

**GLOBAL NOTES AND STATEMENT OF LIMITATIONS, METHODOLOGY AND
DISCLAIMER REGARDING DEBTORS¹ STATEMENT OF FINANCIAL AFFAIRS
AND STATEMENT OF ASSETS AND LIABILITIES**

The Schedules of Assets and Liabilities and Statements of Financial Affairs (the "Schedules and Statements") filed herewith by Philadelphia Newspapers, LLC. and certain of its above-captioned affiliate debtors, debtors and debtors- in-possession (collectively, the "Debtors" or the Company") in the United States Bankruptcy Court for the Eastern District of Philadelphia, Eastern Division (the "Bankruptcy Court") were prepared pursuant to 11 U.S.C. § 521 and Federal Rule of Bankruptcy Procedure 1007 by management of the Debtors and are unaudited. The Schedules and Statements remain subject to further review and verification by the Debtors. Subsequent information may result in material changes in financial and other data contained in the Schedules and Statements. The Debtors have used their best efforts to compile the information set forth in the Schedules and Statements from their books and records maintained in the ordinary course of their business. While those members of management responsible for preparation of the Schedules and Statements have made reasonable effort to ensure that the Schedules and Statements are accurate and complete based on information known to them at the time of preparation after reasonable inquiries, inadvertent errors or omissions may exist and/or the subsequent receipt of information may result in material changes in financial and other data contained in the Schedules and Statements which may warrant amendment of the same. The Debtors reserve their right to amend their Schedules and Statements from time to time as may be necessary or appropriate. These Global Notes and Statement of Limitations, Methodology and Disclaimer Regarding Debtors' Statements of Financial Affairs With Schedules (the "Global Notes") are incorporated by reference in, and comprise an integral part of, the Schedules and Statements, and should be referred to and reviewed in connection with any review of the Schedules and Statements.

¹ The Debtors consist of: Philadelphia Newspapers, LLC (EIN: 09-11204); Broad Street Video, LLC (EIN: 09-11205); Philadelphia Media, LLC (EIN: 09-11206); PMH Acquisition, LLC (EIN: 09-11207); Philly Direct, LLC (EIN: 09-11208); Broad Street Publishing, LLC (EIN: 09-11209); Philly Online, LLC (EIN: 09-11211) and PMH Holdings, LLC (EIN: 09-11212).

1. **Description of the Cases and "As of" Information Date:** On February 22, 2009 (the "Petition Date"), each of the Debtors filed a voluntary petition for relief with the Court under chapter 11 of the Bankruptcy Code. The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On February 24, 2009, the Court entered an order jointly administering these cases pursuant to Bankruptcy Rule 1015(b). Unless otherwise indicated (see Note regarding Totals below), all amounts listed in the Schedules and Statements are as of February 22, 2009.

2. **Basis of Presentation:** For financial reporting purposes, the Debtors generally prepare consolidated financial statements, which include financial information for all Debtors and which in the past have been audited or compiled annually. Unlike the consolidated financial information used for the Company's financial reporting purposes, the Schedules and Statements reflect the assets and liabilities of each Debtor based on their unaudited accounting records. Each Debtor generally maintains its accounting records in accordance with the Generally Accepted Accounting Principles ("GAAP") used in the United States. However, these Schedules and Statements do not purport to represent financial statements prepared in accordance with GAAP, nor are they intended to reconcile to any financial statements prepared by the Company.

3. **Summary of Significant Reporting Policies:** Philadelphia Newspapers, LLC and its Debtor and non-Debtor affiliates frequently engage in intercompany transactions. All such entities maintain their own balance sheets and each entity maintains accounting records reflecting intercompany accounts receivable and payable arising from intercompany transactions. Accordingly, the following conventions were adopted by the Debtors in the preparation of the Schedules and Statements:

(a) **Debtors:** Separate Schedules and Statements have been filed for each of the Debtors. Intercompany balances and interests between the Debtors and various non-Debtor affiliates are reflected as of the close of business on February 22, 2009. Each Debtor's Schedules and Statements were prepared using the assets and liabilities of that Debtor pursuant to the Debtor's accounting records.

(b) **Reporting Date:** The Debtors' Schedules and Statements are prepared as of the close of business on February 22, 2009 except as otherwise stated in these Global notes or footnotes to these Schedules and Statements. In some instances, the Debtors have used estimates where actual data as of February 22, 2009 was not available.

(c) **Book value:** Except as otherwise noted, each asset and liability of each Debtor is shown on the basis of the net book value of the asset or liability in accordance with the Debtor's accounting records as of February 22, 2009. Unless otherwise noted, the Schedules reflect the carrying value of the assets and liabilities as listed in the Debtors' books, and are not based upon any estimate of their current market values, which may not correspond to book values. All intercompany balances are shown at the book values set forth in the books and records of the Debtors. Accounts receivable are shown net of any bad debt allowances which the Debtors carry on their books.

