

General Q&A

About the Filing & Process

What is Chapter 11?

Chapter 11 of the U.S. Bankruptcy Code was enacted by Congress to protect companies from creditors and possible lawsuits, and to allow them to continue operating while they restructure their debt. Chapter 11 also protects employees and employee health benefits.

Chapter 11 should not be confused with Chapter 7, which is used by companies that are shutting down operations and liquidating assets. Philadelphia Newspapers, LLC has decided to restructure its debt and is not going out of business. Philly News continues to publish its newspapers and to run its websites and other media businesses. Philly News has great brands, and is pursuing this restructuring in order to protect and strengthen them long-term.

Why did Philly News file for Chapter 11?

We simply have too much debt in light of the dramatic and unexpected decline in revenues, which has been amplified by the current recession. All of our major advertising categories have been dramatically impacted.

Many prominent companies have used Chapter 11 to reduce debt and position themselves for future growth.

This restructuring is the best option we have to take pressure off of our operations so we can pursue our vision of creating a sustainable, cutting-edge media company that is valued by our readers and advertisers, and that plays a vital role in the communities we serve.

What were the alternatives to Chapter 11?

The company explored a number of alternatives and continues to work with its lenders and other stakeholders on a successful, long-term restructuring for Philly News.

How long will this process last?

This process can last varying amounts of time, but you should recognize that this is a significant restructuring in a volatile market. We should have more insight into the length of this process in coming weeks.

What is the next step in the process?

Events typical to Chapter 11 filings include: the filing, then a series of “first-day” motions to the court (which took place on Feb. 22, 2009), the formation of a committee of creditors, and then a series of actions – which will be determined over time – to restructure the company. We will be working on a plan that best serves the interest of stakeholders as soon as possible.

What is the current status of negotiations with lenders?

Those discussions are ongoing.

Who decided to file for Chapter 11 protection?

Philly News made the decision.

Where can I get more information
Philly.com and human resources department

Impact of the Filing

Is Philly News or any of its business units going out of business? Will there be liquidation?

No. Chapter 11 should not be confused with Chapter 7, which is used by companies that are shutting down operations and liquidating assets. We continue to operate our media businesses. We are continuing to publish our newspapers and to run our websites. We have great brands, and we are pursuing this restructuring in order to protect and strengthen them long-term.

How exactly will the financial restructuring change Philly News' debt load?

The filing is the first step in the process. The answer to this question will come through the plan of reorganization.

What's the plan for the company after filing?

Our plan is to operate in the normal course for our readers, advertisers and communities we serve.

What impact will this have on Philly News' vendors and suppliers?

All vendor claims relating to goods received or services provided after our filing will be paid in full by the company. Pre-filing claims will be paid through a plan of reorganization to be considered by the Court at a later date.

What impact will this have on the company's advertisers?

There will be no impact on advertisers. We are continuing to publish our newspapers and operate our web sites.

What impact will this have on the company's readers/viewers?

We will continue to operate our newspapers, web sites and other media businesses. Our readers and advertisers should see no interruption of service or difference in quality during the debt restructuring process. We remain dedicated to providing them all with the level of service they've come to expect from us every day.

What is the company doing to communicate with all of these stakeholders?

We have an extensive outreach program in place for customers, vendors and suppliers, and we've hired a claims agent to help vendors and suppliers.

Will Brian continue to be CEO? Will the management team stay in place?

Brian as well as the rest of the management team remain actively engaged and committed to this company.

What is Philly News' business strategy?

To use our great brands and the enormous talent of our people to create a fresh, entrepreneurial company that rewards innovation and creates sustainable, relevant information products for our customers and communities.