signals now may not be able to receive the digital signals.

The delivery of the signals of certain television broadcast stations (including the Debtors' stations) to viewers is subject to the terms of certain statutory copyright licenses under federal law. Certain provisions of those federal laws expire at the end of 2009, and pending legislation may alter the terms of those laws. If Congress were to pass legislation materially changing the existing regulatory scheme, or to adopt new legislation in place of existing law, the Debtors and other local broadcasters and viewers could be adversely affected.

Effect of Regulatory Ownership Restrictions

The FCC limits the number of commercial television stations an entity may own in a Designated Market Area ("DMA"). The Debtors own stations WRGB and WCWN, both in the Albany-Schenectady-Troy, New York DMA, pursuant to a waiver granted by the FCC on the basis that WCWN, when acquired by one of the Debtors in 2006, was failing financially, that no out-of-market buyer for the station was available, and that public interest benefits would result from the Debtors' ownership of the station. The transfer of control of WRGB and WCWN as contemplated by the Plan would require that a new waiver be granted by the FCC, and there can be no assurance that such a waiver will be able to be obtained.

In addition, to the extent any persons or entities which acquire "attributable" interests in the Debtors pursuant to the Plan hold "attributable" interests in other broadcast media or daily newspapers in the same markets as the Debtors' media outlets, such acquisition may violate the FCC's rules. Moreover, the direct or indirect acquisition of equity interests in the Debtors, either pursuant to the Plan or afterward, by, aliens, foreign governments or their representatives, or by corporations formed under the laws of a foreign country, may not in the aggregate exceed limits established for foreign voting and non-voting equity ownership in FCC licensees under the Communications Act. Violation of any of these restrictions on ownership could subject the Debtors and their investors to FCC enforcement action or delay in approval of the FCC application.

Effect of Inability to Renew FCC Licenses

The Debtors' television business depends upon maintaining their broadcast licenses, which are issued by the FCC. Broadcast licenses are generally granted for eight-year terms, and may be renewed upon application to the FCC for additional eight-year terms. Broadcast license renewal applications may be challenged by interested parties. The FCC has authority to renew broadcast licenses, to not renew them, or to renew them with conditions, including renewal for less than a full license term.

The main broadcast station licenses for seven of the Debtors' eight stations have expired but they are allowed to continue to operate during the pendency of their renewal applications. The license for the eighth station will expire in 2013. The FCC has informally advised the Debtors that action on the pending renewal applications for those seven stations has been delayed due to indecency complaints filed against those stations. Although the Debtors ultimately expect to renew all such licenses, there can be no assurance that the pending renewal applications, or renewal applications filed in the future, will be granted, or will be granted without significant adverse conditions or without enforcement action regarding violations of FCC rules, including with respect to alleged indecency violations. A failure to renew a license for a station would preclude the Debtors from operating that station. Because the FCC generally will not permit the

transfer of control of an FCC license for which a renewal application is pending, the transfer of control, pursuant to the Plan, of those stations for which renewal applications remain pending will require that the Debtors enter into a tolling agreement with the FCC. Under such an agreement, the FCC would agree to renew the licenses, and the Debtors would agree to remain subject to FCC enforcement action for such alleged indecency violations following the license renewal. Although the FCC routinely enters into tolling agreements with licensees, there can be no assurance that such a tolling agreement can be reached with the FCC in this or any other particular case.

C. Factors Affecting the Reorganized Debtors

Capital Requirements

The business of the Reorganized Debtors is expected to have certain capital expenditure needs. While the Debtors' Projections assume that operations and post-Effective Date borrowings will generate sufficient funds to meet capital expenditure needs for the foreseeable future, the Reorganized Debtors' ability to gain access to additional capital, if needed, cannot be assured, particularly in view of competitive factors and industry conditions.

Variances from Projections

The fundamental premise of the Plan is the de-leveraging of the Debtors and the implementation and realization of the Debtors' business plan, as reflected in the Projections contained in this Disclosure Statement. The Projections reflect numerous assumptions concerning the anticipated future performance of the Reorganized Debtors, some of which may not materialize. Such assumptions include, among other items, assumptions concerning the general economy, the ability to make necessary capital expenditures, the ability to maintain market strength, consumer preferences and the ability to increase gross margins and control future operating expenses. The Debtors believe that the assumptions underlying the Projections are reasonable. However, unanticipated events and circumstances occurring subsequent to the preparation of the Projections may affect the actual financial results of the Reorganized Debtors. Therefore, the actual results achieved throughout the periods covered by the Projections necessarily will vary from the projected results and such variations may be material and adverse.

Debt Covenants that may Restrict Reorganized Debtors' Financial and Operating Flexibility

The Exit Facility, the Term A Facility, and the Term B Facility can be expected to contain covenants, including potential restrictions on:

- indebtedness (including guarantee obligations and preferred stock of subsidiaries);
- liens;
- mergers, consolidations, liquidations and dissolutions;
- sales of assets;
- payment of restricted payments (including dividends and other payments in respect of capital stock);
- investments (including acquisitions), loans and advances;
- sale and leaseback transactions;
- swap agreements;

- optional payments and modifications of subordinated debt and certain other debt;
- transactions with affiliates;
- changes in fiscal year;
- negative pledge clauses and other restrictive agreements; and
- amendment of material documents.

The terms of any such these covenants have not yet been negotiated.

Litigation and Claims

From time to time, the Debtors are subject to claims or litigation incidental to their business. The Debtors were party to a various prepetition litigation including a class action lawsuit asserting failure to pay to newspaper carriers proper wages, overtime, and expenses under certain California labor laws and wage orders. During the class action trial, the parties negotiated and reached a settlement of the lawsuit. That settlement and other litigation matters have been nullified through the Chapter 11 process. As a result, those claims or similar claims may be reasserted against the Debtors.