- (d) **Property and equipment – owned:** Unless otherwise noted, owned property and equipment are stated at net book value. Depreciation is provided principally on the straight-line method over a period of three to twelve years for furniture, fixtures and equipment, eleven to thirty-five years for buildings and building improvements and five to seventy-five years for land improvements.
- (e) **Property and equipment – leased:** In the ordinary course of business, the Debtors lease equipment from certain third-party lessors for use in the daily operation of their business. Any such leases are set forth in the Schedules and Statements. The Company has reflected certain leases in the Schedules and Statements as owned property in accordance with GAAP. Nothing in the Schedules and Statements is or shall be construed as an admission or determination as to the legal status of any lease (including whether any lease is a true lease or a financing arrangement), and the Debtors reserve all rights with respect to any of such issues.
- (f) **Payments to Creditor:** The Debtors have scheduled payments to creditors made within the 90 days prior to the commencement of the Chapter 11 Cases on the appropriate Statement of Financial Affairs 3B of the Debtor that holds the bank account from which the payment was made. The Debtors have not scheduled payments made to employees during the 90 days prior to the Petition Date to the extent that such payments were ordinary course payments of wages or other compensation to employees that were not officers or directors of the Debtors.
- (g) **Causes of Action:** The Debtors have not set forth causes of action against third parties as assets in their Schedules and Statements. The Debtors reserve all of their rights with respect to any causes of action they may have and neither these Global Notes nor the Schedules and Statements shall be deemed a waiver of any such causes of action.
- (h) **Bank Debt:** All co-Debtor and guarantor relationships related to obligations under the Debtors' prepetition credit facilities are reflected on Schedule H for each Debtor.
- (i) **Schedule D:** Except as otherwise agreed pursuant to a stipulation or agreed order or general order entered by the Court, the Debtors reserve their rights to dispute or challenge the validity, perfection or immunity from avoidance of any lien purported to be granted or perfected in any specific asset to a secured creditor listed on Schedule D of any Debtor. Moreover, although the Debtors have scheduled claims of various creditors as secured claims, the Debtors reserve all rights to dispute or challenge the secured nature of any such creditor's claim or the characterization of the structure of any such transaction, or any document or instrument related to such creditor's claim. In certain instances, a Debtor may be a co-obligor, co-mortgagor or guarantor with respect to scheduled claims of other Debtors and no claim set forth on Schedule D of any Debtor is intended to acknowledge claims of creditors that are otherwise satisfied or discharged by other entities. The descriptions provided in Schedule D are intended only to be a summary. Reference to the applicable credit agreements and related documents is necessary for a complete description of the collateral and the nature, extent and priority of any liens. Nothing in the Global Notes or the Schedules and Statements shall be deemed a modification or interpretation of the terms of such agreements.

(j) **Schedule E:** The Bankruptcy Court entered certain first day orders granting authority to the Debtors to pay prepetition employee wages, salaries, benefits and other obligations for employees. Pursuant to such orders, the Debtors believe that any employee claims for prepetition amounts either have been satisfied or are in the process of being satisfied. Accordingly, employee claims for amounts owing as of February 22, 2009 that have been paid or that are intended to be paid, have not been included in the Schedules and Statements.

(k) **Schedule F:** Prior to the Petition Date, the Debtors' books and records also reflected numerous intercompany account balances among various Debtors. All prepetition intercompany receivables have been listed in Schedule F. The Debtors primarily use a single Debtor, Philadelphia Newspapers, LLC to process disbursements to third parties. As such, the Debtors maintain individual accounts payable records on each Debtors' books and make entries which correspond to payments made by Philadelphia Newspapers, LLC on behalf of its Debtor and non-Debtor affiliates. The Debtors have attempted, to the best of their ability, to allocate their accounts payable as of the Petition Date, and to schedule such payables with the Debtor that received the benefit of the goods or services. All balances listed on Schedule F are shown net of any payments made as of the date of the filing of these Schedules and Statements.

