

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF FLORIDA
TAMPA DIVISION

In re: Chapter 11

Creative Loafing, Inc.	Case No. 8:08-bk-14939-CED [Lead Case]
CL Charlotte, Inc.	Case No. 8:08-bk-14950-CED
Weekly Planet of Sarasota, Inc.	Case No. 8:08-bk-14945-CED
Weekly Planet, Inc.	Case No. 8:08-bk-14943-CED
Creative Loafing Atlanta, Inc.	Case No. 8:08-bk-14947-CED
CL Chicago, Inc.	Case No. 8:08-bk-14953-CED
CL Washington, Inc.	Case No. 8:08-bk-14960-CED
Washington Free Weekly, Inc.	Case No. 8:08-bk-14961-CED
CL Birmingham, Inc.	Case No. 8:08-bk-14954-CED

Debtors.

(Jointly Administered Cases)

**JOINT PLAN OF REORGANIZATION
OF CREATIVE LOAFING, INC. AND AFFILIATED DEBTORS**

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Dated: December 15, 2008

THIS JOINT PLAN OF REORGANIZATION HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT. THE HEARING TO CONSIDER THE CONFIRMATION OF THIS JOINT PLAN OF REORGANIZATION PURSUANT TO SECTION 1129 OF THE BANKRUPTCY CODE IS CURRENTLY SCHEDULED FOR _____, 2009 AT _____ **A.M./P.M.** THE DEBTORS RESERVE THE RIGHT TO MODIFY OR SUPPLEMENT THIS JOINT PLAN OF REORGANIZATION AND THE ACCOMPANYING DISCLOSURE STATEMENT UP TO AND INCLUDING THE TIME OF CONFIRMATION OF THE JOINT PLAN OF REORGANIZATION. THE DEBTORS ARE NOT CURRENTLY SOLICITING VOTES ON THE JOINT PLAN OF REORGANIZATION.

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**JOINT PLAN OF REORGANIZATION
OF CREATIVE LOAFING, INC. AND AFFILIATED DEBTORS**

Creative Loafing, Inc. (“Creative Loafing”) and its affiliated debtors, CL Charlotte, Inc., Weekly Planet of Sarasota, Inc., Weekly Planet, Inc., Creative Loafing Atlanta, Inc., CL Chicago, Inc., CL Birmingham, Inc., CL Washington, Inc., and Washington Free Weekly, Inc. (individually, a “Debtor” and collectively, the “Debtors”) propose the following Joint Plan of Reorganization (the “Plan”) pursuant to chapter 11 of the Bankruptcy Code for resolution of outstanding Claims (as defined below) and Interests (as defined below).

Reference is made to the Disclosure Statement (as defined below) distributed contemporaneously with the Plan for a discussion of the Debtors’ history, businesses, properties, results of operations, projections for operations, risk factors and a summary and analysis of the Plan, including Distributions to be made under the Plan. The Debtors are the proponents of the Plan within the meaning of Section 1129 of the Bankruptcy Code.

A hearing to consider the adequacy of the Disclosure Statement pursuant to Section 1125 of the Bankruptcy Code is scheduled to be held on **January 26, 2009 at 2:00 p.m.** Eastern Time. A hearing to consider confirmation of this Plan pursuant to Section 1129 of the Bankruptcy Code is scheduled to be held on _____, 2009 at _____ A.M./P.M.

**ARTICLE 1
DEFINITIONS AND CONSTRUCTION OF TERMS**

Definitions; Interpretation; Application of Definitions and Rules of Construction. For purposes of this Plan, all capitalized terms used in the Plan and not otherwise defined in the Plan shall have the meanings ascribed in this Article 1 of the Plan. A term used herein that is not specifically defined, but that is used in the Bankruptcy Code, shall have the meaning ascribed to that term in the Bankruptcy Code and the rules of construction contained in Section 102 of the Bankruptcy Code shall apply. Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include both the singular and the plural and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and neuter. Unless otherwise specified, all section, article, schedule, or exhibit references in this Plan are to the respective Section in, Article of, Schedule to, or Exhibit to, this Plan and headings in this Plan are for convenience of reference only and shall not limit or otherwise affect the provisions hereof. The words “herein,” “hereof,” “hereto,” “hereunder” and other words of similar import refer to this Plan as a whole and not to any particular section, subsection, or clause contained in this Plan.

1.1 “Administrative Claim” or “Administrative Expense Claim” shall mean a right to payment under Sections 503(b) and 507(a)(1) of the Bankruptcy Code, including, without limitation, (a) any actual and necessary costs and expenses of preserving the Estate or administering the Chapter 11 Cases as authorized and approved by a Final Order, (b) any actual

and necessary costs and expenses incurred after the Petition Date in the ordinary course of the Debtors' businesses, (c) fees and expenses of Professionals to the extent allowed by Final Order under Sections 330, 331, or 503 of the Bankruptcy Code, and (d) all fees and charges assessed against the Estates pursuant to 28 U.S.C. § 1930.

1.2 “Administrative Claims Bar Date” shall mean the last date established for filing Administrative Claims, as ordered by the Bankruptcy Court.

1.3 “Affiliate” shall have the meaning set forth in 11 U.S.C. § 101(2).

1.4 “Allowed” shall mean, with reference to any Claim or Interest or portion thereof, any Claim against or Interest in any of the Debtors which is: (a) a Claim that has been listed by the Debtors in their separate Schedules, as such Schedules may be amended from time to time in accordance with Bankruptcy Rule 1009, and (i) is not listed as disputed, contingent or unliquidated, and (ii) is not a Claim as to which a proof of claim has been filed; (b) a Claim as to which a timely proof of claim has been filed as of the Bar Date in a sum certain and either (i) no objection thereto, or application to estimate, equitably subordinate, reclassify or otherwise limit recovery, has been made on or before any applicable deadline, or (ii) if an objection thereto, or application to estimate, equitably subordinate, reclassify or otherwise limit recovery, has been interposed, the extent to which such Claim (whether in whole or in part) has been allowed by a Final Order; (c) a Claim arising from the recovery of property under Section 550 or 553 of the Bankruptcy Code and allowed in accordance with Section 502(h) of the Bankruptcy Code; (d) any Claim expressly allowed under this Plan; or (e) any Claim expressly allowed by Final Order.

1.5 “Allowed [Class__] Claim” shall mean an Allowed Claim of a specified Class or of a specified type.

1.6 “Anacapa” shall mean funding Anacapa I, LLC, as agent and lender under the Atalaya Financing.

1.7 “Atalaya” shall mean Atalaya Administrative LLC, as agent, and Atalaya Funding II, LP, as lender, as an assignee of rights of Anacapa Funding I, LLC, as agent and lender under the Atalaya Financing.

1.8 “Atalaya Financing” shall mean the financing transactions between the Debtors and Anacapa, as may be evidenced by a loan agreement and related documents dated on or about July 24, 2007.

1.9 “Avoidance Action” shall mean an action brought pursuant to Section 544, 547, 548, 549, 550 or 553 of the Bankruptcy Code by or on behalf of the Debtors.

1.10 “Ballot” shall mean the form or forms distributed to each holder of an impaired Claim entitled to vote on this Plan upon which an acceptance or rejection of this Plan shall be indicated in accordance with the instructions specified in such form or forms.

1.11 “Bankruptcy Code” shall mean Title 11 of the Bankruptcy Reform Act of 1978, as set forth in Sections 101, et seq. of Title 11 of the United States Code, as amended by the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, and as otherwise amended from time to time, and applicable portions of Titles 18 and 28 of the United States Code, as amended from time to time.

1.12 “Bankruptcy Court” shall mean the United States Bankruptcy Court for the Middle District of Florida, Tampa Division, having jurisdiction over the Chapter 11 Cases and, to the extent of any reference under 28 U.S.C. § 157, the bankruptcy unit of such District Court under 28 U.S.C. § 151.

1.13 “Bankruptcy Rules” shall mean the following: (i) the Federal Rules of Bankruptcy Procedure and the Official Bankruptcy Forms, as amended and promulgated under Section 2075 of Title 28 of the United States Code; (ii) the applicable Federal Rules of Civil Procedure, as amended and promulgated under Section 2072 of Title 28 of the United States Code; (iii) the applicable Local Rules of Civil Practice and Procedure of the United States District Court for the Middle District of Florida; and (iv) any standing orders governing practice and procedure issued by the Bankruptcy Court, each as in effect on the Petition Date, together with all amendments and modifications thereto that were subsequently made applicable to the Chapter 11 Cases or proceeding therein, as the case may be.

1.14 “Bar Date” shall mean, unless otherwise ordered by the Bankruptcy Court, **December 4, 2008**, which is the date fixed by the *Order Fixing Time for Filing Proofs of Claim, Establishing a Deadline for Filing Plan and Disclosure Statement, and Scheduling Hearing on Approval of Disclosure Statement* (Docket No. 96) dated October 30, 2008 (the “Bar Date Order”), by which Persons asserting a Claim against the Debtors, and who are required to file a proof of claim on account of such Claim, must file a proof of claim or be forever barred from asserting a Claim against the Debtors or their property and from voting on this Plan and/or sharing in distributions hereunder as provided in the Bar Date Order.

1.15 “BIA” shall mean BIA Digital Partners SBIC II, LP.

1.16 “BIA Financing” shall mean the financing transaction between the Debtors and BIA, as evidenced by a securities purchase agreement dated July 27, 2007 and related documents.

1.17 “Business Day” shall mean any day other than a Saturday, Sunday or a day in which in Tampa, Florida is a legal holiday or any day designated in Bankruptcy Rule 9006(a) as a “legal holiday.”

1.18 “Cash” shall mean cash, cash equivalents, and other readily marketable direct obligations of the United States of America and certificates of deposit issued by banks.

1.19 “Causes of Action” shall mean, without limitation, any and all actions, causes of action (including Avoidance Actions), liabilities, obligations, rights, suits, debts, sums of money,

damages, judgments, Claims and demands whatsoever, whether known or unknown, in law, equity or otherwise.

1.20 “Chapter 11 Cases” or “Bankruptcy Cases” shall mean the Debtors’ jointly administered cases under Chapter 11 of the Bankruptcy Code.

1.21 “Claim” shall have the meaning set forth in Section 101(5) of the Bankruptcy Code, including, without limitation, (a) any right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured, or (b) any right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

1.22 “Class” shall mean any category of Claims or Equity Interests which are substantially similar to each other as classified.

1.23 “Collateral” shall mean any property or interest in property of the Estates that is subject to a Lien to secure the payment or performance of a Claim, which Lien is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable law.

1.24 “Confirmation Date” shall mean the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order on the docket of the Bankruptcy Court.

1.25 “Confirmation Hearing” shall mean the hearing held by the Bankruptcy Court to consider confirmation of this Plan pursuant to Section 1129 of the Bankruptcy Code, as such hearing may be adjourned or continued from time to time.

1.26 “Confirmation Order” shall mean the order of the Bankruptcy Court confirming this Plan pursuant to the provisions of the Bankruptcy Code.

1.27 “Contingent Claim” shall mean any Claim for which a proof of claim has been filed with the Bankruptcy Court which was not filed in a sum certain, or which has not accrued and is dependent upon a future event that has not occurred or may never occur.

