ROGERS JOHN W JR
Form 4
April 02, 2003

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 4
STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP
( ) Check this box if no longer subject to Section 16.
Form 4 or Form 5 obligations may continue. See Instructions 1(b).

1. Name and Address of Reporting Person
   John W. Rogers, Jr.
   Ariel Capital Management, Inc.
   200 East Randolph, Suite 2900
   IL, Chicago 60601
2. Issuer Name and Ticker or Trading Symbol
   BANK ONE CORPORATION (ONE)
3. IRS or Social Security Number of Reporting Person (Voluntary)
4. Statement for Month/Day/Year
   4/1/2003
5. If Amendment, Date of Original (Month/Day/Year)
6. Relationship of Reporting Person(s) to Issuer (Check all applicable)
   (X) Director ( ) 10% Owner ( ) Officer (give title below) ( ) Other (specify below)
7. Individual or Joint/Group Filing (Check Applicable Line)
   (X) Form filed by One Reporting Person
   ( ) Form filed by More than One Reporting Person

Table I -- Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security	2. Trans-action Date	2A. Exec-ution Date	3. Trans action Code	V	4. Securities Acquired (A) or Disposed of (D) Amount	A/D	Price	5. Amount of Securities Beneficially Owned Following Reported Trans(s)
Common Stock								12082

Table II -- Derivative Securitites Acquired, Disposed of, or Beneficially Owned

1.Title of Derivative Security	2.Con-version or Exercise Price of Deriva-tive Secu-rity	3. Trans-action (Month/Day/Year)	3A. Deemed Execu-ution (Month/Day/Year)	4. Trans-action Code	V	5.Number of Derivative Securities Acquired(A) or Disposed of(D) Amount	A/D	6.Date Exercisable and Expiration Date(Month/Day/Year) Date Exer-cisable	Expiration Date	7.Title and Amount of Underlying Securities Title	and Number of Shares	8.P of vat Sec rit
Stock Units	1	4/1/ 20		A		542	A	1	1	Common Stock	542	34.

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             |        |       |       |    | |           |   |     |     |            |       |
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Explanation of Responses:
1. Stock units granted under the Corporation's Director Stock Plan. Each unit represents the right to receive a share of the Corporation's common stock after Reporting Person's retirement, on a 1 for 1 basis, and dividend equivalent rights which will be
reinvested in additional stock units.
SIGNATURE OF REPORTING PERSON
John W. Rogers, Jr.
JOHN W. ROGERS, JR. By: Laurence Goldman,
Attorney-in-Fact

="1" height="1"> 150 Equipment and vehicles 8,322 Furniture and fixtures 479 10,264 Less accumulated depreciation (1,352) Property, plant and equipment, net $ 8,912

Depreciation and amortization expense of $455 was recorded for the three months ended March 30, 2008.

4. Goodwill and Other Intangible Assets

Intangible assets consist of the following:

March 30, 2008 Gross carrying
Amount Accumulated
Amortization Net carrying
amount Amortized intangible assets: Advertiser relationships $ 77,379 $ (7,271) $ 70,108 Customer relationships 3,024 (227) 2,797 Subscriber relationships 3,528 (277) 3,251 Deferred financing costs 4,096 (456) 3,640 88,027 (8,231) 79,796 Nonamortized intangible assets: Mastheads 22,594 — 22,594 Intangible assets, net $ 110,621 $ (8,231) $ 102,390
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(In thousands, except share and per share data)
(Unaudited)

Amortization expense for the three months ended March 30, 2008 was $2,744, of which $152 is recorded in interest expense. The average amortization period for amortizable intangible assets is approximately 8 years. Estimated future amortization expense as of March 30, 2008, is as follows:

For the fiscal year ending	
2008	$ 8,230
2009	10,974
2010	10,974
2011	10,974
2012	10,974
Thereafter	27,670
Total	$ 79,796

The changes in the carrying amount of goodwill are as follows:

	March 30, 2008
Goodwill, beginning of period	$ 90,110
Goodwill, additions (retirements)	—
Goodwill, end of period	$ 90,110

The Company will make its annual impairment assessment during the second quarter of 2008.