(l) **Schedule G:** The Debtors have many customers and some of these customers may operate under contracts, which are not listed on Schedule G. While every effort has been made to ensure the accuracy of the executory contracts and unexpired leases listed on Schedule G, inadvertent errors or omissions may have occurred. The Debtors hereby reserve all of their rights to dispute the validity, status or enforceability of any contracts, agreements or leases set forth in Schedule G and to amend or supplement such Schedule as necessary. (i) The contracts, agreements and leases listed on Schedule G may have expired or may have been modified, amended and supplemented from time to time by various amendments, restatements, waivers, letters and other documents, instruments and agreements which may not be listed therein. Certain of the real property leases listed on Schedule G may contain renewal options, guarantees of payment, options to purchase, rights of first refusal, rights to lease additional space and other miscellaneous rights. Such rights, powers, duties and obligations are not set forth on Schedule G. Certain of the executory agreements may not have been memorialized and could be subject to dispute. Executory agreements that are oral in nature have been scheduled to the best of the Debtors' knowledge. Additionally, the Debtors may be parties to various other agreements concerning real property, such as easements, rights of way, subordination, supplemental agreements, amendments/letter agreements, title documents, consents and other miscellaneous agreements. Such documents are not set forth in Schedule G. Certain of the agreements listed on Schedule G may be in the nature of conditional sales agreements or secured financings. (ii) The presence of a contract or agreement on this schedule does not constitute an admission that such contract or agreement is an executory contract or unexpired lease. The Debtors reserve all of their rights, claims and causes of action with respect to the contracts and agreements listed on these Schedules.

4. **Claims:** Pursuant to certain first-day and other orders issued by the Bankruptcy Court (collectively, the "First Day Orders"), the Bankruptcy Court has authorized the Debtors to pay certain outstanding prepetition claims, such as certain employee wages and benefit claims, claims for taxes and fees, claims related to customer programs, and critical vendor claims.

Unless otherwise stated, these Schedules reflect (and do not list) prepetition obligations that have been satisfied prior to February 22, 2009 pursuant to such First Day Orders. Notwithstanding best efforts, certain claims paid pursuant to a First Day Order may inadvertently be listed in the Schedules, and the Debtors may pay some of the claims listed on the Schedules in the ordinary course of business during these cases pursuant to such First Day Orders or other court orders. To the extent claims listed on the Schedules have been paid pursuant to an order of the Bankruptcy Court (including the First Day Orders), the Debtors reserve all rights to amend or supplement their Schedules and Statements as is necessary and appropriate. Moreover, certain of the First Day Orders preserve the rights of parties in interest to dispute any amounts paid pursuant to First Day Orders. Nothing herein shall be deemed to alter the rights of any party in interest to contest a payment made pursuant to first day orders.

5. **Disputed, Contingent and/or Unliquidated Claims:** Schedules D, E and F permit each of the Debtors to designate a claim as disputed, contingent and/or unliquidated. A failure to designate a claim on any of these schedules as disputed, contingent and/or unliquidated does not constitute an admission that such claim is not subject to objection. The Debtors reserve their right to dispute, or assert offsets or defenses to any claim reflected on these Schedules as to nature, amount, liability or status.

6. **Insurance:** The Company maintains general liability insurance policies, and various other insurance policies, on behalf of all the Debtors. A listing of all such insurance policies is set forth on Schedule G of the Schedules of Assets and Liabilities of Philadelphia Newspapers, LLC. The Debtors maintain certain insurance policies essential to the continued operations of the Company. The terms of these policies are characteristic of insurance policies typically maintained by corporate entities that are similar in size and nature to the Company. The Company's insurance policies generally are structured to provide coverage for its affiliates, including the Debtors. The Company maintains various policies of insurance, including, but not limited to, property, casualty, motor vehicle and general liability policies.

7. **Real Property:** Real Property owned by any of the Debtors is listed in the Schedule A for that individual Debtor. Real property is scheduled at the value that the Debtors carried on their books as of February 1, 2009.

8. **Personal Property:** Personal Property owned by any of the Debtors is listed in the Schedule B for that individual Debtor. Personal property is scheduled at the value that the Debtors carried on their books as of February 22, 2009.

9. **Confidentiality:** There may be instances within the Schedules and Statements where names, addresses or amounts have been left blank. Due to the nature of an agreement between the Debtors and the third party, concerns of confidentiality or concerns for the privacy of an individual, the Debtors may have deemed it appropriate and necessary to avoid listing such names, addresses and amounts.

10. **Insiders:** The Bankruptcy Code (Section 101 (31)) defines "insiders", for purposes of an LLC, in the same way the term is defined for corporations. It includes directors, officers, persons in control, partnerships in which the debtor is a general partner, general partners of the debtor

and relatives of any of the above. Most of the categories do not apply to these Debtors. Insiders also include affiliates. Payments to “insiders” are listed in question 3C of the statement of financial affairs. This list is for informational purposes only. The debtors take no position at this time as to actual insider status of any of the listed individuals or entities.