1.28 “Convenience Claim” shall mean a Claim in an amount equal to or less than \$1,000, or a Claim filed or scheduled in a greater amount than the holder of such Claim has elected to reduce to \$1,000.

1.29 “Creditor” shall mean a Person that has a Claim or Claims against one or more of the Debtors that arose at the time of or before the Petition Date, or a Person that has a Claim against one or more of the Estates of the Debtors of a kind specified in Sections 502(g), 502(h), or 502(i) of the Bankruptcy Code.

1.30 “Cure” shall mean, with respect to the assumption of an executory contract or unexpired lease pursuant to Section 365(b) of the Bankruptcy Code, the (a) distribution of Cash or such other property as may be agreed by the parties or ordered by the Bankruptcy Court, in an amount equal to all unpaid monetary obligations, without interest, or such other amount as may be agreed by the parties under an executory contract or unexpired lease, to the extent such obligation is enforceable under the Bankruptcy Code and applicable bankruptcy law, or (b) the taking of such other actions as may be agreed by the parties or ordered by the Bankruptcy Court.

1.31 “Cure Claim” shall mean the aggregate dollar amount necessary to constitute a Cure with respect to the assumption of any specific executory contract or unexpired lease as agreed between the parties or ordered by the Bankruptcy Court.

1.32 “Debt” shall mean liability on a Claim.

1.33 “Debtor(s)” shall mean one or more of Creative Loafing, Inc., CL Charlotte, Inc., Weekly Planet of Sarasota, Inc., Weekly Planet, Inc., Creative Loafing Atlanta, Inc., CL Chicago, Inc., CL Birmingham, Inc., CL Washington, Inc., and Washington Free Weekly, Inc. (again, individually a “Debtor” and collectively, the “Debtors”).

1.34 “Deficiency Claim” shall mean an Unsecured Claim that results from the value of the Collateral being less than the amount of a Secured Claim secured by such Collateral.

1.35 “DIP Financing” shall mean any agreement, document, loan, or other arrangement approved by the Bankruptcy Court, by which the Debtors have obtained or may obtain post-petition financing, and any related loan or security documents.

1.36 “DIP Financing Claim” shall mean any Claim existing under any DIP Financing.

1.37 “Disallowed” shall mean, with respect to any Claim or Interest or portion thereof, any Claim against or Interest in any of the Debtors which: (a) has been disallowed, in whole or part, by a Final Order of the Bankruptcy Court; (b) has been withdrawn by agreement of the Debtors and the holder thereof, in whole or in part; (c) has been withdrawn, in whole or in part, by the holder thereof; (d) if listed in the Schedules as zero or as disputed, contingent or unliquidated and in respect of which a proof of claim has not been timely filed or deemed timely filed pursuant to this Plan, the Bankruptcy Code or any Final Order of the Bankruptcy Court or other applicable bankruptcy law; (e) has been reclassified, expunged, subordinated or estimated to the extent that such reclassification, expungement, subordination or estimation results in a reduction in the filed amount of any proof of claim or proof of interest; or (f) is evidenced by a proof of claim or a proof of interest which has been filed, or which has been deemed to be filed under applicable law or order of the Bankruptcy Court or which is required to be filed by order of the Bankruptcy Court but as to which such proof of claim or proof of interest was not timely or properly filed. In each case a Disallowed Claim or a Disallowed Interest is disallowed only to the extent of disallowance, withdrawal, reclassification, expungement, subordination, or estimation.

1.38 “Disallowed Claim” shall mean a Claim, or any portion thereof, that is Disallowed.

1.39 “Disclosure Statement” shall mean the Disclosure Statement relating to this Plan in the form approved by the Bankruptcy Court pursuant to Section 1125 of the Bankruptcy Code and all exhibits and schedules thereto.

1.40 “Disputed” shall mean, with respect to Claims or Equity Interests, any such Claim or Equity Interest: (a) that is listed in the Schedules as unliquidated, disputed or contingent for which no proof of claim has been timely filed; (b) as to which a Debtor or any other party-in-interest has interposed a timely objection or request for estimation, or have sought to equitably subordinate or otherwise limit recovery in accordance with the Bankruptcy Code and the Bankruptcy Rules, or which is otherwise Disputed by a Debtor in accordance with applicable law, which objection, request for estimation, action to limit recovery or dispute has not been withdrawn or determined by Final Order; (c) which is a Contingent Claim; or (d) which has not been Allowed.

1.41 “Disputed Claims Reserve” shall mean the reserve of Cash to be established in the form of a Distribution Account prior to the Initial Distribution Date to be administered by the Reorganized Debtors, or such other Person appointed by the Bankruptcy Court, on account of any Disputed Claims that have not been withdrawn or determined as of the Effective Date.

1.42 “Distribution” shall mean the distribution in accordance with this Plan.

1.43 “Distribution Account” or “Distribution Accounts” shall mean one or more deposit accounts (also referred to herein as “Plan Fund(s)”) established for the benefit of one or more classes of Creditors in order to receive and hold funds payable to the Holders of Allowed Claims in such Classes and to facilitate all payments required to be made to the Holders of Allowed Claims in such Classes under this Plan.

1.44 “Distribution Address” shall mean the last known address of a Creditor, whether derived from the Schedules, a proof of claim filed with the Bankruptcy Court or other written notification to the Debtors as to where a Distribution under this Plan is to be sent.

1.45 “Distribution Date” shall mean one or more dates following the Effective Date on which the Debtors make Distributions of Cash or other property under the Plan.

1.46 “District Court” shall mean the United States District Court for the Middle District of Florida.

1.47 “Effective Date” shall mean a Business Day on or after the Confirmation Date specified by the Debtors on which all conditions precedent to the occurrence of the Effective Date set forth in Article 11.2 of this Plan have been satisfied or waived pursuant to Article 11.3 of this Plan.

1.48 “Equity Interests” or “Interests” shall mean: (a) a share in the capital stock (whether preferred, common or otherwise) of any of the Debtors, whether or not transferable or

denominated “stock” or a similar security, and any agreements in connection therewith or preferences or rights, or claims against the Debtors or their property associated therewith; or (b) an option, a warrant, or a right, other than a right to convert, to purchase, sell, or subscribe to a share, security, or interest of a kind specified herein, whether vested or unvested, exercised or outstanding.

1.49 “Estate(s)” shall mean the Estates created in the Chapter 11 Cases pursuant to Section 541 of the Bankruptcy Code.

1.50 “Exit Financing” shall mean any agreements and related documents and instruments evidencing any new financing to be obtained by the Reorganized Debtors as of the Effective Date, which may include revolving credit, term credit, convertible debt or equity, and/or letters of credit as the Reorganized Debtors deem necessary to support the payments required to be made under the Plan, pay transaction costs, and fund working capital and general corporate purposes of the Reorganized Debtors following the Effective Date.

1.51 “Final Distribution Date” shall mean the date established by the Debtors pursuant to which all Distributions shall have been made.

1.52 “Final Order” shall mean an order, ruling or judgment of the Bankruptcy Court as to which the time to appeal, petition for *certiorari*, or move for reargument or rehearing has expired and as to which no appeal, petition for *certiorari*, or other proceedings for reargument or rehearing shall then be pending, or as to which any right to appeal, petition for *certiorari*, reargue, or rehear shall have been waived in writing in form and substance satisfactory to the Debtors or, on and after the Effective Date, Reorganized Debtors or, in the event that an appeal, writ of *certiorari*, or reargument or rehearing thereof has been sought, such order or judgment of the Bankruptcy Court shall have been determined by the highest court to which such order was appealed, or *certiorari*, reargument or rehearing shall have been denied and the time to take any further appeal, petition for *certiorari* or move for reargument or rehearing shall have expired; provided, however, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, may be filed with respect to such order shall not cause such order not to be a Final Order.

1.53 “Holder” shall mean, with reference to a Claim or Interest, the party legally vested and entitled to the rights appurtenant to that Claim or Interest.

1.54 “Insider” shall have the meaning set forth in Section 101(31) of the Bankruptcy Code.

1.55 “Intercompany Claim” shall mean any Claim arising prior to the Petition Date against any of the Debtors by another Debtor.

1.56 “Lien” shall have the meaning set forth in Section 101(37) of the Bankruptcy Code; except that a lien that has been avoided in accordance with Sections 544, 545, 546, 547, 548, or 549 of the Bankruptcy Code shall not constitute a lien.

1.57 “New Equity Contribution” shall mean the substantial contribution(s) by the New Equity Group of money or money’s worth, to be paid to the Reorganized Debtors in exchange for the New Stock, in an amount determined to be at least equivalent to the value of the interest to be acquired in the New Stock and necessary of the reorganization of the Debtors pursuant to this Plan.

1.58 “New Equity Group” shall mean the persons or entities who have agreed to acquire the New Stock of Reorganized Creative Loafing in exchange for the New Equity Contribution.

1.59 “New Equity Subscription Agreement” shall mean a subscription agreement between Creative Loafing and the participants in the New Equity Group which provides for a commitment to purchase the New Stock in exchange for the New Equity Contribution.

1.60 “New Equity Term Sheet” shall mean the term sheet between the members of the New Equity Group which sets forth the presently contemplated terms of the New Equity Subscription Agreement to be entered into on the Effective Date, attached to the Disclosure Statement or subsequently filed as a supplement thereto.

1.61 “New Stock” shall mean all shares of common and/or preferred stock of the respective Reorganized Debtors to be authorized and/or issued under Article 7.4 of this Plan, with terms as may be set forth in the Debtors’ respective Articles of Incorporation, By-Laws, or as such documents may be amended or restated through or pursuant to this Plan or stated in the Plan Supplement, if any.

1.62 “Officers and Directors” shall mean (i) with respect to the Debtors, the Reorganized Debtors and their Affiliates all of the officers and directors of such entities, in each case, as determined commencing with the Petition Date, and (ii) with respect to all other entities, all present and former officers and directors of such entities.

1.63 “Old Stock” shall mean the existing shares of all classes of Equity Interests of Debtors and any associated Old Stock Rights, all of which shall be cancelled under the Plan.

1.64 “Old Stock Rights” shall mean any rights issued by any of the Debtors and outstanding as of the Petition Date that give the holders thereof the right to purchase Old Stock, including any stock options, warrants, conversion rights, rights of first refusal, or other rights, contractual or otherwise, to acquire or receive any stock or other equity ownership interests in the Debtors, and any contracts, subscriptions, commitments, or agreements pursuant to which a party was or could have been entitled to receive shares, securities, or other ownership interests in the Debtors prior to the Effective Date (whether or not arising under or in connection with any employment agreement), to the extent such rights have not been exercised as of the Record Date.

1.65 “Person” shall mean any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, estate, trust, unincorporated association or organization, governmental agency or political subdivision thereof, or other entity.

1.66 “Petition Date” shall mean September 29, 2008, the date on which the Debtors filed their voluntary Chapter 11 petitions with the Bankruptcy Court pursuant to the Bankruptcy Code.

1.67 “Plan” shall mean this Joint Chapter 11 Plan of Reorganization, including, without limitation, all exhibits, supplements, appendices and schedules hereto, either in its present form or as the same may be altered, amended or modified from time to time in accordance with the terms hereof or as approved by the Bankruptcy Court.