Future Business Performance

The Debtors' future business performance is subject to business, economic, legislative, and competitive risks and uncertainties. Such uncertainties and other factors include approval by the Bankruptcy Court of the Plan and potential objections of third parties. Uncertainties also include, but are not limited to: (i) general economic and political conditions and the cyclicity of the newspaper, television, and interactive media industry; (ii) competitive conditions in the newspaper, television, and interactive media industry; (iii) the Debtors' ability to implement cost reductions, efficiencies and other improvements in their businesses; (iv) the Debtors' ability to fund capital expenditure requirements needed to maintain competitive position; (v) the effect of U.S. governmental policies and regulations related to the Debtors' businesses; (vi) compliance with environmental, health and safety laws and regulations; (vii) changes in relationships with large customers; (viii) business-related difficulties of the Debtors' customers; and (ix) the effects of the Chapter 11 process on the Debtors' ability to attract and retain key management personnel.

Assumptions Regarding Value of Debtors' Assets

It has been assumed in the preparation of the Plan that the value of the Debtors' assets described in the Reorganized Value Analysis generally approximates the fair value thereof, except for specific adjustments discussed in the notes thereto. For financial reporting purposes, the fair value of the assets of the Debtors (including deferred tax assets) must be determined as of the Effective Date. Although such valuation is not presently expected to result in values that are materially different than the values assumed in the preparation of the Plan, there can be no assurance with respect thereto.

Leverage, Liquidity, and Capital Requirements

In addition to Cash generated by operations, the Reorganized Debtors' principal source of liquidity following their emergence from bankruptcy will be the Exit Facility. After the Effective Date of the Plan, the Reorganized Debtors will face liquidity requirements, including working capital requirements and repayment of the Reorganized Debtors' obligations under the

Exit Facility. While the Debtors believe that they will have adequate liquidity to meet requirements following the Effective Date of the Plan, no assurances can be made in this regard. Furthermore, the ability of the Reorganized Debtors to gain access to additional capital if needed, whether through equity offerings or debt financing, cannot be assured. Any inability of the Reorganized Debtors to service their indebtedness, obtain additional financing, as needed, or comply with the financial covenants contained in the debt instruments issued pursuant to the Plan could have a material adverse effect on the Reorganized Debtors.

D. Factors Affecting the Value of Securities to be Issued under the Plan

Achievement of Projected Financial Results

The Reorganized Debtors may not be able to meet their projected financial results or achieve the revenue or cash flow that they have assumed in projecting future business prospects. If the Reorganized Debtors do not achieve these projected revenue or cash flow levels, they may lack sufficient liquidity to continue operating as planned after the Effective Date. The Projections represent the Debtors' view based on current known facts and hypothetical assumptions about the Reorganized Debtors' future operations. However, the Projections set forth herein do not guarantee the Reorganized Debtors' future financial performance.

Post-Reorganization Debt Obligations and Finance All Operating Expenses, Working Capital Needs and Capital Expenditures

To the extent the Reorganized Debtors are unable to meet their projected financial results or achieve projected revenues and cash flows, the Reorganized Debtors may be unable to service their debt obligations as they come due or to meet the Reorganized Debtors' operational needs. Such a failure may preclude the Reorganized Debtors from developing or enhancing their products and services, taking advantage of future opportunities, growing their business or responding to competitive pressures.

There May be No Market for New Common Stock

As described in more detail in Article VIII of this Disclosure Statement, the New Common Stock to be issued under the Plan has not been registered under the Securities Act, any state securities laws or the laws of any other jurisdiction. Absent such registration, and subject to the provisions of the New Stockholders Agreement restricting the trade of New Common Stock, the New Common Stock may be offered or sold only in transactions that are not subject to or that are exempt from the registration requirements of the Securities Act and other applicable securities laws.

The valuation of the Reorganized Debtors could be adversely impacted over time if the Reorganized Debtors' business plan does not meet expectations or if factors beyond the Reorganized Debtors' control materialize.

The shares of New Common Stock are a new issuance of Freedom securities with no established trading market. The New Common Stock will not be listed for trading on any national securities exchange, automated quotation service or over-the-counter trading markets, and it is unlikely that an active trading market will develop or be sustained for the New Common

Stock. If no active trading market develops, stockholders may not be able to resell their shares of New Common Stock at their fair market value or at all.

New Common Stock May be Subject to Restrictions Resulting from New Stockholders Agreement

The shares of New Common Stock will be subject to the terms and restrictions of the New Stockholders Agreement which will contain certain terms and restrictions that may adversely affect the rights of holders of New Common Stock and could adversely affect the price, value and liquidity of the New Common Stock. All holders of Claims and Interests receiving New Common Stock under the Plan, by acceptance of such newly issued shares, will be bound by the terms of the New Stockholders Agreement to the maximum extent permitted by applicable law, including the Bankruptcy Code. The New Stockholders Agreement may provide for, among other things, (i) approval rights regarding certain significant transactions involving Reorganized Freedom Holdings, (ii) “drag along” and/or “tag along” rights triggered upon certain sales or dispositions of the capital stock of Reorganized Freedom Holdings, pursuant to which holders may be required to sell all their shares of New Common Stock and/or entitled to sell all or a portion of their New Common Stock and (iii) other terms, conditions and restrictions of the type included in stockholders’ agreements.

E. Accuracy of Information; Disclaimer

The statements contained in this Disclosure Statement are made by the Debtors as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has not been a change since that date in the information set forth herein. The Debtors may subsequently update the information in this Disclosure Statement, but they have no duty to update this Disclosure Statement unless ordered to do so by the Court. Further, the pro forma and prospective financial information contained herein, unless otherwise expressly indicated, is unaudited. Finally, neither the SEC nor any other governmental authority has passed upon the accuracy or adequacy of this Disclosure Statement, the Exhibits hereto, the documents incorporated by reference herein, the Plan or any Exhibits thereto.

Although the Debtors have used their reasonable best efforts to ensure the accuracy of the financial information provided in this Disclosure Statement, much of the financial information contained in the Disclosure Statement came from parties other than the Debtors, and some of the financial information contained in this Disclosure Statement has not been audited and is based upon an analysis of data available at the time of the preparation of the Plan and this Disclosure Statement. While the Debtors believe that such financial information fairly reflects the financial condition of the Debtors, the Debtors are unable to warrant or represent that the information contained herein and attached hereto is complete and without inaccuracies.