11. **Setoffs**: The Debtors routinely incur setoffs in the ordinary course of business. These setoffs are primarily with home delivery agents (where the fees earned as home delivery agents are set off against the payments they collect for carrier collect home delivery sales). These setoffs are consistent with the ordinary course of business in the Debtors' industry. Therefore, such ordinary course setoffs are excluded from the Debtors' response to Question 13.

12. **Inventories**: Inventories are valued at cost. Costs related to newsprint inventories are determined using the First-In-First-Out (FIFO) method and costs related to other inventories are determined using average costing methods. Costs are charged to operations as consumed. Additionally, all inventories and plant and equipment are presented without consideration of any statutory or consensual liens. The Debtors set forth the value of certain high-value inventories in response to Question 20. Further, the Debtors also maintain supplies that are not subject to a physical inventory on a regular basis. Instead, perpetual inventories are maintained.

13. **Global Notes Control**: In the event that the Schedules and Statements differ from the foregoing Global Notes, the Global Notes shall control.

* * * END OF GLOBAL NOTES * * *

* * * SCHEDULES AND STATEMENTS BEGIN ON THE FOLLOWING PAGE * * *

UNITED STATES BANKRUPTCY COURT

Eastern

DISTRICT OF

Pennsylvania

In re Philly Online, LLC,
Debtor

Case No. 09-11211 (JKF)
(if known)

STATEMENT OF FINANCIAL AFFAIRS

This statement is to be completed by every debtor. Spouses filing a joint petition may file a single statement on which the information for both spouses is combined. If the case is filed under chapter 12 or chapter 13, a married debtor must furnish information for both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed. An individual debtor engaged in business as a sole proprietor, partner, family farmer, or self-employed professional, should provide the information requested on this statement concerning all such activities as well as the individual's personal affairs. Do not include the name or address of a minor child in this statement. To indicate payments, transfers and the like to minor children, state the child's initials and the name and address of the child's parent or guardian, such as "A.B., a minor child, by John Doe, guardian." Do not disclose the child's name. See 11 U.S.C. § 112; Fed. R. Bankr. P. 1007(m).

Questions 1-18 are to be completed by all debtors. Debtors that are or have been in business, as defined below, also must complete Questions 19-25. **If the answer to an applicable question is "None," mark the box labeled "None."** If additional space is needed for the answer to any question, use and attach a separate sheet properly identified with the case name, case number (if known), and the number of the question.

DEFINITIONS

"In business." A debtor is "in business" for the purpose of this form if the debtor is a corporation or partnership. An individual debtor is "in business" for the purpose of this form if the debtor is or has been, within the six years immediately preceding the filing of this bankruptcy case, any of the following: an officer, director, managing executive, or owner of 5 percent or more of the voting or equity securities of a corporation; a partner, other than a limited partner, of a partnership; a sole proprietor or self-employed full-time or part-time. An individual debtor also may be "in business" for the purpose of this form if the debtor engages in a trade, business, or other activity, other than as an employee, to supplement income from the debtor's primary employment.

"Insider." The term "insider" includes but is not limited to: relatives of the debtor; general partners of the debtor and their relatives; corporations of which the debtor is an officer, director, or person in control; officers, directors, and any owner of 5 percent or more of the voting or equity securities of a corporate debtor and their relatives; affiliates of the debtor and insiders of such affiliates; any managing agent of the debtor. 11 U.S.C. § 101.

1. Income from employment or operation of business

None State the gross amount of income the debtor has received from employment, trade, or profession, or from operation of the debtor's business, including part-time activities either as an employee or in independent trade or business, from the beginning of this calendar year to the date this case was commenced. State also the gross amounts received during the **two years** immediately preceding this calendar year. (A debtor that maintains, or has maintained, financial records on the basis of a fiscal rather than a calendar year may report fiscal year income. Identify the beginning and ending dates of the debtor's fiscal year.) If a joint petition is filed, state income for each spouse separately. (Married debtors filing under chapter 12 or chapter 13 must state income of both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

AMOUNT	SOURCE
\$16,466,222	Fiscal Year Ending 12/31/2007 - Income from operation of business
\$16,046,807	Fiscal Year Ending 12/31/2008 - Income from operation of business
\$1,487,422	2/22/2009 Fiscal Year-To-Date - Income from operation of business

2. Income other than from employment or operation of business

None

State the amount of income received by the debtor other than from employment, trade, profession, or operation of the debtor's business during the **two years** immediately preceding the commencement of this case. Give particulars. If a joint petition is filed, state income for each spouse separately. (Married debtors filing under chapter 12 or chapter 13 must state income for each spouse whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

AMOUNT SOURCE

3. Payments to creditors

Complete a. or b., as appropriate, and c.