1.68 “Plan Documents” shall mean the Plan, the Disclosure Statement, all exhibits and schedules attached (or to be attached or supplemented) to the Plan and to the Disclosure Statement.

1.69 “Plan Supplement” shall mean one or more filings, exhibits, or appendices to supplement this Plan and/or Disclosure Statement which may contain, among other things, the New Subscription Agreement, promissory notes and other documents further memorializing payment to be made pursuant to this Plan, any Restated Articles or other new corporate governance documents, any valuation reports, and any other documents not initially included in the Plan or Disclosure Statement, to be filed with the Bankruptcy Court no later than ten (10) Business Days prior to the Confirmation Hearing or as otherwise ordered by the Bankruptcy Court.

1.70 “Priority Claims” shall mean, unless otherwise designated, any and all Claims (or portions thereof) entitled to priority under Sections 503(b) and 507(a) of the Bankruptcy Code other than Priority Tax Claims and Administrative Claims.

1.71 “Priority Tax Claim” shall mean an Allowed Claim of a governmental unit for an amount entitled to priority under Section 507(a)(8) of the Bankruptcy Code.

1.72 “Pro Rata” or “Pro Rata Share” shall mean a proportionate share, so that the ratio of the consideration distributed on account of an Allowed Claim in a Class (or Classes, as designated by this Plan) to the amount of such Allowed Claim(s) is the same as the ratio of the amount of the consideration distributed on account of all Allowed Claims in such Class(es) to the amount of all Allowed Claims in such Class(es).

1.73 “Professional Fees” shall mean the reasonable fees and expenses of Professionals.

1.74 “Professionals” shall mean those Persons (a) employed by the Debtors pursuant to an order of the Bankruptcy Court in accordance with Sections 327 or 1103 of the Bankruptcy Code and to be compensated for services pursuant to Sections 327, 328, 329, 330 and 331 of the Bankruptcy Code, or (b) for which compensation and reimbursement has been allowed by the Bankruptcy Court pursuant to Section 503(b)(4) of the Bankruptcy Code.

1.75 “Record Date” shall mean the date which may be established by the Confirmation Order or some other Final Order of the Court, to be used for determining the identity of holders of Allowed Claims or Allowed Interests entitled to Distributions under this Plan. If no Record Date is established in the Confirmation Order, then the Record Date shall be the Confirmation Date.

1.76 “Reorganized Debtor(s)” shall mean the Debtors (individually or collectively) after the Effective Date.

1.77 “Restated Article” or “Restated Articles” shall mean any amended or Restated Articles(s) or By-Laws of Reorganized Debtors that may be created and implemented by the Debtors pursuant to this Plan.

1.78 “Schedules” shall mean, collectively, the schedules of assets and liabilities, the lists of holders of interests and the statements of financial affairs filed by the Debtors under Section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, as such schedules, lists, and statements have been or may be supplemented or amended from time to time.

1.79 “Secured Claim” shall mean any Claim which is secured by a valid Lien on Collateral to the extent of the value of such Collateral, as determined in accordance with Section 506(a) of the Bankruptcy Code, or in the event that such Claim is subject to setoff under Section 553 of the Bankruptcy Code, to the extent of such setoff.

1.80 “Setoff” shall mean any right of a Creditor to offset a mutual debt owing by such Creditor and any right of the corresponding Debtor to offset a mutual debt owing by a Debtor to a Creditor against a Claim of that Debtor, including, without limitation, such rights under Section 553 of the Bankruptcy Code.

1.81 “Subordinated Claim” shall mean any Claim: (a) the payment of which is subordinated in right of treatment or payment to other Claims under an agreement enforceable under applicable non-bankruptcy law, but only to the extent provided in such agreement; (b) for reimbursement or contribution of a Person that is liable with a Debtor on another Creditor’s Allowed Claim unless and until such Claim is paid in full; or (c) subordinated in right of treatment or payment pursuant to Sections 509(c) or 510 of the Bankruptcy Code.

1.82 “Subordination Agreement” shall mean the Subordination and Intercreditor Agreement dated July 24, 2007 between BIA and Anacapa.

1.83 “Subsidiary Debtor” shall mean CL Charlotte, Inc., Weekly Planet of Sarasota, Inc., Weekly Planet, Inc., Creative Loafing Atlanta, Inc., CL Chicago, Inc., CL Washington, Inc., Washington Free Weekly, Inc., and/or CL Birmingham, Inc.

1.84 “Subsidiary Interests” shall mean, collectively, all of the issued and outstanding shares of stock or other equity interests of CL Charlotte, Inc., Weekly Planet of Sarasota, Inc., Weekly Planet, Inc., Creative Loafing Atlanta, Inc., CL Chicago, Inc., CL Washington, Inc., Washington Free Weekly, Inc., and/or CL Birmingham, Inc., owned either directly or indirectly by Creative Loafing as of the Petition Date.

1.85 “Unclaimed Property” shall mean any Distribution of Cash made to the holder of an Allowed Claim pursuant to this Plan that: (a) is returned to the Reorganized Debtors as undeliverable and no appropriate forwarding address is received within the later of six (6)

months after Distribution is made to such holder; or (b) in the case of a Distribution made in the form of a check, is not negotiated and no request for reissuance is made by the holder of such Allowed Claim within six (6) months after Distribution is made to such holder.

1.86 “Unsecured Claim” shall mean any Claim that is not an Administrative Claim, Professional Fee Claim, Priority Tax Claim, Priority Claim, Secured Claim, Administrative Convenience Claim, Trade Creditor Claim, or Equity Interest for which no property of the Debtors’ Estates is collateral or serves as security.

1.87 “Unsecured Claim Pool” shall mean the Cash of the Reorganized Debtors in the total amount of \$300,000.00 to be paid by the Reorganized Debtors in three (3) annual installments of \$100,000 each that shall be distributed to the Holders of Allowed Unsecured Claims in Classes 6, 7 and 8 on account of their Unsecured Claims as provided in Sections 5.6.3, 5.7.3, and 5.8.3 of this Plan.

ARTICLE 2 LIMITED SUBSTANTIVE CONSOLIDATION

2.1 Limited Substantive Consolidation for Purposes of Voting or Distribution

Subject to approval of the Bankruptcy Court, the Debtors shall seek to substantively consolidate the liabilities and assets of the Debtors solely for purposes of actions associated with confirmation, including voting, and (upon confirmation) for Distributions under the Plan. The Debtors’ may seek the Bankruptcy Court’s approval of substantive consolidation prior to Confirmation by appropriate motion. The following factors shall be considered in connection with the Debtors efforts to substantively consolidate their respective Estates: (a) whether the elements necessary to obtain an order of substantive consolidation are satisfied in the Chapter 11 Cases; (b) the value of the Debtors’ Estates on an individual and a consolidated basis, and the proper method of determining such value; (c) whether the Estate of each Debtor should be treated separately for purposes of making payments to Holders of Claims; (d) whether it is possible to attribute particular Claims asserted in the Chapter 11 Cases to a specific Debtor; (e) the value to be accorded to loans and/or other Claims of one Debtor in favor of another Debtor; (f) the strength of the relative rights and positions of the different Classes of Unsecured Claims with respect to disputes over substantive consolidation; (g) the amount and priority of Intercompany Claims and the potential voidability of certain intercompany transfers; and (h) the treatment of issued and outstanding stock for Creative Loafing, Inc.’s affiliated Debtors.

2.2 Substantive Consolidation

For purposes of confirmation, voting, and Distributions under the Plan, upon the entry of a Final Order of the Bankruptcy Court approving the substantive consolidation (a) the separate Chapter 11 Cases of the Debtors shall be consolidated into the case of Creative Loafing, Inc. as a single consolidated case; (b) all property of the Estate of each Debtor shall be deemed to be property of the consolidated Estates; (c) all Claims against each Estate shall be deemed to be Claims against the consolidated Estates, any Proof of Claim filed against one or more of the

Debtors shall be deemed to be a single Claim filed against the consolidated Estates, and all duplicate Proofs of Claim for the same Claim filed against more than one Debtor shall be deemed expunged; (d) no Distributions under the Plan shall be made on account of Intercompany Claims; and (e) except as may be otherwise provided by the treatment of Unsecured Claims in the Plan, all Claims based upon pre-petition Unsecured Claims of one Debtor against any other of the Debtors shall be eliminated, and no separate Distributions under the Plan shall be made on account of Claims based upon such Intercompany Claims.

2.3 **No Substantive Consolidation After Effective Date**

Except as may be otherwise provided in the Plan or any Restated Articles, the substantive consolidation of the Debtors' Estates pursuant to the Plan shall not result in the merger or otherwise affect the separate legal existence of each Debtor, other than with respect to Distribution rights under the Plan. Substantive Consolidation shall not (a) impair the validity or enforceability with respect to assumed executory contracts or unexpired leases; (b) affect valid, enforceable, and unavoidable Liens that would not otherwise be terminated under the Plan, except for Liens that secure a Claim that is eliminated by virtue of the Plan and Liens against Collateral that are extinguished by virtue of the Plan; or (c) have the effect of creating a Claim in a Class different from the Class in which a Claim would have been placed in the absence of substantive consolidation.

2.4 **Approval of Limited Substantive Consolidation**

To the extent necessary to effectuate the limited substantive consolidation provided under the Plan, absent any prior motion seeking the approval of substantive consolidation, the Plan shall be deemed to be a motion for substantive consolidation under Sections 105, 363 and 1123 of the Bankruptcy Code and the confirmation of the Plan shall constitute approval of the motion by the Bankruptcy Court and the Confirmation Order shall contain findings and conclusions approving the substantive consolidation contemplated under the Plan. Any objection to the limited substantive consolidation contemplated in the Plan should be filed by the deadline established by the Bankruptcy Court for filing of Objections to Confirmation.

ARTICLE 3 TREATMENT OF ALLOWED ADMINISTRATIVE CLAIMS AND ALLOWED PRIORITY TAX CLAIMS

3.1 **Unclassified Claims.**

In accordance with Section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims against the Debtors are not classified for the purposes of voting on or receiving Distributions under this Plan. Such Unclassified Claims shall be treated as provided in Sections 3.2 and 3.3 below.

3.2 **Administrative Claims.**

3.2.1 **In General.**

Except as otherwise provided in the Plan, all Administrative Claims shall be (a) paid in full, in Cash, in such amounts as are Allowed by the Bankruptcy Court upon the later of (i) the Effective Date, (ii) the date upon which there is a Final Order allowing such Claim as an Administrative Claim, or (iii) any other date specified in such order, or (b) as may be agreed upon between the Holder of such Administrative Claim and the Debtors. Notwithstanding the foregoing, Allowed Administrative Claims with respect to fixed and undisputed obligations incurred by a Debtor in the ordinary course of business during the Chapter 11 Cases shall be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto.