THESE RISK FACTORS CONTAIN CERTAIN STATEMENTS THAT ARE “FORWARD LOOKING STATEMENTS” WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. THESE STATEMENTS ARE SUBJECT TO A NUMBER OF ASSUMPTIONS, RISKS AND UNCERTAINTIES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE DEBTORS, INCLUDING THE IMPLEMENTATION OF THE PLAN, THE CONTINUING AVAILABILITY OF SUFFICIENT BORROWING CAPACITY OR OTHER FINANCING TO FUND OPERATIONS, CURRENCY EXCHANGE RATE FLUCTUATIONS, TERRORIST ACTIONS OR ACTS OF WAR, OPERATING

EFFICIENCIES, LABOR RELATIONS, ACTIONS OF GOVERNMENTAL BODIES AND OTHER MARKET AND COMPETITIVE CONDITIONS. HOLDERS OF CLAIMS AND INTERESTS ARE CAUTIONED THAT THE FORWARD LOOKING STATEMENTS SPEAK AS OF THE DATE MADE AND ARE NOT GUARANTEES OF FUTURE PERFORMANCE. ACTUAL RESULTS OR DEVELOPMENTS MAY DIFFER MATERIALLY FROM THE EXPECTATIONS EXPRESSED OR IMPLIED IN THE FORWARD LOOKING STATEMENTS AND THE DEBTORS UNDERTAKE NO OBLIGATION TO UPDATE ANY SUCH STATEMENTS.

ARTICLE VIII.
CERTAIN SECURITIES LAW MATTERS

A. Issuance of New Common Stock and New Warrants

Section 1145(a)(1) of the Bankruptcy Code exempts the offer and sale of securities under a plan of reorganization from registration under Section 5 of the Securities Act of 1933 (the “Securities Act”) and state laws if three principal requirements are satisfied: (i) the securities must be offered and sold under a plan of reorganization and must be securities of the debtor, of an affiliate participating in a joint plan with the debtor, or of a successor to the debtor under the plan; (ii) the recipients of the securities must hold prepetition or administrative expense claims against the debtor or interests in the debtor; and (iii) the securities must be issued entirely in exchange for the recipient’s claim against or interest in the debtor, or principally in exchange for such claims or interests and partly for cash or property. Except as noted below, the Debtors believe that the offer and sale of the New Common Stock and the distribution of the New Warrants under the Plan to holders satisfies the requirements of Section 1145(a)(1) of the Bankruptcy Code and are, therefore, exempt from registration under the Securities Act and state securities laws.

B. New Stockholders Agreement

The Plan provides for each holder of New Common Stock to be deemed to enter into the New Stockholders Agreement on terms and conditions reasonably acceptable to the Consenting Lenders and the Debtors. Those terms may include, without limitation, customary “drag along” and “tag along” rights, limitations on sale or transferability, and the right to vote on certain non-ordinary course transactions, such as (a) any authorization of, or increase in the number of authorized shares of, any class of capital stock ranking pari passu with or senior to the New Common Stock as to dividends or liquidation preference, including additional New Common Stock; (b) any amendment to Reorganized Holding’s certificate of incorporation or by-laws; (c) any amendment to any shareholders or comparable agreement; (d) any sale, lease or other disposition of all or substantially all of the assets of Reorganized Holdings through one or more transactions; (e) any recapitalization, reorganization, consolidation or merger of Reorganized Holdings; (f) to the extent that holders of Class A Common Stock have the right to vote thereon, any issuance or entry into an agreement for the issuance of capital stock (or any options or other securities convertible into capital stock) of Reorganized Holdings, except as may be provided for under the New Equity Incentive Plan or any other management incentive plan; and (g) if applicable, any redemption, purchase or other acquisition by Reorganized Holdings of any of its capital stock (except for purchases from employees upon termination of employment).

The New Stockholders Agreement will be included in the Plan Supplement.

C. Transferability of New Common Stock

Apart from any provisions in the New Stockholders Agreement preventing transferability of the New Common Stock, such stock may be freely transferred by most recipients following initial issuance under the Plan provided that such transfer complies with federal and state securities laws. The Debtors make no representation concerning the right of any person to trade in the New Common Stock, the New Warrants or other securities. The Debtors recommend that potential recipients of the New Common Stock, the New Warrants or other securities consult their own counsel concerning whether they may freely trade New Common Stock, the New Warrants or any other securities without compliance with the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, or any other federal or state securities laws.

ARTICLE IX. **MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES**

A. Introduction

The following summarizes certain material U.S. federal income tax consequences expected to result from the consummation of the Plan as they relate to the Debtors and to beneficial owners of Claims and Interests (each a “Holder”) entitled to vote on the Plan. This summary is intended for general information purposes only, is not a complete analysis of all potential U.S. federal income tax consequences that may be relevant to any particular Holder and does not address any tax consequences arising under any state, local or foreign tax laws or federal estate or gift tax laws.

This discussion is based on the Internal Revenue Code of 1986, as amended (the “Tax Code”), Treasury Regulations promulgated thereunder, judicial decisions and published rulings and administrative pronouncements of the Internal Revenue Service (the “IRS”), all as in effect on the date of this Disclosure Statement. These authorities may change, possibly with retroactive effect, resulting in U.S. federal income tax consequences different from those discussed below. No ruling has been or will be sought from the IRS, and no legal opinion of counsel will be rendered, with respect to the matters discussed below. There can be no assurance that the IRS will not take a contrary position regarding the U.S. federal income tax consequences resulting from the consummation of the Plan or that any contrary position would not be sustained by a court.

This discussion assumes that Holders have held Claims and Interests as “capital assets” within the meaning of Section 1221 of the Tax Code (generally, property held for investment) and will hold, as applicable, the Term A Obligations, the Term B Obligations (together with the Term A Obligations, the “New Term Obligations”), the New Common Stock and the New Warrants (together with the New Common Stock, the “New Equity”) as capital assets. In addition, this discussion assumes that the Claims and the New Term Obligations constitute debt for U.S. federal tax purposes.

This summary does not address Holders of Intercompany Claims against the Encumbered Debtors (Class A5). This summary assumes that any Unsecured Compensation transferred to Holders of General Unsecured Claims against the Encumbered Debtors (Class A4) and any New Equity transferred to Holders of Old Freedom Stock Interests (Class A7) will for U.S. federal income tax purposes be regarded as having been distributed to such Holders directly from the

Debtors in respect of such Claims and Interests, and not as having been transferred to such Holders by the Holders of Existing Lender Secured Claims.