None

a. *Individual or joint debtor(s) with primarily consumer debts:* List all payments on loans, installment purchases of goods or services, and other debts to any creditor made within **90 days** immediately preceding the commencement of this case if the aggregate value of all property that constitutes or is affected by such transfer is not less than \$600. Indicate with an asterisk (*) any payments that were made to a creditor on account of a domestic support obligation or as part of an alternative repayment schedule under a plan by an approved nonprofit budgeting and creditor counseling agency. (Married debtors filing under chapter 12 or chapter 13 must include payments by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR DATES OF PAYMENTS AMOUNT PAID AMOUNT STILL OWING

None

b. *Debtor whose debts are not primarily consumer debts:* List each payment or other transfer to any creditor made within **90 days** immediately preceding the commencement of the case if the aggregate value of all property that constitutes or is affected by such transfer is not less than \$5,475. If the debtor is an individual, indicate with an asterisk (*) any payments that were made to a creditor on account of a domestic support obligation or as part of an alternative repayment schedule under a plan by an approved nonprofit budgeting and credit counseling agency. (Married debtors filing under chapter 12 or chapter 13 must include payments and other transfers by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR DATES OF PAYMENTS/ TRANSFERS AMOUNT PAID OR VALUE OF TRANSFERS AMOUNT STILL OWING

See Question 3b Attachment

None

c. *All debtors:* List all payments made within **one year** immediately preceding the commencement of this case to or for the benefit of creditors who are or were insiders. (Married debtors filing under chapter 12 or chapter 13 must include payments by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR AND RELATIONSHIP TO DEBTOR DATES OF PAYMENT AMOUNT PAID AMOUNT STILL OWING

4. Suits and administrative proceedings, executions, garnishments and attachments

None

a. List all suits and administrative proceedings to which the debtor is or was a party within **one year** immediately preceding the filing of this bankruptcy case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

CAPTION OF SUIT AND CASE NUMBER	NATURE OF PROCEEDING	COURT OR AGENCY AND LOCATION	STATUS OR DISPOSITION
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None

b. Describe all property that has been attached, garnished or seized under any legal or equitable process within **one year** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning property of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF PERSON FOR WHOSE BENEFIT PROPERTY WAS SEIZED	DATE OF SEIZURE	DESCRIPTION AND VALUE OF PROPERTY
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5. Repossessions, foreclosures and returns

None

List all property that has been repossessed by a creditor, sold at a foreclosure sale, transferred through a deed in lieu of foreclosure or returned to the seller, within **one year** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning property of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR OR SELLER	DATE OF REPOSSESSION FORECLOSURE SALE, TRANSFER OR RETURN	DESCRIPTION AND VALUE OF PROPERTY
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6. Assignments and receiverships

None

a. Describe any assignment of property for the benefit of creditors made within **120 days** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include any assignment by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF ASSIGNEE	DATE OF ASSIGNMENT	TERMS OF ASSIGNMENT OR SETTLEMENT
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None

b. List all property which has been in the hands of a custodian, receiver, or court-appointed official within **one year** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning property of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CUSTODIAN	NAME AND LOCATION OF COURT CASE TITLE AND NUMBER	DATE OF ORDER	DESCRIPTION AND VALUE OF PROPERTY
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7. Gifts

None

List all gifts or charitable contributions made within **one year** immediately preceding the commencement of this case except ordinary and usual gifts to family members aggregating less than \$200 in value per individual family member and charitable contributions aggregating less than \$100 per recipient. (Married debtors filing under chapter 12 or chapter 13 must include gifts or contributions by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF PERSON OR ORGANIZATION	RELATIONSHIP TO DEBTOR, IF ANY	DATE OF GIFT	DESCRIPTION AND VALUE OF GIFT
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8. Losses

None

List all losses from fire, theft, other casualty or gambling within **one year** immediately preceding the commencement of this case **or since the commencement of this case**. (Married debtors filing under chapter 12 or chapter 13 must include losses by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

DESCRIPTION AND VALUE OF PROPERTY	DESCRIPTION OF CIRCUMSTANCES AND, IF LOSS WAS COVERED IN WHOLE OR PART BY INSURANCE, GIVE PARTICULARS	DATE OF LOSS
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9. Payments related to debt counseling or bankruptcy

None

List all payments made or property transferred by or on behalf of the debtor to any persons, including attorneys, for consultation concerning debt consolidation, relief under the bankruptcy law or preparation of a petition in bankruptcy within **one year** immediately preceding the commencement of this case.

NAME AND ADDRESS OF PAYEE	DATE OF PAYMENT, NAME OF PAYOR IF OTHER THAN DEBTOR	AMOUNT OF MONEY OR DESCRIPTION AND VALUE OF PROPERTY
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All payments related to debt counseling or bankruptcy have been made by Philadelphia Newspapers, LLC on behalf of all the Debtors.