3.2.2 **Professional Compensation and Expense Reimbursement Claims.**

Except as otherwise provided herein, all Persons seeking an award by the Bankruptcy Court of Professional Fees and/or reimbursement of expenses incurred through and including the Effective Date under Sections 503(b)(2), 503(b)(3), 503(b)(4) or 503(b)(5) of the Bankruptcy Code, (a) shall file their respective final applications for allowance of compensation for services rendered and reimbursement of expenses incurred through the Effective Date **within thirty (30) days after the Effective Date** (unless a different time is prescribed by the Bankruptcy Court). To the extent any such application is approved by the Bankruptcy Court, the Allowed amount shall be paid in full (i) on the later of the Effective Date or the date such Administrative Claim becomes an Allowed Administrative Claim, or as soon thereafter as is practicable, (ii) upon such other terms as may be mutually agreed upon between such Holder of an Allowed Administrative Claim and the respective Debtor (or, if after the Effective Date, Reorganized Debtor), or (iii) in accordance with the terms of any applicable order entered by the Bankruptcy Court. Unless otherwise ordered by the Bankruptcy Court, parties-in-interest shall have twenty (20) days after the filing of a final fee application to object to such fee application. All Professional Fees for services rendered after the Effective Date, including, without limitation, fees relating to the prosecution of Causes of Action preserved hereunder and the resolution of Disputed Claims, shall be paid by the Reorganized Debtors upon receipt of an invoice therefore, or on such other terms as the Reorganized Debtors may agree to, without the need for further Bankruptcy Court authorization or entry of a Final Order. Notwithstanding the foregoing, however, if the Reorganized Debtors and any Professional cannot agree on the amount of post-Effective Date fees and expenses to be paid to such Professional on account of services arising out of or relating to implementation of this Plan, then such amount shall be determined by the Bankruptcy Court.

3.2.3 **Claims for the Value of Goods Received Within Twenty Days Before the Petition Date.**

All Persons asserting an Administrative Claim for the value of any goods sold to the Debtors in the ordinary course of business and received by the Debtors within the twenty (20) days immediately prior to the Petition Date must (a) be the Holder of a Claim that is not a Disputed Claim or a Disallowed Claim, and (b) timely file and serve an application for allowance and payment of such Claim to the extent it is entitled to treatment under Section 503(b)(9) of the Bankruptcy Code, unless otherwise ordered by the Bankruptcy Court. To be entitled to treatment under Section 503(b)(9), Holders of such Claims must have filed their application for allowance of such Claim by the Administrative Claims Bar Date. If approved by the Bankruptcy Court, the portion of such Claim entitled to treatment under Section 503(b)(9) shall be paid as an Allowed Administrative Claim (i) on the later of the Effective Date or the date such Administrative Claim becomes an Allowed Administrative Claim, or as soon thereafter as is practicable, (ii) upon such other terms as may be mutually agreed upon between such Holder of an Allowed Administrative Claim and the Reorganized Debtors, or (iii) in accordance with the terms of any applicable order entered by the Bankruptcy Court. The Debtors and all other parties-in-interest shall have thirty (30) days after the filing of any such application to object to that application, unless otherwise ordered by the Bankruptcy Court. To the extent the Holder of a Claim entitled to treatment under Section 503(b)(9) of the Bankruptcy Code fails to timely file an application for allowance and payment of such Claim as provided in this sub-section, or the Bankruptcy Court disapproves an application for treatment of a Claim under Section 503(b)(9) of the Bankruptcy Code, such Claim shall be classified and treated under this Plan as a Class 8 General Unsecured Claim without regard to the provisions of Section 503(b)(9) of the Bankruptcy Code.

3.2.4 **Cure of Claims of Assumed Executory Contracts and Non-Residential Real Estate Leases.**

Allowed Cure Claims, if any, held by counterparties to Executory Contracts or Non-Residential Real Estate Leases Holding Cure Claims assumed by the Debtor pursuant to this Plan or a Final Order of the Bankruptcy Court be an Allowed Administrative Expense paid at the time(s) and in the amount(s) established pursuant to the procedures set forth in Article 6 of this Plan.

3.2.5 **U.S. Trustee Claims.**

U.S. Trustee Claims that are unpaid as of the Effective Date will be paid in Cash on the Effective Date.

3.3 **Priority Tax Claims.**

Allowed Priority Tax Claims shall be paid in full, in Cash, upon the later of: (a) the Effective Date; (b) the date upon which there is a Final Order allowing such Claim as

an Allowed Priority Tax Claim; (c) the date that such Allowed Priority Tax Claim would have been due if the Chapter 11 Cases had not been commenced; or (d) upon such other terms as may be agreed to between a respective Debtor and any Holder of an Allowed Priority Tax Claim; provided, however, that the Debtors may, at their option, in lieu of payment in full of Allowed Priority Tax Claims on the Effective Date, make Cash payments respecting Allowed Priority Tax Claims deferred to the extent permitted by Section 1129(a)(9) of the Bankruptcy Code and, in such event, the principal amount of such Allowed Priority Tax Claims shall be amortized and payable in equal annual installments over five (5) years from the Petition Date and interest shall accrue from the Effective Date on the unpaid portion of such Allowed Priority Tax Claim at: (i) any applicable statutory rate; (ii) the rate applicable to federal judgments pursuant to 28 U.S.C. § 1961; or (iii) a rate to be agreed upon by the respective Debtor (or the Reorganized Debtors, as the case may be) and the appropriate governmental unit or, if they are unable to agree, as determined by the Bankruptcy Court.

ARTICLE 4

CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS

4.1 Classification of Claims and Equity Interests

Claims (other than Allowed Administrative Claims and Allowed Priority Tax Claims) and Equity Interests are classified for all purposes, including voting on confirmation and Distribution pursuant to this Plan, as follows:

Class	Description	Status	Entitled to Vote
Class 1:	Priority Claims	Unimpaired	No
Class 2:	Secured Claim of Atalaya	Impaired	Yes
Class 3:	Secured Claim of BIA	Impaired	Yes
Class 4:	Administrative Convenience Claims	Impaired	Yes
Class 5:	Trade Creditors	Impaired	Yes
Class 6:	Unsecured Portion of Atalaya's Claim	Impaired	Yes
Class 7:	Unsecured Portion of BIA's Claim	Impaired	Yes
Class 8:	General Unsecured Claims	Impaired	Yes
Class 9:	Equity Interests	Impaired	No

Class	Description	Status	Entitled to Vote
Class 10:	Subsidiary Interests	Unimpaired	No

4.2 **Extent of Classification**

A Claim is placed in a particular Class only to the extent such Claim falls within the description of that Class and only to the extent such Claim has not been paid, released, or otherwise satisfied prior to the Effective Date. A Claim may be, and is, classified in other Classes to the extent any portion of the Claim falls within the description of such other Classes.

ARTICLE 5 DESCRIPTION AND TREATMENT OF CLASSES OF CLAIMS AND EQUITY INTERESTS

5.1 **Class 1 – Priority Claims**

5.1.1 **Description.**

This Class is comprised of the Holders of Allowed Priority Claims, other than Priority Tax Claims and Administrative Claims.

5.1.2 **Impairment and Voting.**

Allowed Class 1 Claims are Unimpaired by this Plan, and the Holder(s) of Allowed Class 1 Claims are presumed to have accepted this Plan and are not entitled to vote to accept or reject this Plan.

5.1.3 **Treatment.**

Each Holder of an Allowed Priority Claim in this Class shall receive, in full satisfaction, settlement, release and discharge thereof, Cash in an amount equal to the unpaid portion of such Allowed Priority Claim on the later of: (i) the Effective Date or as soon thereafter as practical; or (ii) the date upon which there is a Final Order allowing such Claim as an Allowed Priority Claim (or any other date specified in such Final Order) or as soon thereafter as practical, unless the Holder of an Allowed Priority Claim and the respective Debtor (or Reorganized Debtor) agree to a less favorable treatment.

5.2 **Class 2 – Secured Claims of Atalaya**

5.2.1 **Description.**

This Class is comprised of the portion of the Allowed Claim of Atalaya that is a Secured Claim secured by a valid, perfected, and unavoidable Lien on Collateral.

5.2.2 **Impairment and Voting.**

Allowed Class 2 Claims are Impaired by this Plan, and the Holder(s) of Allowed Class 2 Claims are entitled to vote to accept or reject this Plan.

5.2.3 **Treatment.**

The amount of Atalaya's Class 2 Claim shall be determined by the Bankruptcy Court, pursuant to Section 506(a) of the Bankruptcy Code. On account of and in full satisfaction of such Class 2 Claim the Holder of such Claim shall receive a promissory note from the Reorganized Debtors, jointly and severally, providing for deferred Cash payments totaling at least the amount of such Allowed Secured Claim and of a value, as of the Effective Date, of at least the value of its Allowed Secured Claim. Such deferred Cash payments shall be made in one hundred twenty (120) monthly payments, commencing on the last day of the first full calendar month following the Effective Date and continuing on the last day of each subsequent calendar month.

The repayment of Atalaya's Allowed Secured Claim shall be evidenced by a promissory note ("Atalaya Note") providing for the repayment of the amount of such Allowed Secured Claim through one hundred twenty (120) monthly payments, at an appropriate rate of interest (as agreed by the parties or allowed by the Bankruptcy Court) such that the present value of those payments have a value on the Effective Date, equal to the amount of Atalaya's Allowed Secured Claim.

5.2.4 **Liens.**

The Holders of Allowed Class 2 Claims shall retain any Lien(s) on the Collateral securing the Allowed Class 2 Claim, to the same extent, validity and priority as existed on the Petition Date, unless the Holder of such Class 2 Claim and the Debtors (or the Reorganized Debtors, as the case may be) agree to a less favorable treatment.

5.3 **Class 3 – Secured Claims of BIA**

5.3.1 **Description.**

This Class is comprised of the portion of the Allowed Claim of BIA that is a Secured Claim secured by a valid, perfected, and unavoidable Lien on Collateral.

5.3.2 **Impairment and Voting.**

Allowed Class 3 Claims are Impaired by this Plan, and the Holder(s) of Allowed Class 3 Claims are entitled to vote to accept or reject this Plan.

5.3.3 **Treatment.**

The Debtors anticipate that the value of the Collateral securing BIA's claim is less than the amount of senior liens on such Collateral. Accordingly, pursuant to Section 506(a) of the Bankruptcy Code, BIA will not have an Allowed Secured Claim. However, to the extent that BIA is determined to have any Allowed Secured Claim, on account of and in full satisfaction of such Class 3 Claim, BIA shall receive from the Reorganized Debtors a promissory note from the Reorganized Debtors, jointly and severally, providing for deferred Cash payments of a value, as of the Effective Date, of at least the value of its Allowed Secured Claim. Such deferred Cash payments totaling at least the amount of such Allowed Secured Claim and shall be made in one hundred twenty (120) monthly payments, commencing on the last day of the first full calendar month following the Effective Date and continuing on the last day of each subsequent calendar month, provided that to the extent required by the Subordination Agreement, any payments to be made on account of such Class 3 Claim shall be paid to the Holder of the Class 2 Claim.

5.3.4 **Liens.**

The Holders of Allowed Class 3 Claims shall retain any Lien(s) on the Collateral securing any Allowed Class 3 Claim, to the same extent, validity and priority as existed on the Petition Date, unless the Holder of such Class 3 Claim and the Debtors (or the Reorganized Debtors, as the case may be) agree to a less favorable treatment.