This summary does not apply to Holders that are not U.S. persons for U.S. federal income tax purposes. Moreover, this summary does not address all of the U.S. federal income tax considerations that may be relevant to a particular Holder in light of that Holder's particular circumstances or to Holders otherwise subject to special treatment under U.S. federal income tax law (including, for example, banks, governmental authorities or agencies, financial institutions, insurance companies, pass through entities, tax-exempt organizations, brokers and dealers in securities, mutual funds, small business investment companies, regulated investment companies and Holders that received Interests in connection with the performance of services).

Holders should consult their tax advisors regarding the U.S. federal income tax consequences of the consummation of the Plan and the ownership and disposition of the New Term Obligations and the New Equity received pursuant to the Plan, as well as any tax consequences arising under any state, local or foreign tax laws, or any other U.S. federal tax laws.

THE FOLLOWING SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF AN ALLOWED CLAIM. ALL HOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PLAN. NEITHER THE DEBTORS NOR THEIR PROFESSIONALS WILL HAVE ANY LIABILITY TO ANY PERSON OR HOLDER ARISING FROM OR RELATED TO THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PLAN OR THE DISCUSSION BELOW.

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

B. U.S. Federal Income Tax Consequences to the Debtors

Many of the Debtors are members of a consolidated group of corporations for U.S. federal income tax purposes, of which Freedom Holdings is the common parent (the "group"). For the taxable year ended December 31, 2008, the group reported on its U.S. federal income tax return approximately \$93 million of consolidated net operating losses ("NOLs"), of which approximately \$9 million of such NOLs were carried forward. The group expects to report additional NOLs in its taxable years ended December 31, 2009 and December 31, 2010. Any such NOLs, however, are subject to audit and possible challenge by the IRS and thus may

ultimately vary from any specific amounts claimed. In any event, as described below, as a result of the application of section 108(b) of the Tax Code, the Debtors believe that all of their NOLs (and certain other losses, credits and carryforwards, if any) will be effectively eliminated after consummation of the Plan.

1. Cancellation of Indebtedness and Reduction of Attributes

The discharge of a debt obligation for an amount less than the remaining amount due on the obligation (as determined for U.S. federal income tax purposes) generally will give rise to cancellation of indebtedness (“COD”) income that must be included in the debtor’s taxable income, subject to certain exceptions. In particular, under Section 108 of the Tax Code, COD income will not be included in a debtor’s income if the discharge of the debt obligation occurs in a case brought under the Bankruptcy Code, the debtor is under the court’s jurisdiction in such case and the discharge is granted by the court or is pursuant to a plan approved by the court (the “Bankruptcy Exception”). The Debtors expect that the consummation of the Plan will produce a significant amount of COD income. Because the cancellation of the Debtors’ indebtedness will occur in a case brought under the Bankruptcy Code, the Debtors will be under the jurisdiction of the court in such case and the cancellation of the Claims will be pursuant to the Plan, the Debtors will not be required to include any COD income realized as a result of the implementation of the Plan in taxable income under the Bankruptcy Exception.

Under the Tax Code, a debtor that excludes COD income from taxable income under the Bankruptcy Exception generally must reduce certain tax attributes by a corresponding amount. Attributes subject to reduction include consolidated attributes (such as NOLs, NOL carryforwards and certain other losses, credits and carryforwards) attributable to the debtor, attributes that arose in separate return limitation years of the debtor and the debtor’s tax basis in its assets (including stock of subsidiaries). A debtor’s tax basis in its assets generally may not be reduced below the amount of its liabilities remaining immediately after the discharge of indebtedness. If the debtor is a member of a consolidated group and reduces its basis in the stock of another group member, a “look-through rule” requires a corresponding reduction in the tax attributes of the lower-tier member. NOLs for the taxable year of the discharge and then NOL carryforwards to such year generally are the first attributes subject to reduction. However, a debtor may elect under Section 108(b)(5) of the Tax Code (the “Section 108(b)(5) Election”) to reduce its basis in its depreciable property first. If the debtor is a member of a consolidated group, the debtor may treat stock in another group member as depreciable property for purposes of the Section 108(b)(5) Election, provided the lower-tier member consents to a corresponding reduction in its basis in its depreciable property. If a debtor makes a Section 108(b)(5) Election, the limitation on reducing the debtor’s basis in its assets below the amount of its remaining liabilities does not apply. The Debtors have not yet determined whether they will make the Section 108(b)(5) Election. The Debtors expect that attribute reduction required by reason of COD income produced pursuant to consummation of the Plan will effectively eliminate NOL carryforwards otherwise available to the group. However, the precise effect of the attribute reduction rules on all of the tax attributes of the Debtors is uncertain because, among other things, it will depend on the amount of COD income realized by the Debtors.

Under newly enacted Section 108(i) of the Tax Code, the Debtors can, in certain circumstances, elect to defer rather than exclude COD income from taxable income. Deferred COD income under this rule would be included in the Debtors’ taxable income ratably over the five taxable-year period starting in 2014. This election is irrevocable. Under this deferral regime,

the Debtors would not be required to reduce any of its tax attributes but would have taxable COD income in future years. The Debtors do not expect to make this election.

2. Section 382 Limitation on NOLs

Section 382 of the Tax Code generally imposes an annual limitation on the use of NOLs (and certain other tax attributes) if a corporation or a consolidated group with NOLs (a “loss corporation”) undergoes an “ownership change.” In general, an ownership change occurs if the percentage of the value of the loss corporation’s stock (including the parent corporation in a consolidated group) owned by one or more direct or indirect “five-percent shareholders” increases by more than fifty percentage points over the lowest percentage of value owned by the five-percent shareholders at any time during the applicable testing period. The testing period generally is the shorter of (i) the three-year period preceding the testing date or (ii) the period of time since the most recent ownership change of the corporation. The Debtors expect that the consummation of the Plan will result in an ownership change on the Effective Date.

In general, the amount of the annual limitation on a loss corporation’s use of its pre-ownership change NOLs (and certain other tax attributes) is equal to the product of the long-term tax-exempt rate (as published by the IRS for the month in which the ownership change occurs, which rate is 4.48% for October 2009) and the value of the loss corporation’s outstanding stock immediately before the ownership change.

