

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:

THE NEWS-GAZETTE, INC., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 19-11901 (KBO)

(Jointly Administered)

**DECLARATION OF PHILIP MURRAY IN SUPPORT OF SALE MOTION**

I, Philip Murray, pursuant to 28 U.S.C. § 1746 declare as follows:

1. I am the Executive Vice President of Dirks, Van Essen, Murray & April (“DVMA”), which has its principal office at 119 E. Marcy Street, Suite 100, Santa Fe, NM 87501. I submit this Declaration (the “Declaration”) in support of the requested bidding procedures component of the *Motion for (I) an Order (A) Establishing Bidding Procedures for the Sale of All, or Substantially All, of the Debtors’ Assets; (B) Approving Bid Protections; (C) Establishing Procedures Relating to the Assumption and Assignment of Executory Contracts and Unexpired Leases; (D) Approving Form and Manner of the Sale, Cure and Other Notices; and (E) Scheduling an Auction and a Hearing to Consider the Approval of the Sale; (II) an Order (A) Approving the Sale of the Debtors’ Assets Free and Clear of Claims, Liens, Interests and Encumbrances; and (B) Approving the Assumption and Assignment of Executory Contracts and Unexpired Leases; and (III) Certain Related Relief* filed by the Debtors on August 30, 2019 (the “Sale Motion”).

2. Except as otherwise stated herein, all facts set forth in this Declaration are based upon my personal knowledge of the matters set forth herein. I am over eighteen (18) years of age and I am authorized to submit this Declaration in support of the requested bidding procedures. If

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are as follows: The News-Gazette, Inc. (0894) and D.W.S., Inc. (7985). The Debtors’ headquarters are located at 15 East Main Street, Champaign, Illinois 61820.

called upon to testify, I could and would competently testify to the facts set forth herein from my own personal knowledge, except as otherwise stated.

### **PROFESSIONAL BACKGROUND AND QUALIFICATIONS**

3. Founded in 1980, DVMA is a leading broker that specializes in, among other things, newspapers and other print media and media companies. DVMA focuses on assisting companies in the sale, acquisition and valuation of daily and weekly newspapers and media companies for a variety of purposes. Over time, DVMA has assembled a well-balanced team of professionals with complementary skills in the analysis, negotiation, and execution of transactions. The three principals in the firm all have prior experience working in newspapers and media companies, and together with other key executives of the firm, have devoted a total of more than nine decades to the newspaper industry. DVMA has thus established itself as one of the industry's top authorities on transactions and valuations.

4. I joined Dirks in 1996, after having worked as a reporter and editor for daily newspapers for approximately 11 years. Since joining DVMA, I have helped provide services to most of the nation's largest newspaper companies, both public and private, as well as to numerous independent owners and family-owned groups. Having seen our work, 13 of the 15 largest newspaper companies in the U.S. have engaged DVMA to assist them in divesting their own daily or non-daily newspapers.

### **PREPETITION PROCESS**

5. On December 20, 2018, the Debtors engaged DVMA to solicit interest from third parties with respect to a possible merger, consolidation, tender or exchange offer, or sale or exclusive license of all or a majority of the Debtor's assets or outstanding equity interests.

6. DVMA drafted marketing materials and contacted potentially interested parties as detailed below (the "Prepetition Marketing Process"). In consultation with the Debtors'

management, DVMA prepared an information memorandum summarizing the Debtors' business and the opportunity presented as well as financial and other information. Based on prior industry relationships and additional research, DVMA compiled a list of potential strategic and media-focused financial buyers who might be interested in investing in or acquiring the Debtors. The Debtors also built a comprehensive online data room to facilitate due diligence requests from potential investors or buyers.

7. DVMA contacted 35 of the most likely potential purchasers and distributed the information memorandum to 22, all of which executed non-disclosure agreements. The parties that executed non-disclosure agreements were provided access to a confidential data room established by DVMA and six of them conducted interviews with the Debtors' management (collectively, "Diligence Information"). The Diligence Information provided prospective investors or buyers with detailed information on, among other topics, the Debtors' business, strategy, growth opportunities, technology, legal and regulatory matters, and historical financial performance.

8. As the Prepetition Marketing Process continued, a process letter was sent to ten parties. Ultimately, three letters of intent were received. One letter proposed a purchase of the consolidated businesses, one proposed a purchase of newspaper business, and one proposed a purchase of the radio business.

9. After exposing the assets to the open market for more than six months, the Debtors reached an agreement for the going-concern sale (the "Stalking Horse Sale") of the Assets with stalking horse purchaser Champaign Multimedia Group, LLC (the "Stalking Horse Bidder") which represented the highest and best offer for the assets. Thus, on July 1, 2019, the Debtors and the Stalking Horse Bidder executed a revised letter of intent, and on August 27, 2019, the parties

executed the Stalking Horse APA (the “Stalking Horse APA”) providing for the sale of substantially all of the Debtors’ assets to the Stalking Horse Bidder through these chapter 11 cases. The Stalking Horse APA has the effect of setting a floor for the sale of the Debtors’ assets, thus maximizing the return for the Debtors’ stakeholders.