5.4 **Class 4 – Administrative Convenience Claims**

5.4.1 **Description.**

This Class is comprised of (i) the Holders of Allowed Unsecured Claims in an amount of One Thousand Dollars (\$1,000.00) or less, and (ii) the Holders of Claims who elect to reduce such Claims to an amount of One Thousand Dollars (\$1,000.00 or less).

5.4.2 **Impairment and Voting.**

Allowed Class 4 Claims are Impaired by this Plan, and Holder(s) of Allowed Class 4 Claims are entitled to vote to accept or reject this Plan.

5.4.3 **Treatment.**

The Reorganized Debtors shall pay the Holders of Allowed Administrative Convenience Class Claims, Cash equal to one hundred percent (100%) of their Allowed Class 4 Claim within sixty (60) days of the Effective Date.

5.5 **Class 5 – Trade Creditors**

5.5.1 **Description.**

This Class is comprised of Holders of Allowed Claims on account of the provision of goods and services to a Debtor in the ordinary course of its business prior to the Petition Date and agree (prior to the Effective Date) to provide goods and services in the ordinary course of the Debtors' business following the Effective Date under ordinary credit terms that are at least as favorable as those which existed prior to the Petition Date.

5.5.2 **Impairment and Voting.**

Allowed Class 5 Claims are Impaired by this Plan, and Holder(s) of Allowed Class 5 Claims are entitled to vote to accept or reject this Plan.

5.5.3 **Treatment.**

The Reorganized Debtors shall pay those Creditors Holding Allowed Class 5 Claims and who agree to continue providing goods and services in the ordinary course one or more Cash payments within six (6) months following the Effective Date equaling the full amount of such Allowed Class 5 Claim, without interest.

5.6 **Class 6 – Unsecured Portion of Atalaya's Claim**

5.6.1 **Description.**

This Class is comprised of the portion of Atalaya's Allowed Claim that is not a Secured Claim.

5.6.2 **Impairment and Voting.**

Any Allowed Class 6 Claim is Impaired by this Plan, and the Holder of any Allowed Class 6 Claim is entitled to vote to accept or reject this Plan.

5.6.3 **Treatment.**

The Reorganized Debtors shall pay the Holders of any Allowed Class 6 Claim an amount of Cash equal to such Holder's Pro Rata share of the Unsecured Claims Pool on the first, second, and third anniversary date of the Effective Date.

5.7 **Class 7 – Unsecured Portion of BIA's Claim**

5.7.1 **Description.**

This Class is comprised of the portion of BIA's Allowed Claim arising out of the BIA Financing that is not a Secured Claim.

5.7.2 Impairment and Voting.

Any Allowed Class 7 Claims is Impaired by this Plan, and the Holder of any Allowed Class 7 Claim is entitled to vote to accept or reject this Plan.

5.7.3 Treatment.

The Reorganized Debtors shall pay the Holder of the Allowed Class 7 Claim an amount of Cash equal to such Holder's Pro Rata share of the Unsecured Claims Pool on the first, second, and third anniversary date of the Effective Date, provided that to the extent required by the Subordination Agreement, any payments to be made on account of such Class 7 Claim shall be paid to the Holder of the Class 6 Claim.

5.8 Class 8 – General Unsecured Claims

5.8.1 Description.

This Class is comprised of Holders of Unsecured Claims that are not otherwise classified in Classes 4, 5, 6, and/or 7 above.

5.8.2 Impairment and Voting.

Allowed Class 8 Claims are Impaired by this Plan, and Holder(s) of Allowed Class 8 Claims are entitled to vote to accept or reject this Plan.

5.8.3 Treatment.

The Reorganized Debtors shall pay the Holder of Allowed Class 8 Claims an amount of Cash equal to such Holder's Pro Rata share of the Unsecured Claims Pool on the first, second, and third anniversary date of the Effective Date, provided that to the extent required by the subordination Agreement, any payments to be made on account of such Class 7 Claim shall be paid to the Holder of the Class 8 Claim.

5.9 Class 9 – Equity Interests

5.9.1 Description.

This Class is comprised of Holders of the Debtors' existing Equity Interests. Including without limitation the Old Stock and Old Stock Rights held by Ben Eason and other shareholders, as well as the warrants held by Atalaya and BIA.

5.9.2 Impairment and Voting.

Allowed Class 9 Interests are Impaired by this Plan, and the Holder(s) of Allowed Class 9 Interests are presumed to have rejected this Plan and are not entitled to vote to accept or reject this Plan.

5.9.3 **Treatment.**

All Interests in the Debtors existing as of the Petition Date, other than Subsidiary Interests, shall be cancelled under the Plan and the Equity Holders of such Interests shall not receive or retain any Distribution, money or property under the Plan on account of those Equity Interests.

5.10 **Class 10 – Subsidiary Interests**

Solely for the deemed benefit of the of the Holders of the New Stock to be received on account of the New Equity Contribution, Creative Loafing shall retain its Equity Interests in the Subsidiary Debtors in which it is the direct owner and any Subsidiary Debtor that is the direct owner of another Subsidiary Debtor due shall retain the Equity Interest in such other Subsidiary Debtor.

5.11 **1111(b) Election.**

In the event that any Class of an Allowed Secured Claim, entitled to so elect, elects application of Section 1111(b)(2) of the Bankruptcy Code, then (a) the Holders of such Allowed Secured Claims shall receive deferred Cash payments totaling the full amount of such Holder's Allowed Claim and having a value, as of the Effective Date of the Plan, that is not less than the value of the Collateral securing such Allowed Secured Claim, and (b) shall not have, vote, or receive any Distribution on account of an d Unsecured Claim that would otherwise be an Allowed Secured Claim under Section 506(a) of the Bankruptcy Code.

ARTICLE 6 EXECUTORY CONTRACTS AND UNEXPIRED LEASES

6.1 **Executory Contracts and Unexpired Leases.**

6.1.1 **Assumption of Executory Contracts and Unexpired Leases.**

Except as otherwise provided in this Plan, prior Order of the Bankruptcy Court, or by operation of Section 365(d) of the Bankruptcy Code, (i) any unexpired lease or executory contract that has not been expressly rejected by a Debtor or treated in this Plan with the Bankruptcy Court's approval on or prior to the Confirmation Date shall, as of the Effective Date, be deemed to have been assumed by the Debtors unless there is pending before the Bankruptcy Court on the Effective Date a motion to reject such unexpired lease or executory contract or such executory contract or unexpired lease is otherwise designated for rejection, provided that such lease or executory contract is ultimately rejected; and (ii) the entry of the Confirmation Order shall be deemed to be a rejection of all then outstanding unexercised stock options, warrants and similar rights.

6.1.2 **Designation of Contracts and Leases to be Assumed or Rejected.**

At least fifteen (15) days prior to the Confirmation Hearing (or such later date as the Bankruptcy Court may fix), the Debtors shall file a Schedule setting forth (a) those executory contracts and unexpired leases to be rejected, and (b) any proposed Cure amount(s), if any, to be paid in connection with the assumption of any executory contracts and leases. Any party who disputes any designated proposed Cure amount or submits that a Cure amount is owed must file an objection not later than the date fixed for filing objections to confirmation of this Plan and any dispute respecting such Cure amounts will be determined by the Bankruptcy Court at the Confirmation Hearing or on such later date as the Bankruptcy Court may fix. Notwithstanding the foregoing, the Debtors reserve the right, until five (5) days prior to the Confirmation Hearing, (a) to seek to reject any executory contract or unexpired lease included on the Schedule, and (b) to assume subject to the other contract party's right to (i) receive notice of the rejection, (ii) object to the Debtors' rejection and (iii) change its vote on the Debtors' Plan. The listing of a contract or lease on the foregoing Schedule shall not constitute an admission by the Debtors that such agreement is an executory contract or an unexpired lease or that the Debtors have any liability thereunder.

6.1.3 **Cure Claims for Executory Contracts and Unexpired Leases Assumed Under the Plan.**

Any monetary amounts by which each executory contract and unexpired lease to be assumed pursuant to the Plan in default shall be satisfied under Section 365(b)(1) of the Bankruptcy Code, by Cure. If there is a dispute regarding (a) the nature or amount of any Cure, (b) the ability of any Reorganized Debtor 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 (c) any other matter pertaining to assumption, Cure shall occur following the entry of a Final Order by the Bankruptcy Court resolving the dispute and approving the assumption or assumption and assignment, as the case may be; *provided, however*, that if the Reorganized Debtors, in the exercise of their sound business judgment, conclude that the amount of the Cure obligation as determined by such Final Order, renders assumption of such executory contract or unexpired lease unfavorable to the Reorganized Debtors, they may elect to reject such contract or lease.

6.1.4 **Limited Extensions of Time to Assume or Reject.**

6.1.4.1 **Disputes as to Nature of Contract.**

In the event of a dispute as to whether a contract or lease is executory or unexpired, the right of the Debtors or the Reorganized Debtors to move to assume or reject such contract or lease shall be extended until the date that is thirty (30) days after the entry of a Final Order by the Bankruptcy Court determining that the

contract or lease is executory or unexpired. The deemed assumption provided for in Section 8.1.2 of the Plan shall not apply to any such contract or lease.

6.1.4.2 Unscheduled Executory Contracts.

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 Schedules, the right of the Reorganized Debtors to move to assume or reject such contract or lease shall 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.

6.1.4.3 Post-Petition Contracts and Leases.

The Debtors shall not be required to assume or reject any contract or lease entered into by the Debtors after the Petition Date. Any such contract or lease shall continue in effect in accordance with its terms after the Effective Date, unless the Debtors have obtained a Final Order of the Bankruptcy Court approving rejection of such contract or lease.

6.2 Claims Deadline for Filing Proofs of Claim Relating to Executory Contracts and Unexpired Leases Rejected Pursuant to this Plan.

Claims arising out of the rejection of an executory contract or unexpired lease designated for rejection hereunder or pursuant to the Confirmation Order, must be filed with the Bankruptcy Court and served upon the affected Debtor or the Reorganized Debtors by no later than thirty (30) days after the notice of entry of an order approving such rejection or as otherwise may be provided in the Confirmation Order. Any Claims not filed within such time will be forever barred from assertion against the Debtors, the Estates, the Reorganized Debtors and their property, and the Holders thereof shall not be entitled to any Distribution under this Plan or otherwise from the respective Debtor or the Reorganized Debtors. Unless otherwise ordered by the Bankruptcy Court, all Claims arising from the rejection of executory contracts and unexpired leases shall be treated as General Unsecured Claims under this Plan.

6.3 Compensation and Benefit Programs.

Except as otherwise provided in this Plan or subsequent order of the Bankruptcy Court, prior to the Effective Date, all plans, practices, programs and policies related to employment maintained by the Debtors as of the Effective Date (exclusive of any employment contract that may be specifically identified on the Schedule filed pursuant to Section 8.1.2) shall be cancelled and rejected except as may be prohibited by applicable law.

ARTICLE 7
MEANS OF IMPLEMENTATION
AND EFFECT OF CONFIRMATION OF PLAN

7.1 Means of Implementation of the Plan

7.1.1 Continued Corporate Existence

The Reorganized Debtors shall continue to exist after the Effective Date of the Plan, as separate legal entities, in accordance with applicable laws of the respective jurisdictions in which they are incorporated and pursuant to their existing articles of incorporation and by-laws, except to the extent amended by Amended Articles or Amended By-Laws, in effect prior to the Effective Date.