10. Other transfers

None

a. List all other property, other than property transferred in the ordinary course of the business or financial affairs of the debtor, transferred either absolutely or as security within **two years** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include transfers by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF
TRANSFEREE, RELATIONSHIP
TO DEBTOR

DATE

DESCRIBE PROPERTY
TRANSFERRED AND
VALUE RECEIVED

None

b. List all property transferred by debtor within **ten years** immediately preceding the commencement of this case to a self-settled trust or similar device of which the debtor is a beneficiary.

NAME OF TRUST
OR OTHER DEVICE

DATE(S) OF
TRANSFER(S)

AMOUNT OF MONEY OR DESCRIPTION
AND VALUE OF PROPERTY OR DEBTOR'S
INTEREST IN PROPERTY

11. Closed financial accounts

None

List all financial accounts and instruments held in the name of the debtor or for the benefit of the debtor which were closed, sold, or otherwise transferred within **one year** immediately preceding the commencement of this case. Include checking, savings, or other financial accounts, certificates of deposit, or other instruments; shares and share accounts held in banks, credit unions, pension funds, cooperatives, associations, brokerage houses and other financial institutions. (Married debtors filing under chapter 12 or chapter 13 must include information concerning accounts or instruments held by or for either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS
OF INSTITUTION

TYPE OF ACCOUNT, LAST FOUR
DIGITS OF ACCOUNT NUMBER,
AND AMOUNT OF FINAL BALANCE

AMOUNT AND
DATE OF SALE
OR CLOSING

12. Safe deposit boxes

None

List each safe deposit or other box or depository in which the debtor has or had securities, cash, or other valuables within **one year** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include boxes or depositories of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS
OF BANK OR
OTHER DEPOSITORY

NAME AND ADDRESSES
OF THOSE WITH ACCESS
TO BOX OR DEPOSITORY

DESCRIPTION
OF CONTENTS

DATE OF TRANSFER
OR SURRENDER,
IF ANY

13. Setoffs

None

List all setoffs made by any creditor, including a bank, against a debt or deposit of the debtor within **90 days** preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS
OF CREDITOR

DATE OF
SETOFF

AMOUNT
OF SETOFF

The Debtors routinely incur setoffs in the ordinary course of business. These setoffs are primarily with home delivery agents (where the fees earned as home delivery agents are set off against the payments they collect for carrier collect home delivery sales). These setoffs are consistent with the ordinary course of business in the Debtors' industry. Therefore, such ordinary course setoffs are excluded from the Debtors' response to Question 13.

14. Property held for another person

None

List all property owned by another person that the debtor holds or controls.

NAME AND ADDRESS
OF OWNER

DESCRIPTION AND
VALUE OF PROPERTY

LOCATION OF
PROPERTY

15. Prior address of debtor

None

If the debtor has moved within the **three years** immediately preceding the commencement of this case, list all premises which the debtor occupied during that period and vacated prior to the commencement of this case. If a joint petition is filed, report also any separate address of either spouse.

ADDRESS

NAME USED

DATES OF OCCUPANCY

16. Spouses and Former Spouses

None

If the debtor resides or resided in a community property state, commonwealth, or territory (including Alaska, Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Puerto Rico, Texas, Washington, or Wisconsin) within the **eight years** immediately preceding the commencement of the case, identify the name of the debtor's spouse and of any former spouse who resides or resided with the debtor in the community property state.

NAME

17. Environmental Information

For the purpose of this question, the following definitions apply:

"Environmental Law" means any federal, state, or local statute or regulation regulating pollution, contamination, releases of hazardous or toxic substances, wastes or material into the air, land, soil, surface water, groundwater, or other medium, including, but not limited to, statutes or regulations regulating the cleanup of these substances, wastes, or material.

"Site" means any location, facility, or property as defined under any Environmental Law, whether or not presently or formerly owned or operated by the debtor, including, but not limited to, disposal sites.

"Hazardous Material" means anything defined as a hazardous waste, hazardous substance, toxic substance, hazardous material, pollutant, or contaminant or similar term under an Environmental Law.

None

a. List the name and address of every site for which the debtor has received notice in writing by a governmental unit that it may be liable or potentially liable under or in violation of an Environmental Law. Indicate the governmental unit, the date of the notice, and, if known, the Environmental Law:

SITE NAME AND ADDRESS	NAME AND ADDRESS OF GOVERNMENTAL UNIT	DATE OF NOTICE	ENVIRONMENTAL LAW
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None

b. List the name and address of every site for which the debtor provided notice to a governmental unit of a release of Hazardous Material. Indicate the governmental unit to which the notice was sent and the date of the notice.