Unless a debtor corporation in a bankruptcy case elects otherwise, however, a special exception under Section 382(l)(5) of the Tax Code will prevent application of the annual limitation provided that at least fifty percent of the stock of the debtor (or stock of a controlling corporation if that corporation is also in bankruptcy) is owned by the shareholders and “old and cold” creditors of the debtor immediately following the reorganization and as a result of being shareholders or creditors immediately before such reorganization (the “Section 382(l)(5) Exception”). Under this rule, NOL carryforwards would be subject to a one-time reduction for any deductions with respect to debt converted into stock in the bankruptcy reorganization relating to interest paid or accrued during the three taxable years preceding the year in which the ownership change occurs and the portion of the taxable year preceding and including the effective date of the bankruptcy reorganization. A second ownership change within two years following the first ownership change would eliminate the debtor’s ability to utilize any pre-ownership change NOLs for any taxable year ending after the second ownership change.

An “old and cold” creditor is a creditor that has held the debt of the debtor for at least eighteen months prior to the date of the filing of the case or that has held “ordinary course indebtedness” at all times it has been outstanding. However, any debt owned immediately before an ownership change by a creditor that does not become a direct or indirect five-percent shareholder of the reorganized debtor generally will be treated as always having been owned by such creditor, except in the case of any creditor whose participation in formulating the plan of reorganization makes evident to the debtor that such creditor has not owned the debt for the requisite period. Because it is uncertain whether a sufficient number of the holders of the Existing Lender Secured Claims as of the Effective Date will satisfy the holding requirements to be considered as “old and cold” creditors, it is unclear whether the Debtors will be eligible to utilize the Section 382(l)(5) Exception. Even if the Debtors were eligible to utilize the Section 382(l)(5) Exception, however, application of the exception would require the Debtors to significantly reduce their NOLs (if any NOLs would otherwise be available taking into account

the attribute reduction rules described above) because of interest deductions taken by Debtors with respect to the Existing Lender Secured Claims.

A debtor may elect not to apply Section 382(l)(5) of the Tax Code to an ownership change that otherwise satisfies its requirements. This election must be made on the debtor's U.S. federal income tax return for the taxable year in which the ownership change occurs.

If a debtor elects not to apply, or does not satisfy the requirements of, Section 382(l)(5) of the Tax Code, Section 382(l)(6) of the Tax Code will apply. Section 382(l)(6) of the Tax Code requires no reduction of the debtor corporation's pre-ownership change NOLs as required by Section 382(l)(5) of the Tax Code but imposes an annual limitation on a loss corporation's use of its pre-ownership change NOLs (and certain other tax attributes), although relief is provided in the form of an increased annual limitation. Specifically, Section 382(l)(6) of the Tax Code provides that the value of the loss corporation's outstanding stock for purposes of computing the annual limitation will be increased to reflect the cancellation of indebtedness in the bankruptcy case (but the value of such stock as adjusted may not exceed the value of the debtor's gross assets immediately before the ownership change (subject to certain adjustments)). The foregoing rules regarding the annual limitation in the event that Section 382(l)(6) of the Tax Code applies are subject to modifications. First, if the Debtors have a net unrealized built-in gain ("NUBIG") at the time of the ownership change (subject to a *de minimis* threshold), the amount of such built-in gain recognized during the five-year period following the ownership change will increase the amount of the taxable income that may be offset by pre-ownership change losses. Second, if the Debtors have a net unrealized built-in loss ("NUBIL") at the time of the ownership change (subject to a *de minimis* threshold), certain built-in losses recognized during the five-year period following the ownership change will generally be subject to the annual limitation in the same manner as pre-change losses. Whether the Debtors are in a NUBIG or NUBIL position will depend in part on the fair market value of the Debtors' assets immediately before the ownership change date. This value cannot be known with certainty until the Effective Date.

The Debtors do not expect to benefit from pre-ownership change NOL carryforwards following the consummation of the Plan because of the attribute reduction required in connection with the COD income produced pursuant to the consummation of the Plan. In addition, as described above, a Debtor will be required to reduce its tax basis in its assets (but not below the amount of its liabilities remaining immediately after the consummation of the Plan) to the extent that its COD income (including as a result of the application of the look-through rules) exceeds the amount of NOLs and any other losses, credits and carryovers so reduced (subject to certain modifications).

3. Alternative Minimum Tax

In general, an alternative minimum tax ("AMT") is imposed on a corporation's alternative minimum taxable income at a 20% tax rate to the extent such tax exceeds the corporation's regular U.S. federal income tax for the taxable year. For purposes of computing taxable income for AMT purposes, certain tax deductions and other beneficial allowances are modified or eliminated. For example, a corporation is generally not allowed to offset more than 90% of its taxable income for AMT purposes by available NOL carryforwards (as computed for AMT purposes). Accordingly, for tax periods after the Effective Date, the Reorganized Debtors may have to pay AMT regardless of whether they generate non-AMT NOLs or have sufficient non-AMT NOL carryforwards to offset regular taxable income for such periods.

In addition, if a corporation (or consolidated group) undergoes an ownership change within the meaning of Section 382 of the Tax Code and is in a NUBIL position (as determined for AMT purposes) on the date of the ownership change, the corporation's (or consolidated group's) aggregate tax basis in its assets would be reduced for certain AMT purposes to reflect the fair market value of such assets as of the ownership change date.

Subject to certain limitations, any AMT that a corporation pays will be allowed as a nonrefundable credit against its regular U.S. federal income tax liability in future taxable years when the corporation is no longer subject to AMT.

C. U.S. Federal Income Tax Consequences to Holders of Certain Claims and Interests

The U.S. federal income tax consequences of the transactions contemplated by the Plan to Holders (including the character, timing and amount of income, gain or loss recognized) will depend significantly on such Holder's individual circumstances. Therefore, Holders should consult their tax advisors to determine the particular tax consequences to them of the transactions contemplated by the Plan. This discussion assumes that Holders have not taken bad debt deductions with respect to Claims or worthless stock deductions with respect to Old Freedom Stock Interests (or any portion thereof) in the current or any prior year.