7.1.2 Funding from Operations.

All or some portion of the Distributions under this Plan shall be funded from the continued operation of the Debtors' businesses.

7.1.3 Funding from the New Equity Contribution.

All or some portion of the Distributions under this Plan shall be funded from the New Equity Contribution.

7.1.4 Funding from Other Sources

All or some portion of the Distributions under this Plan may also be funded from, among other things, any necessary Exit Financing, any net proceeds from any recovery of Causes of Action, and any Cash on hand on the Effective Date.

7.2 Cancellation of Old Stock.

On the Effective Date, all of the Debtors' existing Equity Interests, including without limitation the Old Stock and Old Stock Rights held by Ben Eason and other shareholders, and the warrants held by Atalaya and BIA, shall be deemed cancelled under the Plan, of no further value, and Holders of existing Equity Interests shall neither receive nor retain any money or properly under the Plan on account of such Equity Interest.

7.3 Cancellation and Surrender of Existing Debt Instruments.

7.3.1 Except as may otherwise be provided in this Plan, on the Effective Date, (i) any notes and other instruments evidencing any Claim, to the extent not already cancelled, shall be deemed cancelled without further act or action under any applicable agreement, law, regulation, order or rule; and (ii) the obligations of the Debtors under any such notes or other instruments governing such Claims shall be discharged and released.

7.3.2 Except as otherwise provided herein or agreed by the Reorganized Debtors, each Holder of a note or other instrument evidencing a Claim shall, upon demand, surrender such note to the Reorganized Debtors. The Old Stock and Old Stock Rights shall be deemed cancelled as of the Effective Date and have no further value.

7.4 **Issuance of New Stock.**

7.4.1 **Authorization and Issuance.**

On the Effective Date, or as soon thereafter as reasonably practicable, Reorganized Creative Loafing shall (a) authorize the issuance of a total number of shares of New Stock as may be provided in the Restated Articles, New Equity Term Sheet, and New Equity Subscription Agreement; and (b) issue shares of New Stock in Reorganized Creative Loafing to the New Equity Group representing one hundred percent (100%) of the issued and outstanding New Stock in Reorganized Creative Loafing as of the Effective Date on account of the New Equity Contribution.

7.4.2 **Dilution.**

The New Stock issued under Section 7.4.1 of the Plan shall be subject to dilution based on (i) the issuance of New Stock pursuant to a New Equity Incentive Plan and (ii) any other shares of New Stock issued as permissible under applicable law, regulations and pursuant to the Debtors' Articles and By-Laws after the Effective Date.

7.4.3 **Restrictions on Transfer of New Stock.**

Following the issuance of the New Stock pursuant to the Plan, any subsequent transfers of New Stock shall be subject to all applicable laws, regulations, orders, or rules governing transfers of securities, provided that, in addition, the New Stock issued on the Effective Date or pursuant to any New Equity Incentive Plan shall be subject to such additional temporal or other restrictions as may be necessary to preserve to the fullest extent permissible under Section 381(l)(5) of the Internal Revenue Code, any net operating losses or other tax attributes of the Debtors.

7.5 **Evidence of Plan Obligations.**

Any obligation of the Debtors or the Reorganized Debtors to pay deferred Cash payments after the Effective Date or on account of any Allowed Claim may, at the option of the Debtors, be evidenced by a promissory note, memorandum of indebtedness, or other instrument memorializing the material terms of such obligation.

7.6 **Post-Confirmation Incentive Programs.**

7.6.1 **No Existing Agreements.**

There are no pre-existing understandings or agreements either oral or written between the Debtors and any officers or employees to participate in any equity or other incentive plan after the Effective Date. All decisions as to entitlement to participate after the Effective Date in any New Equity Incentive Plan shall be within the sole and absolute discretion of the New Board.

7.6.2 **New Equity Incentive Plan**

(a) On or as soon as reasonably practicable after the Effective Date, but in no event later than three (3) months after the Effective Date, the New Board shall establish and implement the New Equity Incentive Plan, providing (i) grants to participating members of management and employees of shares of New Stock and/or (ii) options for additional shares of New Stock. The total amount of New Stock that may be issued under the New Equity Incentive Plan shall not exceed fifteen percent (15%) of the total issued and outstanding shares of New Stock issued on the Effective Date to the New Equity Group. The members of management and the employees entitled to participate in the New Equity Incentive Plan, and the awards for each, shall be determined by the New Board.

7.7 **Amendment of Reorganized Debtors' Articles of Incorporation.**

The Reorganized Debtors shall continue to exist after the Effective Date as separate legal entities in accordance with the laws of the respective jurisdiction in which they were incorporated and pursuant to the Restated Certificate and any other amendments necessary to effectuate the provisions of this Plan, the authorization of the New Preferred Stock and New Common Stock, and such other provisions as are necessary to facilitate consummation of this Plan, including a provision prohibiting the issuance of non-voting equity securities in accordance with Section 1123(a)(6) of the Bankruptcy Code, all without any further action by the stockholders or directors of the Debtor(s) or the Reorganized Debtor(s). The issuance of New Stock is hereby authorized without the need for any further corporate action or action by the New Board or stockholders of Reorganized Debtor.

7.8 **Continuation of Bankruptcy Injunction or Stays.**

All injunctions or stays provided for in the Chapter 11 Cases under Sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

7.9 **Revesting of Assets.**

Except as otherwise provided by this Plan, upon the Effective Date, title to all properties and assets of the Debtors shall pass from the Debtors to the Reorganized Debtors free and clear of all Claims, Liens, encumbrances and Interests of Creditors and the Confirmation Order shall be a judicial determination of discharge and extinguishment of all Claims, Liens or Equity Interests. All pre-Effective Date Claims, liabilities and obligations of the Debtors are treated and/or discharged in accordance with the terms of this Plan and, except as otherwise set forth herein, shall not in any manner be (or be deemed to be) transferred or assumed by the Reorganized Debtors.

7.10 **General Release of Liens.**

Except as otherwise provided in this Plan, or in any contract, instrument, indenture or other agreement or document created in connection with this Plan or the implementation thereof, on the Effective Date, all mortgages, deeds of trust, Liens or other security Interests against property of the Estate are hereby released and extinguished, and all the right, title and interest of any Holder of such mortgages, deeds of trust, Liens or other security Interests will revert to the Reorganized Debtors as applicable, and the successors and assigns thereof.

7.11 **Full and Final Satisfaction.**

All payments and all Distributions hereunder shall be in full and final satisfaction, settlement, release, and discharge of all Claims and Equity Interests, except as otherwise provided in this Plan.

7.12 **Termination of Subordination Rights.**

Except as otherwise provided in Sections 5.3.3 and 5.7.3 of the Plan with respect to any Distributions to be made on accounts of Class 3 and Class 7 Claims, the classification and manner of satisfying all Claims and Equity Interests under this Plan take into consideration all contractual, legal and equitable subordination rights, whether arising under general principles of equitable subordination, Sections 510(b) and (c) of the Bankruptcy Code or otherwise, that a Holder of a Claim or Equity Interest may have against other Claim or Equity Interest Holders with respect to any Distribution made pursuant to this Plan. On the Effective Date, all contractual, legal or equitable subordination rights that a Holder of a Claim or Equity Interest may have with respect to any Distribution to be made pursuant to this Plan shall be discharged and terminated, and all actions related to the enforcement of such subordination rights shall be permanently enjoined and Distributions pursuant to this Plan shall not be subject to payment to a beneficiary of such terminated subordination rights, or to levy, garnishment, attachment or other legal process by any beneficiary of such terminated subordination rights.

7.13 **No Successor Liability; No Liability for Certain Released Claims.**

Except as otherwise expressly provided in this Plan, with respect to the Debtors and Reorganized Debtors, the Debtors and the Reorganized Debtors do not, pursuant to this Plan, assume, agree to perform, pay, or indemnify Creditors for any Claims, liabilities or obligations of the Debtors relating to or arising out of the business operations or assets of the Debtors whether arising prior to, or resulting from actions, events, or circumstances occurring or existing at any time prior to the Confirmation Date. The Reorganized Debtors are not successors to the Debtors by reason of any theory of law or equity, and shall have no successor or transferee liability of any kind or character, except that Reorganized Debtors shall assume the obligations specified in this Plan and the Confirmation Order.

7.14 **Administration Pending Effective Date.**

Prior to the Effective Date, the Debtors shall continue to operate their businesses as debtors-in-possession, subject to all applicable requirements of the Bankruptcy Code and the Bankruptcy Rules. After the Effective Date, the Reorganized Debtors may operate their businesses, and may use, acquire, and dispose of property free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules, but subject to the continuing jurisdiction of the Bankruptcy Court as set forth in Article 13 hereof.

7.15 **Setoffs.**

Nothing contained in this Plan shall constitute a waiver or release by any Debtor of any rights of Setoff a Debtor may have against any Person unless otherwise agreed in writing by the Debtors prior to the Effective Date or the Reorganized Debtors after the Effective Date.

7.16 **Post-Confirmation Fees, Final Decree.**

The Reorganized Debtors shall be responsible for the payment of any post-confirmation fees due pursuant to 28 U.S.C. § 1930(a)(6) and the filing of post-confirmation disbursement reports, until a final decree is entered. A final decree shall be entered as soon as practicable after Distributions have commenced under this Plan.

7.17 **Acceptance of Distribution.**

Notwithstanding anything to the contrary herein, upon receipt of and acceptance of a full and final Distribution from the Reorganized Debtors, any and all Claims and Causes of Action as between the respective Debtor and the claimant accepting the Distribution shall be fully and finally resolved.

ARTICLE 8
VOTING AND DISTRIBUTIONS; AND TREATMENT OF
DISPUTED, CONTINGENT AND UNLIQUIDATED CLAIMS

8.1 Voting of Claims.

Each Holder of an Allowed Claim in an impaired Class which is entitled to retain or receive property under this Plan shall be entitled to vote separately to accept or reject this Plan and indicate such vote on a duly executed and delivered Ballot as provided in such order as is entered by the Bankruptcy Court establishing certain procedures with respect to the solicitation and tabulation of votes to accept or reject this Plan, or any other order or orders of the Bankruptcy Court. In voting on the Plan, Rule 3018-1(c) of the Local Rules and the Final Orders of this Court, including without limitation the following, govern:

8.1.1 Ballots that are unsigned or where a company name is not shown on the signature line will not be counted either as an acceptance or rejection;

8.1.2 Where the amount shown as owed on the Ballot differs from the Scheduled Claim and a proof of claim has been filed, the amount shown on the proof of claim will be used for the purpose of determining the amount voting. If no proof of claim is filed, the amount shown on the Schedules will be used;

8.1.3 Ballots that do not show a choice of either acceptance or rejection will not be counted as either accepting or rejecting the Plan;

8.1.4 Ballots that are filed after the last date set for the filing of Ballots will not be counted as either accepting or rejecting the Plan without leave of the Court; and

8.1.5 Where duplicate Ballots are filed, and one elects to accept, and one elects to reject the Plan, neither Ballot will be counted unless the later Ballot is designated as amending the prior Ballot.