SITE NAME AND ADDRESS	NAME AND ADDRESS OF GOVERNMENTAL UNIT	DATE OF NOTICE	ENVIRONMENTAL LAW
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None

List all judicial or administrative proceedings, including settlements or orders, under any Environmental Law with respect to which the debtor is or was a party. Indicate the name and address of the governmental unit that is or was a party to the proceeding, and the docket number.

NAME AND ADDRESS OF GOVERNMENTAL UNIT	DOCKET NUMBER	STATUS OR DISPOSITION
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18. Nature, location and name of business

None

a. *If the debtor is an individual*, list the names, addresses, taxpayer identification numbers, nature of the businesses, and beginning and ending dates of all businesses in which the debtor was an officer, director, partner, or managing executive of a corporation, partner in a partnership, sole proprietor, or was self-employed in a trade, profession, or other activity either full- or part-time within **six years** immediately preceding the commencement of this case, or in which the debtor owned 5 percent or more of the voting or equity securities within the **six years** immediately preceding the commencement of this case.

If the debtor is a partnership, list the names, addresses, taxpayer identification numbers, nature of the businesses, and beginning and ending dates of all businesses in which the debtor was a partner or owned 5 percent or more of the voting or equity securities, within **six years** immediately preceding the commencement of this case.

If the debtor is a corporation, list the names, addresses, taxpayer identification numbers, nature of the businesses, and beginning and ending dates of all businesses in which the debtor was a partner or owned 5 percent or more of the voting or equity securities within **six years** immediately preceding the commencement of this case.

NAME	LAST FOUR DIGITS OF SOCIAL SECURITY OR OTHER INDIVIDUAL TAXPAYER I.D. NO. (ITIN)/ COMPLETE EIN	ADDRESS	NATURE OF BUSINESS	BEGINNING AND ENDING DATES
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None

b. Identify any business listed in response to subdivision a., above, that is "single asset real estate" as defined in 11 U.S.C. § 101.

NAME

ADDRESS

The following questions are to be completed by every debtor that is a corporation or partnership and by any individual debtor who is or has been, within **six years** immediately preceding the commencement of this case, any of the following: an officer, director, managing executive, or owner of more than 5 percent of the voting or equity securities of a corporation; a partner, other than a limited partner, of a partnership; a sole proprietor or self-employed in a trade, profession, or other activity, either full- or part-time.

*(An individual or joint debtor should complete this portion of the statement **only** if the debtor is or has been in business, as defined above, within six years immediately preceding the commencement of this case. A debtor who has not been in business within those six years should go directly to the signature page.)*

19. Books, records and financial statements

- None a. List all bookkeepers and accountants who within **two years** immediately preceding the filing of this bankruptcy case kept or supervised the keeping of books of account and records of the debtor.

NAME AND ADDRESS	DATES OF SERVICES RENDERED
Richard Thayer 400 North Broad Street Philadelphia, PA 19130	6/30/2006 - Present
Michael Miller 400 North Broad Street Philadelphia, PA 19130	9/21/1987 - 1/1/2007
Andy Harrison 400 North Broad Street Philadelphia, PA 19130	6/5/1989 - Present
Barbara Sadler 400 North Broad Street Philadelphia, PA 19130	10/29/1984 - Present

- None b. List all firms or individuals who within **two years** immediately preceding the filing of this bankruptcy case have audited the books of account and records, or prepared a financial statement of the debtor.

NAME	ADDRESS	DATES SERVICES RENDERED
SMART and Associates, LLP	Four Penn Center, Suite 1030 1600 JFK Blvd. Philadelphia, PA 19103	June 2006 - Present

- None c. List all firms or individuals who at the time of the commencement of this case were in possession of the books of account and records of the debtor. If any of the books of account and records are not available, explain.

NAME	ADDRESS
Richard Thayer	400 North Broad Street Philadelphia, PA 19130
Andy Harrison	400 North Broad Street Philadelphia, PA 19130
Barbara Sadler	400 North Broad Street Philadelphia, PA 19130

None d. List all financial institutions, creditors and other parties, including mercantile and trade agencies, to whom a financial statement was issued by the debtor within **two years** immediately preceding the commencement of this case.

NAME AND ADDRESS

DATE ISSUED

In the ordinary course of its business, the Debtor is likely to have provided financial information to investors, banks, customers, suppliers and rating agencies. Details regarding such disclosures are not readily available, but may be researched upon request.

20. Inventories

None a. List the dates of the last two inventories taken of your property, the name of the person who supervised the taking of each inventory, and the dollar amount and basis of each inventory.

