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Brown Media Files for Bankruptcy

Brown Media Holdings Co. and Brown Publishing Co. of Ohio have filed for Chapter 11 bankruptcy protection Friday in US Bankruptcy Court for the Eastern District Court of New York. Brown Media Holdings is the parent company of business newspaper Boulder County Business Report, having bought over the paper in February 2008. In turn, the Boulder County Business Report is the majority owner of Northern Colorado Business Report (NCBR), thus making Brown Media Holdings the parent company of both publications. Ohio-based Brown Media runs 11 business publications and 15 daily newspapers and over 30 weeklies.

The co-publisher of NCBR, Chris Wood assumed the position of publisher of Boulder County Business Report at the point of the takeover while another co-publisher at NCBR, Jeff Nuttall was appointed the NCBR publisher. Joel Dempsey, corporate lawyer representing Wood was assigned to make official comments but has thus far remained mum over the bankruptcies.

Chapter 11 of the Bankruptcy code provides immediate cessation of all actions of creditors to reclaim any outstanding debts such as liquidation of assets while at the same time allows the debtor companies to reorganize their finances. However, companies under Chapter 11 do have the option to voluntarily liquidate their assets. This option was taken up by Brown Media Holdings, who will be selling their assets in 10 states to an undisclosed bidder.

Conflicting reports have appeared on the details of the bankruptcy. For instance, initially NCBR reported in its website that neither it nor another sister company, Wyoming Business Report 'is affected by the bankruptcy'. But this statement was later altered to say that neither paper 'was named as part of the bankruptcy'. However, the company that publishes the NCBR and Wyoming Business Report, Boulder Business Information Inc., a subsidiary of Brown Media is listed among 15 subsidiaries seeking bankruptcy protection, according to court papers.

Print media companies have had to grapple with severe financial problems due to the economic slowdown that brought about substantial drops in advertising revenue as companies cut back on spending to advertise. Besides that, publishers also had to contend with competition for readership from the digital media such as news websites. With its application for bankruptcy, Brown Media joins a growing number of publishers struggling to stay afloat financially.

In its bankruptcy filing, Brown Media listed PNC Bank in Philadelphia and Wilmington Trust Co. in Boston as its biggest creditors to whom they owed a total of \$94 million in secured loans.