8.2 Nonconsensual Confirmation.

If any impaired Class entitled to vote shall not accept this Plan by the requisite statutory majorities provided in Sections 1126(c) or 1126(d) of the Bankruptcy Code, as applicable, or if any impaired Class is deemed to have rejected this Plan, the Debtors reserve the right (a) to undertake to have the Bankruptcy Court confirm this Plan under Section 1129(b) of the Bankruptcy Code and (b) to amend this Plan in accordance with Article 13.3 of this Plan to the extent necessary to obtain entry of the Confirmation Order. Such amendments may include any procedures the Bankruptcy Court may deem or find necessary to determine the nature, amount or sufficiency, under applicable standards, of the New Equity Contribution to be made by the New Equity Group in exchange for the receipt of the New Stock of Reorganized Creative Loafing contemplated under this Plan.

8.3 **Method of Distributions Under this Plan**

8.3.1 **In General.**

Subject to Bankruptcy Rule 9010, all Distributions under this Plan shall be made by the Reorganized Debtors to the Holder of each Allowed Claim or Interest at the address of such Holder as listed in the Debtors' books and records or on the Schedules as of the Record Date, unless the Debtors or the Reorganized Debtors have been notified in writing of a change of address, including, without limitation, by the filing of a proof of claim or notice of transfer of Claim filed by such Holder that provides an address, if any, for such Holder different from the address reflected in the Debtors' books and records or on the Schedules.

8.3.2 **Distributions of Cash.**

Any payment of Cash made by the Reorganized Debtors pursuant to this Plan shall be made by check drawn on a domestic bank or by wire transfer.

8.3.3 **Timing of Distributions.**

Any payment or Distribution required to be made under this Plan on a day other than a Business Day shall be made on the next succeeding Business Day.

8.3.4 **Fractional Dollars.**

Whenever any payment of a fraction of a dollar would otherwise be called for, the actual payment shall reflect a rounding of such fraction to the nearest whole dollars (rounding up in the case of \$0.50 or more and rounding down in the case of less than \$0.50).

8.3.5 **Unclaimed or De Minimis Distributions.**

If the Holder of an Allowed Claim fails to negotiate a check issued to such Holder within ninety (90) days of the date such check was issued, the amount of Cash attributable to such check will be deemed to be unclaimed, such Holder's Claim will no longer be deemed to be Allowed, and such Holder will be deemed to have no further Claim in respect of such check and will not participate in any further Distributions under the Plan. De minimis Distributions of Cash or Property having a value of less than five dollars (\$5.00) shall not be made.

If a Distribution pursuant to the Plan to any Holder of an Allowed Claim is returned to the Debtors due to an incorrect or incomplete address for the Holder of such Allowed Claim, as to such Distribution, within ninety (90) days of the return of such Distribution the amount of Cash attributable to such Distribution will be deemed to be

unclaimed and such Holder will be deemed to have no further Claim in respect of such Distribution and will not participate in any further Distributions under the Plan.

8.3.6 Distributions to Holders as of the Confirmation Date.

As of the close of business on the Confirmation Date, the claims register (for Claims) shall be closed, and there shall be no further changes in the record Holders of any Claims or Equity Interests unless pursuant to properly noticed transfer of Claim pursuant to Fed. R. Bankr. P. 3003, as reflected on the Claims Register maintained by the Clerk of the Bankruptcy Court.

8.3.7 Objections to and Resolution of Administrative Claims, Claims, and Equity Interests.

Except as to applications for allowance of compensation and reimbursement of expenses under Sections 330 and 503 of the Bankruptcy Code, any party in interest may file objections to the allowance of any Administrative Claims, Claims, and Equity Interests subsequent to the Confirmation Date. All objections shall be litigated to Final Order; provided, however, that the Reorganized Debtors shall have the exclusive authority to compromise, settle, otherwise resolve or withdraw any objections filed by the Reorganized Debtors. If any joinder is made with respect to an objection, and the objection is subsequently withdrawn, the joinder shall be deemed withdrawn as well. Unless otherwise ordered by the Bankruptcy Court, all objections to the allowance of Administrative Claims, Claims or Equity Interests that are the subject of proofs of claim or requests for payment filed with the Bankruptcy Court (other than applications for allowances of compensation and reimbursement of expenses), shall be filed and served upon the Holder of the Administrative Claim, Claim or Equity Interest as to which the objection is made as soon as is practicable, but in no event later than thirty (30) days after the Effective Date or such later date as may be approved by the Bankruptcy Court.

8.3.8 Establishment and Maintenance of Reserve for Disputed Claims.

The Disbursing Agent shall maintain the Disputed Claims Reserve equal to the aggregate of any distributable amounts of Cash equal to the relevant percentage of the Distributions to which Holders of Disputed Claims would be entitled under this Plan if such Disputed Claims were Allowed Claims in the amount of such Disputed Claim or such lesser amount as required by a Final Order, net of any taxes, fees, or costs properly chargeable to such Cash if distributed to the Holders of such Disputed Claims. For the purposes of effectuating the provisions of this Section and the Distributions to Holders of Allowed Claims, the Reorganized Debtors may, at any time and regardless of whether an objection to the Disputed Claim has been brought, request that the Bankruptcy Court estimate, set, fix or liquidate the amount of Disputed Claims pursuant to Section 502(c) of the Bankruptcy Code, in which event the amounts so estimated, fixed or liquidated shall be deemed the Allowed amounts of such Claims for purposes of Distribution under this Plan. In lieu of estimating, fixing or liquidating the amount of any Disputed Claim,

the Bankruptcy Court may determine the amount to be reserved for such Disputed Claim (singularly or in the aggregate), or such amount may be fixed by an agreement in writing by and between the respective Debtor and the Holder of a Disputed Claim.

8.4 **Estimation of Claims.**

The Debtors or Reorganized Debtors, at any time and from time to time, may request that the Bankruptcy Court estimate any Disputed Claim pursuant to Section 502(c) of the Bankruptcy Code regardless of whether an objection was previously filed with the Bankruptcy Court with respect 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 that the Bankruptcy Court estimates any Disputed Claim, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim against any party or Entity, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Debtors or Reorganized Debtors may elect to pursue any supplemental proceedings to object to any ultimate Distribution on account of such Claim. All of the objection, estimation, settlement, and resolution procedures set forth in the Plan are cumulative and not necessarily exclusive of one another. Claims may be estimated and subsequently compromised, objected to, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court.

8.5 **Distributions Upon Allowance of Disputed Claims.**

The Holder of a Disputed Claim that becomes an Allowed Claim subsequent to the Effective Date shall receive Distributions from the Disputed Claims Reserve as soon as practical following the date on which such Disputed Claim becomes an Allowed Claim pursuant to a Final Order. Such Distributions shall be made in accordance with this Plan based upon the Distributions that would have been made to such Holder under this Plan if the Disputed Claim had been an Allowed Claim on or prior to the Effective Date plus any interest, dividends or other Distributions earned thereon and less any taxes, charges, fees or costs chargeable to such property. No Holder of a Disputed Claim shall have any Claim against the Disputed Claims Reserve or the Reorganized Debtors with respect to such Claim until such Disputed Claim shall become an Allowed Claim, and no Holder of a Disputed Claim shall have any right to interest, dividends or other Distribution on such Disputed Claim except as provided in this Section.

8.6 **No Distribution in Excess of Allowed Amounts.**

Notwithstanding anything to the contrary herein, no Holder of an Allowed Claim or Equity shall receive in respect of such Claim any Distribution of a value as of the Effective Date in excess of the Allowed amount of such Claim or Interest.

8.7 No Post-Petition Interest, Costs, or Attorney Fees.

Except as may be specifically provided under Section 506(b) of the Bankruptcy Code, an Allowed Claim or Allowed Interest shall not include, and no Distribution shall be made on account of, any interest, costs, or attorney's fees accrued or incurred to the Holder of such Claim or Equity Interest after the Petition Date.

**ARTICLE 9
CORPORATE GOVERNANCE, MANAGEMENT
AND STRUCTURE OF REORGANIZED DEBTOR**

9.1 Management of Reorganized Debtor.

On the Effective Date, the management, control and operation of the Reorganized Debtors shall become the general responsibility of the board of directors of the Reorganized Debtors (the "New Board"), which shall, thereafter, have responsibility for the management, control and operation of the Reorganized Debtors in accordance with applicable law.

9.2 Directors and Officers of Reorganized Debtor.

9.2.1 Board of Directors of Reorganized Debtor.

The Board of Directors of Creative Loafing immediately prior to the Effective Date shall continue to serve after the Effective Date until a new board is appointed by the majority vote of the Holders of Creative Loafing's New Stock. Any new directors of the Reorganized Debtors that are designated in accordance with this Section 9.2.1 shall be deemed to have been elected by the required plurality vote of the stockholders and shall have responsibility for the management, control, and operations of Reorganized Debtor.

9.2.2 Officers of Reorganized Debtor.

On the Effective Date, the officers of the Debtors immediately prior to the Effective Date shall serve as the officers of Reorganized Debtors. After the Effective Date, the officers of the Reorganized Debtors shall be determined by the New Board in accordance with applicable state law.

9.3 Corporate Action.

9.3.1 Pursuant to applicable corporate law, all terms of this Plan may be put into effect and carried out without further action by the directors or stockholders of the Debtors or the Reorganized Debtors, who shall be deemed to have unanimously approved this Plan and all agreements and transactions provided for or contemplated herein, including, without limitation: (i) the adoption of the Reorganized Debtors Restated Certificate; and (ii) the Distribution of Cash and the issuance and Distribution of New Common Stock pursuant to this Plan.

9.3.2 On the Effective Date, the adoption and filing of the Reorganized Debtors Restated Certificate, the appointment of directors and officers of Reorganized Creative Loafing, and all actions contemplated hereby shall be authorized and approved in all respects pursuant to the Plan. All matters provided for herein 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, shall be deemed to have occurred and shall be in effect, without any requirement of further action by the stockholders or directors of the Debtors and Reorganized Debtors. On the Effective Date, the appropriate officers or 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 any express consents required under the Plan.

9.4 **Substantive Consolidation**

As described more specifically in Article 2 of this Plan, the Debtors shall consolidate their Estates pursuant to Section 105 of the Bankruptcy Code and applicable law. Substantive consolidation is appropriate because Creditors of each of the Estates would benefit from a simplified disbursement process and elimination of the Intercompany Claims afforded by a substantive consolidation. Notwithstanding the foregoing, confirmation of this Plan shall/ shall not constitute a corporate merger, dissolution, or other similar action unless otherwise mandated by the New Board pursuant to applicable non-bankruptcy law.

ARTICLE 10 DISCHARGE

10.1 **Discharge.**

Except as otherwise expressly provided in Section 1141 of the Bankruptcy Code or this Plan, the Distributions made pursuant to and in accordance with the applicable terms and conditions of this Plan are in full and final satisfaction, settlement, release and discharge as against the Debtors of any Debt that arose before the Effective Date, and any Debt of a kind specified in Section 502(g), 502(h), or 502(i) of the Bankruptcy Code, and all Claims and Equity Interests of any nature, including, without limitation, any interest accrued thereon from and after the Petition Date, whether or not (i) a proof of claim or proof of interest based on such Debt, obligation or Equity Interest is filed or deemed filed under Section 501 of the Bankruptcy Code, (ii) such Claim or Equity Interest is Allowed under Section 502 of the Bankruptcy Code or (iii) the Holder of such Claim or Equity Interest has accepted this Plan.