DATE OF
INVENTORY

INVENTORY
SUPERVISOR

DOLLAR AMOUNT OF INVENTORY
(Specify cost, market or other basis)

None b. List the name and address of the person having possession of the records of each of the inventories reported in a., above.

DATE OF
INVENTORY

NAME AND ADDRESSES
OF CUSTODIAN OF
INVENTORY RECORDS

21. Current Partners, Officers, Directors and Shareholders

None a. If the debtor is a partnership, list the nature and percentage of partnership interest of each member of the partnership.

NAME & ADDRESS

NATURE OF INTEREST

PERCENTAGE OF INTEREST

**PHM Acquisition, LLC
400 North Broad Street
Philadelphia, PA 19130**

Shareholder: Direct Ownership

100%

None b. If the debtor is a corporation, list all officers and directors of the corporation, and each stockholder who directly or indirectly owns, controls, or holds 5 percent or more of the voting or equity securities of the corporation.

NAME & ADDRESS

TITLE

NATURE AND PERCENTAGE
OF STOCK OWNERSHIP

22. Former partners, officers, directors and shareholders

None a. If the debtor is a partnership, list each member who withdrew from the partnership within **one year** immediately preceding the commencement of this case.

NAME

ADDRESS

DATE OF WITHDRAWAL

None

b. If the debtor is a corporation, list all officers, or directors whose relationship with the corporation terminated within **one year** immediately preceding the commencement of this case.

NAME & ADDRESS	TITLE	DATE OF TERMINATION
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23. Withdrawals from a partnership or distributions by a corporation

None

If the debtor is a partnership or corporation, list all withdrawals or distributions credited or given to an insider, including compensation in any form, bonuses, loans, stock redemptions, options exercised and any other prerequisite during **one year** immediately preceding the commencement of this case.

NAME AND ADDRESS OF RECIPIENT, RELATIONSHIP TO DEBTOR	DATE AND PURPOSE OF WITHDRAWAL	AMOUNT OF MONEY OR DESCRIPTION AND VALUE OF PROPERTY
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See Response to Question 3c, above.

24. Tax Consolidation Group

None

If the debtor is a corporation, list the name and federal taxpayer identification number of the parent corporation of any consolidated group for tax purposes of which the debtor has been a member at any time within the **six years** immediately preceding the commencement of the case.

NAME OF PARENT CORPORATION	TAXPAYER IDENTIFICATION NUMBER (EIN)
McClatchy Newspapers Inc. 2006 - 2006	52-2080478
Philadelphia Media Holdings, LLC 2006 - Current	20-4894680

25. Pension Funds

None

If the debtor is not an individual, list the name and federal taxpayer identification number of any pension fund to which the debtor, as an employer, has been responsible for contributing at any time within **six years** immediately preceding the commencement of the case.

NAME OF PENSION FUND	TAXPAYER IDENTIFICATION NUMBER (EIN)
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Statement of Financial Affairs

Question 3. b. Attachment

PAYMENTS TO CREDITORS

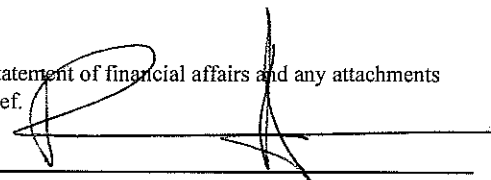
3. b. Payment or other transfer of all property that constitutes or is affected by such transfer, aggregating more than \$5,475 to any creditor, made within 90 days immediately preceding the commencement of this case.

NAME OF CREDITOR	ADDRESS	CITY	STATE	ZIP CODE	DATES OF PAYMENTS/TRANSFERS	AMOUNT PAID OR VALUE OF TRANSFERS	AMOUNT STILL OWING
Eric Grilly	400 North Broad St	Philadelphia	PA	19130	12/12/2008	\$2,723.57	
Eric Grilly	400 North Broad St	Philadelphia	PA	19130	12/05/2008	\$2,465.46	
Eric Grilly	400 North Broad St	Philadelphia	PA	19130	01/09/2009	\$3,137.51	
Eric Grilly	400 North Broad St	Philadelphia	PA	19130	02/20/2009	\$2,567.03	
					Grand Total	\$10,893.57	

I declare under penalty of perjury that I have read the answers contained in the foregoing statement of financial affairs and any attachments thereto and that they are true and correct to the best of my knowledge, information and belief.

Date April 15, 2009

Signature



Richard Thayer - Executive Vice President of Finance
Print Name and Title

[An individual signing on behalf of a partnership or corporation must indicate position or relationship to debtor.]

Penalty for making a false statement: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571