1. Allocation of Payments Between Principal and Interest

To the extent that any Claim entitled to a distribution under the Plan is composed of indebtedness and accrued but unpaid interest thereon, the Debtors intend to take the position, and the Plan provides, that, for U.S. federal income tax purposes, such distribution should be allocated to the principal amount of the Claim first and then, to the extent the consideration exceeds the principal amount of the Claim, to the portion of such Claim representing accrued but unpaid interest. The IRS, however, may take a contrary position and therefore no assurance can be made in this regard. If, contrary to the Debtors' intended position, such a distribution were treated as being allocated first to accrued but unpaid interest (or if the consideration received by any Holder exceeds the principal amount of the Claim surrendered in exchange therefor), a Holder of such a Claim would realize ordinary income with respect to the distribution in an amount equal to the accrued but unpaid interest not already taken into income under the Holder's method of accounting, regardless of whether the Holder otherwise realizes a loss as a result of the Plan. A Holder of a Claim should also recognize ordinary income on the exchange (but not in excess of the amount of gain recognized, as described below) to the extent of accrued market discount not previously included in income.

2. Holders of Existing Lender Secured Claims

(a) Exchange of Existing Lender Secured Claims for New Term Obligations, New Common Stock and Cash

The U.S. federal income tax consequences of the Plan to Holders of Existing Lender Secured Claims in Class A2 depend, in part, on whether such Claims constitute "securities" for U.S. federal income tax purposes. The term "security" is not defined in the Tax Code or in the Treasury Regulations issued thereunder and has not been clearly defined by judicial decisions. The determination of whether a particular debt constitutes a security depends on an overall evaluation of the nature of the debt, with the term of the obligation usually regarded as one of the

most significant factors. In general, debt obligations issued with a term of five years or less have generally not qualified as securities, whereas debt obligations with a term of ten years or more generally have qualified as securities. Another important factor in determining whether a debt obligation is a security is the extent to which the obligation is subordinated to other liabilities of the issuer. Generally, the more senior the debt obligation, the less likely it is to be a security.

Although the matter is not free from doubt, the Debtors intend to take the position that the Existing Lender Secured Claims and the New Term Obligations do not constitute securities for U.S. federal income tax purposes. Under this position, Holders of Existing Lender Secured Claims and/or New Term Obligations should, except as described in the next sentence, generally recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between (1) the sum of the issue price of any New Term Obligations and the fair market value of any New Common Stock, in each case determined as of the Effective Date, and the amount of Cash received in respect of an Existing Lender Secured Claim and (2) the Holder's adjusted tax basis in the Existing Lender Secured Claim. A Holder should, however, recognize ordinary income to the extent it receives New Term Obligations, New Common Stock or Cash in respect of accrued interest or accrued market discount that have not already been included in income under the Holder's method of accounting (as described above under "Allocation of Payments Between Principal and Interest"). Conversely, a Holder would generally recognize a deductible loss to the extent any accrued interest or accrued market discount was previously included under such Holder's method of accounting and is not paid in full. A Holder's aggregate tax basis in any New Term Obligation or New Common Stock received in respect of an Existing Lender Secured Claim should generally be equal to the issue price of such New Term Obligation or the fair market value of such New Common Stock (in either case, as of the Effective Date). The holding period for any New Term Obligation or New Common Stock received pursuant to the Plan should begin on the day after the Effective Date.

The issue price of a debt instrument issued in exchange for another debt instrument depends on whether either debt instrument is considered publicly traded for purposes of the "original issue discount" rules at any time during the sixty-day period ending thirty days after the issue date. If neither debt instrument is publicly traded, the issue price of the new debt instrument will be its stated principal amount if the new debt instrument provides for adequate stated interest (*i.e.*, interest at least at the applicable federal rate as of the issue date), or will be its imputed principal amount if the instrument does not provide for adequate stated interest. If the new debt instrument is publicly traded, its issue price generally will be its fair market value on the issue date. If the old debt instrument is publicly traded, but the new debt instrument is not, the issue price of the new debt instrument generally will be the fair market value of the old debt instrument on the exchange date less the fair market value of the portion of the old debt instrument allocable to any other property received in the exchange.

A debt instrument will be considered to be publicly traded if certain pricing information related to the instrument is generally available on a quotation medium or readily available from dealers, broker or traders. At this time, the Debtors cannot predict whether the Existing Lender Secured Claims or the New Term Obligations will be publicly traded during the relevant period.

If, contrary to the Debtors' intended position, the Existing Lender Secured Claims were treated as "securities" and the exchange of Existing Lender Secured Claims were treated as occurring pursuant to a "reorganization," then the tax consequences to Holders of Existing Lender Secured Claims could differ materially from those described above, including that

Holders of Existing Lender Secured Claims would recognize gain, but not loss, in connection with the exchange to the extent required under applicable rules governing reorganizations.

Holders of Existing Lender Secured Claims should consult their tax advisors regarding the possibility the transaction will be treated as a “reorganization” and the character of any gain or loss as long-term or short-term capital gain or loss, or as ordinary income or loss, as its character will be determined by a number of factors, including (but not limited to) the tax status of the Holder, whether the Existing Lender Secured Claims have been held for more than one year, whether the Existing Lender Secured Claims have bond premium or market discount and whether and to what extent the Holder previously claimed a bad debt deduction with respect to the Existing Lender Secured Claims. Holders should also consult their tax advisors regarding the applicable tax rates and netting rules for capital gains and losses, and as to whether any resulting gain recognition may be deferred under the installment method until principal is repaid on the New Term Obligations. There are limitations on the deduction of capital losses by both corporate and noncorporate taxpayers.

(b) New Term Obligations

Interest and Original Issue Discount. A New Term Obligation generally would be treated as issued with “original issue discount” (“OID”) if the principal amount of the New Term Obligation plus all scheduled interest payments thereon, other than payments of “qualified stated interest,” exceeds the “issue price” of the New Term Obligation by more than a *de minimis* amount. The issue price of the New Term Obligations will be determined as discussed above under “Exchange of Existing Lender Secured Claims for New Term Obligations, New Common Stock and Cash.” Generally, “qualified stated interest” is stated interest that is unconditionally payable in cash or in property (other than debt instruments of the issuer) at least annually at a single fixed rate.