10. To compensate the Stalking Horse Bidder for the extensive time and effort it spent providing this floor, the Stalking Horse APA contemplates expense reimbursement to the Stalking Horse Bidder in an amount not to exceed \$225,000, or 5% of the \$4.5 million sale price, but only in the event that another bidder prevails at the auction. I believe this form of bid protection is within market and is reasonable under the circumstances.

11. DVMA’S sale process (the “Sale Process”) enabled the Debtors to identify a stalking horse that provides a clear path through and out of chapter 11 (the “Chapter 11 Case” or “Bankruptcy Proceedings”). The Sale Process has provided the Debtors with ample time to run a robust marketing process for the Debtors’ assets and maximize value for stakeholders, while ensuring the business emerges from the restructuring proceedings in a reasonable time frame.

12. In sum, the Sale process provides for, among other things, the assumption by the purchaser(s) of certain pre- and postpetition liabilities of the Debtors, and the continued operation of the Debtors’ business as a going concern under new ownership post-closing. Given the Debtors’ challenged operating performance and pension funding obligations, among other factors, leading up to the commencement of the Bankruptcy Proceedings, this proposed sale process presents the best option for maximizing the value of the Debtors’ estates and stakeholder recoveries

#### **THE NEED FOR AN EXPEDITED SALE PROCESS**

13. The Stalking Horse APA sets forth several milestones, the most important of which are: (a) within one day after the Petition Date, the Debtors must have filed an application with the Federal Trade Commission to seek the transfer of the Debtors’ radio station licenses to the

purchaser, and (b) the FCC application must be granted, and the Sale Order must be entered, on a timeline that enables a closing on or before November 4, 2019.

14. If the Debtors fail to meet these deadlines (including the November 4, 2019 closing date), the Debtors will be in default of the Stalking Horse APA, at which point the Stalking Horse Purchaser would have an absolute right to terminate the Stalking Horse APA. The Stalking Horse Purchaser has consistently made clear (including, to my understanding, at the September 4 hearing before this court) that it views the November 4 closing date (and its ability to capture holiday advertising revenues) to be critical to the deal.

15. Putting further pressure on the timeline, it is my understanding that, after the Petition Date, the FCC instituted a new, un-published rule that the FCC will not commence the 30-day public notice period necessary for approval of the Debtors' application until after the Sale Order is entered. That means, the Debtors must satisfy these critical milestones in succession, instead of on a parallel track that the currently published FCC rules permit. Thus, it is even more imperative now than it was on the Petition Date that the Debtors maintain their requested expedited timeline for approval of the bid procedures.

16. Moreover, in light of the extensive prepetition marketing process described above, I believe conducting the sale process within the proposed timeframe is reasonable under these circumstances.

#### **POST-PETITION MARKETING PROCESS AND NOTICES**

17. Postpetition, to ensure that parties received the maximum notice possible, on September 4, 2019, the Debtors sent to the entire creditor matrix a notice of Proposed Bidding Procedures, Auction Date, and Sale Hearing (the "Initial Notice"), which was in substantially the same form as the notice attached to the proposed bidding procedures. The Debtors' claims and noticing agent filed a certificate of service for the Initial Notice at Docket No. 50.

18. Moreover, after the Petition Date, I have been spearheading the Debtors' continued efforts to market the assets for sale. Specifically, on September 9, 2019, I sent a "teaser" with information regarding the Debtors' assets and the sale process to more than 900 potentially interested parties from the database of buyers DVMA has maintained over the past 30 years.

19. In response to the postpetition "teaser," I have received 10 additional NDAs from parties who may have an interest in acquiring assets at auction. All of those parties have been given access to the diligence data room, and all are aware of the dates contained in the proposed bidding procedures. I have been in constant communication with all potentially interested buyers who are prepared to make a qualifying bid, if they are able.

20. In addition, DVMA has contracted with a consultant who has a database of radio buyers. This consultant has been directly involved in the process from the outset and sent targeting emails to 634 radio prospects in his database as well.

21. Throughout this entire months-long process, I and other representatives of DVMA also have participated in numerous meetings with the Debtors' management and advisors regarding the status of the sale process.

22. In short, I believe the process has been appropriate and that the assets are primed for auction on the current schedule.

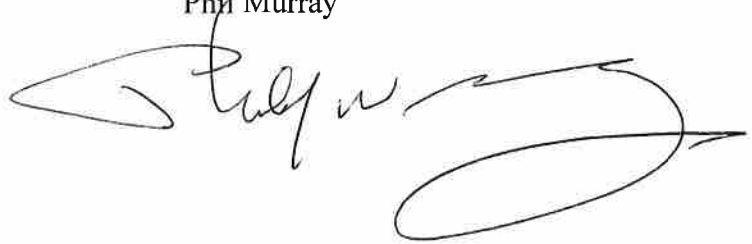
### **CONCLUSION**

23. I believe that the Bidding Procedures in this case, including the time frame for a post-petition marketing process and auction, is sufficient and appropriate under the circumstances and afforded known potentially interested parties ample opportunity to evaluate a potential transaction and submit an offer with respect to the Debtors' assets.

24. In accordance with 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my information, knowledge and belief.

Date: September 17, 2019

By: Phil Murray  
Phil Murray

A handwritten signature in black ink, appearing to read "Phil Murray", written over a horizontal line. The signature is stylized and cursive.