5. Long Term Debt

The Company’s long-term debt is summarized as follows:

	March 30, 2008
Revolving Credit Facility	$ 1,500
Term Loan Facility	
Term A Loans	35,000
Term B Loans	70,000
Subordinated Credit Facility	33,476
	139,976
Less current portion	(3,150)
	$ 136,826

The Company’s Credit Facility with a group of banks and other commercial lenders (the ‘‘Credit Facility’’) provides for a revolving credit facility (the ‘‘Revolving Credit Facility’’) and a term loan facility (the ‘‘Term Loan Facility’’). Proceeds from the Term Loan Facility of $105,000 and proceeds from the Revolving Credit Facility of $6,500 were used to fund the MOTV Acquisition. Substantially all of the Company’s assets and investment in its subsidiaries are pledged as collateral for loans under the Credit Facility. The Operating Company is the borrower under the Credit Facility.

The Credit Facility contains certain restrictive covenants which require the Company to maintain certain financial ratios, including consolidated total debt to earnings before interest, taxes, depreciation and amortization (‘‘EBITDA’’), consolidated interest coverage and consolidated fixed charge coverage, as defined. In addition, the Credit Facility contains various covenants which, among other things, limit capital expenditures and limit the Company’s ability to incur additional

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indebtedness, pay distributions and other items. The Company was in compliance with the terms of the Credit Facility at March 30, 2008.

Borrowings under the Revolving Credit Facility are limited to $20,000 through the scheduled maturity date of July 2, 2013, subject to mandatory prepayments related to defined excess cash flows, asset dispositions, equity investments and other items. The Revolving Credit Facility currently bears interest at either the higher of the prime rate or the Federal funds rate plus 0.50% plus an additional interest rate margin of 1.75% or the London Interbank Offered (''LIBOR'') rate plus 3.00%. The interest rate on the Revolving Credit Facility was 6.0% at March 30, 2008. The Company incurs commitment fees of 0.5% on the unused portion of the Revolving Credit Facility. The additional interest rate margin on the Revolving Credit Facility is subject to decrease based on the Company's ratio of consolidated total debt to EBITDA. As of March 30, 2008, we had $18,500 of additional committed capacity under the Revolving Credit Facility, $700 of which could be borrowed based on our current EBITDA, as defined in the Credit Facility. If such additional borrowings were used to invest in or acquire EBITDA generating assets, the amount of such additional borrowings could be greater than $700, based on the additional EBITDA acquired, up to the $18,500 maximum additional availability under the Revolving Credit Facility.

The Term A Loans consist of a series of term loans currently bearing interest at either the higher of the prime rate or the federal funds rate plus 0.50% plus an additional interest rate margin of 1.75%, or the LIBOR rate plus 3.00%. The interest rate on the individual Term A Loans was 7.5625% at March 30, 2008. The Term A Loans are due in quarterly installments from September 30, 2008 through June 30, 2013, subject to mandatory prepayments related to defined excess cash flows, asset dispositions, equity investments and other items. The additional interest rate margin on the Term A Loans is subject to decrease based on the Company's ratio of consolidated total debt to EBITDA.

The Term B Loans consist of a series of term loans currently bearing interest at either the higher of the prime rate or the federal funds rate plus 0.50% plus an additional interest rate margin of 2.00%, or the LIBOR rate plus 3.25%. The interest rate on the individual Term B Loans was 7.8125% at March 30, 2008. The Term B Loans are due in quarterly installments from September 30, 2008 through December 31, 2013, subject to mandatory prepayments related to defined excess cash flows, asset dispositions, equity investments and other items. The additional interest rate margin on the Term B Loans is not subject to decrease.

On July 2, 2007, in connection with the MOTV Acquisition, the Company also consummated a $30,000 unsecured term loan credit facility agreement (the ''Subordinated Credit Facility'') with a commercial lender. The Parent is the borrower under the Subordinated Credit Facility. The Subordinated Credit Facility matures on July 2, 2014 and has a leverage ratio based floating rate of payment-in-kind interest of between 14.25% and 17% (with a cash payment discount option). There is no amortization of the Subordinated Credit Facility. The interest rate on the Subordinated Credit facility will increase from 15.0% to 17.0% in May 2008 based on the leverage ratio as of March 30, 2008. The term loan may not be prepaid in the first two years and is subject to a prepayment premium of 3%, 2% and 1% in the third, fourth and fifth year, respectively, following the closing date and at par thereafter. The entire amount was immediately drawn down and used to fund the MOTV Acquisition and transaction costs and provide for the purchase of the Conversion Shares.

On November 30, 2007, the Company executed two interest rate swaps, one in the notional amount of $30,000 and one in the notional amount of $25,000, with a spot starting date of December 4, 2007. The interest rate swaps have identical terms of two years. Under these swaps, the Company pays an amount to the swap counterparty representing interest on a notional amount at a rate of 3.91% and receives an amount from the swap counterparty representing interest on the notional amount at a rate equal to the three-month LIBOR.