The amount of OID includible in gross income annually by a Holder of the New Term Obligation will be the sum of the daily portions of OID with respect to the New Term Obligation for each day during the taxable year (or portion thereof) during which the Holder holds the New Term Obligation. The daily portion is determined by allocating to each day of any accrual period a pro rata portion of the OID that accrued during the period. The accrual period of the New Term Obligation may be of any length and may vary in length over the term of the New Term Obligation, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the first or last day of an accrual period. The amount of OID allocable to any accrual period will be an amount equal to the product of the New Term Obligation’s adjusted issue price at the beginning of the accrual period and its yield to maturity, less any qualified stated interest allocable to the accrual period (determined on a constant yield method, compounded at the close of each accrual period and properly adjusted for the length of the accrual period). The adjusted issue price of the New Term Obligation at the beginning of any accrual period will be the issue price of the New Term Obligation *plus* the aggregate amount of accrued OID for all prior accrual periods *minus* any payments previously made on the New Term Obligation other than payments of qualified stated interest. Under these rules, a Holder will have to include an increasingly greater amount of OID in income in each successive accrual period.

A Holder’s tax basis in the New Term Obligation will be increased by the amount of OID included in the Holder’s gross income and will be decreased by the amount of any payments

received by the Holder with respect to the New Term Obligation other than payments of qualified stated interest.

Payments of stated interest on the Term A Obligations will constitute payments of qualified stated interest and generally will be taxable to Holders as ordinary income at the time the payments are received or accrued, in accordance with the Holder's method of tax accounting. Whether the Term A Obligations are issued with OID will depend on the issue price of the Term A Obligations.

Because interest on the Term B Obligations will not be unconditionally payable in cash currently on an annual basis, none of the interest on the Term B Obligations will be qualified stated interest. Accordingly, the Term B Obligations should be issued with OID, in which case a Holder of a Term B Obligation will, as described above, be required to include OID in gross income annually on a constant yield basis in advance of the receipt of cash attributable to that income, regardless of the Holder's regular method of tax accounting. However, a Holder generally will not be required to include separately in income cash payments received on the Term B Obligations to the extent the payments constitute payments of previously accrued OID.

Amortizable Bond Premium. To the extent a Holder's initial tax basis in a New Term Obligation is greater than the sum of all amounts payable on the New Term Obligation, other than payments of qualified stated interest, the Holder generally will be considered to have acquired the New Term Obligation with amortizable bond premium (and the New Term Obligation would not have any OID). Generally, a holder that acquires a debt obligation at a premium may elect to amortize bond premium from the acquisition date to the debt's maturity date under a constant yield method. Once made, this election applies to all debt obligations held or subsequently acquired by the holder on or after the first day of the first taxable year to which the election applies and may not be revoked without the consent of the IRS. The amount amortized in any taxable year generally is treated as an offset to payments of qualified stated interest on the related debt obligation.

Sale, Retirement or Other Taxable Disposition. A Holder of a New Term Obligation will recognize gain or loss upon the sale, redemption, retirement or other taxable disposition of the New Term Obligation equal to the difference between the amount realized upon the disposition (less a portion allocable to any unpaid accrued interest and OID which generally will be taxable as ordinary income) and the Holder's adjusted tax basis in such New Term Obligation. Any such gain or loss generally will be capital gain or loss, and will be long-term capital gain or loss if the Holder has held the New Term Obligation for more than one year as of the date of disposition. Holders should consult their tax advisors regarding the applicable tax rates and netting rules for capital gains and losses. There are limitations on the deduction of capital losses by both corporate and noncorporate taxpayers.

CPDI Rules. The Debtors intend to treat the Term A Obligations as subject to the Treasury Regulations governing "variable rate debt instruments" (the "VRDI Rules"). If, however, the Term A Obligations are not subject to the VRDI Rules, the rules governing "contingent payment debt instruments" (the "CPDI Rules") may apply to the Term A Obligations. If the CPDI Rules apply to the Term A Obligations, the tax consequences of owning and disposing of the Term A Obligations may be materially different than those described above, including with respect to the character, timing, and amount of income, gain, or loss recognized. This discussion generally assumes that the CPDI Rules will not apply to the Term A Obligations,

but there can be no assurance in this regard. Holders are urged to consult their own tax advisors with respect to the appropriate treatment of the Term A Obligations.

(c) New Common Stock

In general, distributions on the New Common Stock will be treated first as a dividend to the extent of the issuer's current and accumulated earnings and profits (as determined for U.S. federal income tax purposes), and then as a tax-free return of capital to the extent of the Holder's tax basis, with any excess treated as capital gain from the sale or exchange of the stock. In the case of a corporation (provided that certain holding period requirements are met), any dividend generally should be eligible for the dividends received deduction provided by Section 243(a)(1) of the Tax Code. In addition, if a dividend distribution constitutes an "extraordinary dividend," the benefit of the dividends received deduction to a corporate Holder may be effectively reduced or eliminated by operation of the "extraordinary dividend" provisions in Section 1059 of the Tax Code.

Upon a subsequent sale or other taxable disposition of New Common Stock, a Holder will generally recognize capital gain or loss equal to the difference between the amount realized upon the disposition and the Holder's adjusted tax basis in such New Common Stock. Holders should consult their tax advisors regarding the applicable tax rates and netting rules for capital gains and losses. There are limitations on the deduction of capital losses by both corporate and noncorporate taxpayers.

Under certain circumstances, holders of New Common Stock could be treated as having received a constructive distribution. For example, if no appropriate adjustment is made to the number of shares of New Common Stock for which a New Warrant may be exercised or to the exercise price of the New Warrants which has the effect of increasing the proportionate interest of holders of New Common Stock in Reorganized Freedom Holdings' common equity, a constructive distribution may result that could be taxable to the holders of New Common Stock.

3. Holders of Other Secured Claims Against Encumbered Debtors

The tax consequences to Holders of Other Secured Claims in Class A3 will depend on the character of the Other Secured Claim and the consideration paid, if any, with respect to such Other Secured Claim. Holders of Other Secured Claims should consult their tax advisors regarding the consequences of the potential treatment alternatives described in the Plan.