10.2 **Injunction Related to Discharge.**

As of the Effective Date and subject to its occurrence, all Persons that have held, currently hold or may have asserted, directly, indirectly, derivatively or otherwise, a Claim, a Cause of Action or an Equity Interest or other right of a Holder of an Equity Interest that is

discharged, released or terminated pursuant to this Plan, are hereby permanently enjoined from commencing or continuing, directly or indirectly, in any manner or in any place, any action or other proceeding, enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order, creating, perfecting or enforcing any lien or encumbrance, asserting a set-off, or right of subrogation of any kind against any Debt, liability or obligation due to any such releasing Person, and from commencing or continuing any action, in any manner or in any place where the foregoing does not comply with or is inconsistent with the provisions of this Plan, and the Confirmation Order shall provide for such injunctions.

ARTICLE 11 EFFECTIVENESS OF THIS PLAN

11.1 Conditions to Confirmation.

It is a condition to the entry of the Confirmation Order that the following conditions have been satisfied or waived pursuant to Section 11.3 of this Plan:

11.1.1 The Confirmation Order shall be in form and substance reasonably satisfactory to the Debtors; and

11.1.2 The Bankruptcy Court shall have made a finding to be incorporated into the Confirmation Order that (i) any vote by BIA in favor of the Plan, (ii) any participation by BIA in the New Equity Group or New Equity Contribution does not violate or breach any duty or covenant of BIA under the Subordination Agreement and that any New Stock received or asserted by BIA as part of the New Equity Group is not on account of any Claim BIA may have arising out of the BIA Financing.

11.2 Conditions Precedent to Effectiveness.

This Plan shall not become effective unless and until the following conditions shall have been satisfied or waived pursuant to Section 11.3 of this Plan:

11.2.1 The Confirmation Order, in form and substance reasonably acceptable to the Debtors and each participant of the New Equity Group, shall have been entered by the Bankruptcy Court and shall have become a Final Order;

11.2.2 Each of the Plan Documents, in form and substance reasonably acceptable to the Debtors, shall have been effected or executed and delivered;

11.2.3 The New Equity Group shall have made the New Equity Contribution in compliance with the terms of this Plan and any Final Order approving the same.

11.2.4 All actions, other documents, and agreements necessary to implement this Plan shall have been effected or executed and delivered; and

11.2.5 Any Restated Articles shall have been approved by the Bankruptcy Court and be in full force and effect.

11.3 **Waiver of Conditions.**

One or more of the conditions contained in Section 11.2 of this Plan may be waived with the prior execution of a written consent by or on behalf of the Debtors in their judgment reasonably exercised.

ARTICLE 12
RETENTION OF JURISDICTION

12.1 **Retention of Jurisdiction.**

Following the Effective Date, the Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of, and related to, the Chapter 11 Cases and this Plan pursuant to, and for the purposes of, Sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

12.1.1 to hear and determine any and all objections to the allowance of any Claims or any controversies as to the classification of any Claims;

12.1.2 to hear and determine any and all applications by Professionals for compensation and reimbursement of reasonable fees and expenses;

12.1.3 to hear and determine any and all assumptions, rejections, and disaffirmance of executory contracts and unexpired leases, and fix and allow any Claims, Cure Claims or other damages resulting therefrom;

12.1.4 to liquidate any Disputed Claim;

12.1.5 to enforce the provisions of this Plan;

12.1.6 to enable the Debtors to prosecute any and all proceedings which have been or may be brought prior to the Effective Date, or subsequent to the Effective Date, to set aside liens or encumbrances and to recover any transfers, assets, properties, or damages to which the Debtors may be entitled under applicable provisions of the Bankruptcy Code or any federal, state, or local laws;

12.1.7 to correct any defect, cure any omission, or reconcile any inconsistency in this Plan or in the Confirmation Order as may be necessary to carry out its purpose and the intent of this Plan;

12.1.8 to determine any Claim or liability to a governmental unit which may be asserted as a result of the transactions contemplated herein;

12.1.9 to hear and determine matters concerning state, local, and federal taxes in accordance with Sections 346, 505 and 1146 of the Bankruptcy Code;

12.1.10 to hear and determine any matters or disputes respecting the Debtors under Sections 1113 and 1114 of the Bankruptcy Code; and

12.1.11 to determine such other matters as may be provided for in the Confirmation Order or as may be authorized under the provisions of the Bankruptcy Code.

ARTICLE 13 MISCELLANEOUS PROVISIONS

13.1 Effectuating Documents and Further Transactions.

Each of the Debtors or the Reorganized Debtors, as the case may be, is 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 this Plan and any notes or securities issued pursuant to this Plan.

13.2 Exemption from Transfer Taxes.

In accordance with Section 1146(c) of the Bankruptcy Code the issuance, transfer, or exchange of a security including, without limitation the New Common Stock, or the making or delivery of an instrument of transfer pursuant to, in implementation of, or as contemplated by this Plan, may not be taxed under any law imposing a stamp or similar tax. Consistent with the foregoing, each recorder of deeds or similar official for any county, city or governmental unit in which any instrument hereunder is to be recorded shall, pursuant to the Confirmation Order, be ordered and directed to accept such instrument, without requiring the payment of any documentary stamp tax, deed stamps, stamp tax, transfer tax, intangible tax or similar tax.

13.3 Amendment or Modification of this Plan.

Alterations, amendments or modifications of this Plan may be proposed in writing by the Debtors at any time prior to the Confirmation Date, provided that this Plan, as altered, amended or modified, satisfies the conditions of Sections 1122 and 1123 of the Bankruptcy Code, and the Debtors shall have complied with Section 1125 of the Bankruptcy Code. This Plan may be altered, amended or modified at any time before or after the Confirmation Date and before substantial consummation, provided that this Plan, as altered, amended or modified, satisfies the requirements of Sections 1122 and 1123 of the Bankruptcy Code and the Bankruptcy Court, after notice and a hearing, confirms this Plan, as altered, amended or modified, under Section 1129 of the Bankruptcy Code. A Holder of a Claim or Equity Interest that has accepted this Plan shall be deemed to have accepted this Plan, as altered, amended, or modified, if the proposed alteration, amendment, or modification does not materially and adversely change the treatment of the Claim or Equity Interest of such Holder. The Debtors may, insofar as it does not materially and

adversely affect the interests of any such Holders, correct any defect or omission in this Plan and any exhibit hereto or in any Plan Document.

13.4 **Severability.**

In the event that the Bankruptcy Court determines, prior to the Confirmation Date, that any provision in this Plan is invalid, void or unenforceable, such provision shall be invalid, void or unenforceable with respect to the Holder or Holders of such Claims or Equity Interests as to which the provision is determined to be invalid, void, or unenforceable. The invalidity, voidability, or unenforceability of any such provision shall in no way limit or affect the enforceability and operative effect of any other provision hereof.

13.5 **Revocation or Withdrawal of this Plan.**

The Debtors reserve the right to revoke or withdraw this Plan prior to the Confirmation Date. If the Debtors revoke or withdraw this Plan prior to the Confirmation Date, then this Plan shall be deemed null and void. In such event, nothing contained herein shall constitute or be deemed a waiver or release of any Claims by or against of the Debtors or any other Person or to prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the Debtors.

13.6 **Plan Supplement.**

Unless otherwise ordered by the Bankruptcy Court, any Plan Supplement containing drafts or final versions of any Plan Documents shall be filed with the Bankruptcy Court and served no later than five (5) days prior to the deadline established by the Bankruptcy Court for the filing of acceptances or rejections of the Plan, or on such other date as the Bankruptcy Court may establish, unless served with the Disclosure Statement. Holders of Claims or Equity Interests may obtain a copy of any Plan Supplement upon written request to the Debtors in accordance with Section 14.10 hereof. Any Plan Supplement is incorporated into and a part of this Plan as if set forth in full herein.

13.7 **Binding Effect.**

This Plan shall be binding upon and inure to the benefit of the Debtors, the Holders of Claims and Equity Interests, and their respective successors and assigns, including, without limitation, the Reorganized Debtors.

13.8 **Notices.**

All notices, requests and demands to or upon the Debtors, to be effective, shall be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

If to the Debtor:

Chad S. Bowen and David S. Jennis
Jennis & Bowen, P.L.
400 N. Ashley Dr., Suite 2540
Tampa, FL 33602
Counsel to the Debtors and Debtors-in-Possession

13.9 Governing Law.

Except to the extent the Bankruptcy Code, Bankruptcy Rules or other federal law is applicable, or to the extent this Plan, provides otherwise, (i) the rights and obligations arising under this Plan and all matters relating to corporate governance shall be governed by, and construed and enforced in accordance with the laws of the State of Florida, and (ii) all rights relating to the Debtor-Creditor relationship between the Reorganized Debtors and the Holders of any Claim shall be governed by, and construed and enforced in accordance with the laws of the State of Florida, without giving effect to the principles of conflicts of law of such jurisdiction.

13.10 Withholding and Reporting Requirements.

In connection with the consummation of this Plan, the Debtors or the Reorganized Debtors, as the case may be, shall comply with all withholding and reporting requirements imposed by any federal, state, local, or foreign taxing authority and all Distributions hereunder shall be subject to any such withholding and reporting requirements.

13.11 Allocation of Plan Distributions Between Principal and Interest.

To the extent that any Allowed Claim entitled to a Distribution under this Plan is comprised of indebtedness and accrued but unpaid interest thereon, such Distribution shall, for federal income tax purposes, 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 accrued but unpaid interest.

13.12 Headings.

Headings are used in this Plan for convenience and reference only, and shall not constitute a part of this Plan for any other purpose.

13.13 **Inconsistency.**

In the event of any inconsistency between this Plan and the Disclosure Statement, any exhibit to this Plan or Disclosure Statement or any other instrument or document created or executed pursuant to this Plan, this Plan shall govern.

Creative Loafing, Inc.

By: /s/ Benjamin Eason
Benjamin Eason
President

Date: December 15, 2008

CL Charlotte, Inc.

By: /s/ Benjamin Eason
Benjamin Eason
President

Date: December 15, 2008

Weekly Planet of Sarasota, Inc.

By: /s/ Benjamin Eason
Benjamin Eason
President

Date: December 15, 2008

Weekly Planet, Inc.

By: /s/ Benjamin Eason
Benjamin Eason
President

Date: December 15, 2008

Creative Loafing Atlanta, Inc.

By: /s/ Benjamin Eason
Benjamin Eason
President

Date: December 15, 2008

CL Chicago, Inc.

By: /s/ Benjamin Eason
Benjamin Eason
President

Date: December 15, 2008

CL Washington, Inc.

By: /s/ Benjamin Eason
Benjamin Eason
President

Date: December 15, 2008

Washington Free Weekly, Inc.

By: /s/ Benjamin Eason
Benjamin Eason
President

Date: December 15, 2008

CL Birmingham, Inc.

By: /s/ Benjamin Eason
Benjamin Eason
President

Date: December 15, 2008