4. Holders of General Unsecured Claims Against Encumbered Debtors

Holders in Class A4 should, except as described in the next sentence, generally recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between (1) the amount of Cash, if any, received in respect of a General Unsecured Claim and (2) the Holder's adjusted tax basis in the General Unsecured Claim. A Holder should, however, recognize ordinary income to the extent it receives Cash in respect of accrued interest or accrued market discount that have not already been included in income (as described above under "Allocation of Payments Between Principal and Interest"). Conversely, a Holder would generally recognize a deductible loss to the extent any accrued interest or accrued market discount was previously included in income and is not paid in full.

Holders of General Unsecured Claims should consult their tax advisors regarding the character of any gain or loss as long-term or short-term capital gain or loss, or as ordinary income or loss, as its character will be determined by a number of factors, including (but not limited to) the tax status of the Holder, whether the Claims have been held for more than one year, whether the Claims are capital assets, whether the Claims have bond premium or market discount and whether and to what extent the Holder previously claimed a bad debt deduction with respect to the Claims.

5. Holders of Old Freedom Stock Interests

(a) Cancellation of Old Freedom Stock Interests or Exchange of Old Freedom Stock Interests for New Equity

Holders of Old Freedom Stock Interests in Class A7 who receive New Common Stock and New Warrants on the Effective Date in exchange for their Old Freedom Stock Interests generally will not recognize gain or loss. A Holder's tax basis in the New Common Stock and New Warrants received will reflect its tax basis in the Old Freedom Stock Interests exchanged therefor, allocated between the New Common Stock and New Warrants in accordance with their respective fair market values as of the Effective Date. A Holder's holding period with respect to the New Common Stock and New Warrants would include the holding period of its Old Freedom Stock Interests. The Holder's tax basis and holding period in the New Common Stock and New Warrants would generally be required to be calculated separately for each block of Old Freedom Stock Interests exchanged.

If an insufficient number of votes is received in either the sub-Classes of Class A4 or Class A7 to constitute an acceptance of the Plan by either the sub-Classes of Class A4 or Class A7, Old Freedom Stock Interests will be cancelled and Holders of Old Freedom Stock Interests will receive no distribution under the Plan or otherwise. In such case, Holders of Old Freedom Stock Interests generally will be entitled to claim a worthless stock deduction (assuming that the taxable year that includes the Effective Date is the same taxable year in which the Interest first became worthless) in an amount equal to the Holder's adjusted basis in the Interest. A worthless stock deduction is treated as a loss from the sale or exchange of a capital asset.

(b) New Common Stock

See the discussion above under "Holders of Existing Lender Secured Claims (Class A2)—New Common Stock."

(c) New Warrants

A Holder of a New Warrant generally will not recognize gain or loss upon exercise. The Holder's tax basis in the New Common Stock received upon exercise of a New Warrant will be equal to the sum of the Holder's tax basis in the New Warrant and the exercise price. Generally, the Holder will commence a new holding period with respect to the New Common Stock received on the date of exercise.

If the terms of the New Warrant provide for any adjustment to the number of shares of New Common Stock for which the New Warrant may be exercised or to the exercise price of the

New Warrants, such adjustment may, under certain circumstances, result in constructive distributions that could be taxable to the Holder of the New Warrants.

Upon the lapse or disposition of a New Warrant, the Holder generally would recognize gain or loss equal to the difference between the amount received (zero in the case of a lapse) and its tax basis in the New Warrant. In general, such gain or loss would be a capital gain or loss, and would be long-term or short-term depending on the holding period of the New Warrant.

6. Information Reporting and Backup Withholding

The Debtors or their paying agent may be obligated to furnish information to the IRS regarding the consideration received by Holders pursuant to the Plan. In addition, the Debtors generally will be required to report annually to the IRS, with respect to each Holder, the amount of interest (including any OID) paid or accrued on the New Term Obligations and dividends paid (or deemed paid) on the New Equity and the amount of any tax withheld from payment thereof. Certain Holders (including corporations) generally are not subject to information reporting.

Holders may be subject to backup withholding on the consideration received pursuant to the Plan. Backup withholding may also apply to interest paid or accrued on the New Term Obligations and dividends paid on the New Common Stock and to proceeds received upon sale or other disposition of the New Term Obligations and the New Equity. Certain Holders (including corporations) generally are not subject to backup withholding. A Holder that is not otherwise exempt generally may avoid backup withholding by furnishing to the Debtors or their paying agent its taxpayer identification number and certifying, under penalties of perjury, that the taxpayer identification number provided is correct and that the Holder has not been notified by the IRS that it is subject to backup withholding.

Backup withholding is not an additional tax. Taxpayers may use amounts withheld as a credit against their U.S. federal income tax liability or may claim a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.


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ARTICLE X.
RECOMMENDATION

Based on the foregoing analysis of the Debtors, the Debtors' remaining assets, and the Plan, the Debtors believe that the best interests of all parties would be served through confirmation of the Plan. **ACCORDINGLY, THE DEBTORS URGE ALL HOLDERS OF CLAIMS AND INTERESTS ENTITLED TO VOTE TO "ACCEPT" THE PLAN.**

Dated: October 31, 2009

Freedom Communications Holdings, Inc.
(for itself and on behalf of the Subsidiary Debtors)

By: 

Mark A. McEachen
Senior Vice President and Chief Financial Officer

Michael R. Nestor (No. 3526)
Kara Hammond Coyle (No. 4410)
YOUNG CONAWAY STARGATT & TAYLOR, LLP
The Brandywine Building
1000 West Street, 17th Floor
Wilmington, Delaware 19801
Telephone: 302-571-6600
Facsimile: 302-571-1253
Email: mnestor@ycst.com
kcoyle@ycst.com

Robert A. Klyman
LATHAM & WATKINS LLP
355 South Grand Avenue
Los Angeles, California 90071-1560
Telephone: 213-485-1234
Facsimile: 213-891-8763
Email: robert.klyman@lw.com

Rosalie Walker Gray
Michael J. Riela
LATHAM & WATKINS LLP
885 Third Avenue
New York, New York 10022-4834
Telephone: 212-906-1200
Facsimile: 212-751-4864
Email: rosalie.gray@lw.com
michael.riela@lw.com

Co-Counsel for Debtors and Debtors in Possession