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Scheduled maturities of long-term debt are as follows:

2008	$ 2,100
2009	4,200
2010	5,950
2011	6,825
2012	8,575
Thereafter	112,326
Total	$ 139,976

6. Share-Based Compensation

The Company recognized compensation cost for share-based payments of $137 during the three months ended March 30, 2008. The total compensation cost not yet recognized related to non-vested awards as of March 30, 2008 was $1,801 which is expected to be recognized over a weighted average vesting period of approximately four years.

In connection with the MOTV Acquisition, on July 2, 2007, the Company adopted the expense recognition provisions of SFAS No. 123, Accounting for Stock Based Compensation, as revised in December 2004 (''SFAS 123R''). The adoption of SFAS 123R did not have a material impact on our results of operations, financial position or cash flows. All share-based compensation is accounted for in accordance with the fair-value based method of SFAS 123R.

The Company's 2007 Long-Term Incentive Equity Plan (the ''Plan''), which is shareholder-approved, was established to grant stock options, stock appreciation rights, restricted stock, deferred stock and other stock based awards to its employees. Under the Plan, all stock option awards are granted with an exercise price equal to the market price of the Company's common stock at the date of grant. During 2007, the Company granted stock options with respect to 1,513,000 shares of the Company's common stock that vest over a four year period. No stock options were issued during the three months ended March 30, 2008. Such stock options expire ten years after the date of grant. Shares issued as a result of future stock option exercises, if any, will be newly issued shares. As of March 30, 2008, 115,979 stock options have vested and are exercisable.

The fair value of each stock option award is estimated on the date of grant using the Black-Scholes option pricing model that uses various assumptions for inputs, which are noted below. Generally, the Company uses expected volatilities and risk-free interest rates that correlate with the expected term of the option when estimating an option's fair value. To determine the expected life of the option, the Company uses the simplified method for average life over the option vesting period due to lack of historical data. Expected volatility is based on historical volatility of comparable newspaper stocks, given the lack of trading history of our stock, and the expected risk-free interest rate is based on the U.S. Treasury yield curve at the time of the grant. The assumptions used for the fiscal 2007 grants were: (1) expected volatility ranging from 24.50% to 28.45%, (2) risk-free interest rates ranging from 3.42% to 4.90%, (3) expected dividends of 0.0% and (4) average life of 6.125 years.

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The following table summarizes common stock option activity during the three months ended March 30, 2008:

	Options	Weighted Average Exercise Price
Outstanding stock options, December 30, 2007	1,260,500	$ 4.82
Granted	—	—
Exercised	—	—
Forfeited	—	—
Outstanding stock options, March 30, 2008	1,260,500	$ 4.82
Exercisable stock options, March 30, 2008	115,979	$ 5.30
Weighted average grant date fair value of options granted		$ 1.73
Weighted average remaining contractual life (years)	9.4	

7. Redeemable Preferred Stock

On July 2, 2007, the Company and certain investors entered into an investment and funding agreement with respect to the issuance of up to 45,000 shares of Series A Preferred Stock. On July 3, 2007, the Company made a funding request with respect to 42,193 Preferred Shares for aggregate gross proceeds of $4,219 and the purchase and sale of such Series A Preferred Stock was consummated on July 9, 2007.

Each preferred share entitles the holder to receive cumulative dividends payable on the last day of December, March, June and September in each year in an amount determined at a rate per annum of the accreted value of a preferred share that is 150 basis points higher than the then highest applicable interest rate of the Subordinated Credit Facility; provided, however, that the dividend rate shall not be lower than 15.75% or higher than 16.5%, except in the case of an increase in the interest rate on the Subordinated Credit Facility above 15.0%. During the three months ended March 30, 2008, the dividend rate was equal to 16.5%. In May 2008, the dividend rate on the Series A Preferred Stock will increase to 18.5% in connection with the increase in the interest rate on the Subordinated Credit facility from 15.0% to 17.0% based on the Company's leverage ratio, as defined, as of March 30, 2008. Any portion of the dividends for a dividend period that is paid in cash when due shall be paid at a rate equal to the applicable dividend rate less 50 basis points.

8. Income Taxes

The Company utilizes SFAS No. 109, ''Accounting for Income Taxes'' for its accounting for income taxes. At March 30, 2008, the Company provided for a valuation allowance on the net deferred tax asset less the deferred tax liability recorded for the indefinite-lived intangible assets. Pursuant to SFAS No. 109, the indefinite-lived intangible assets cannot be considered as a source of taxable income in making any valuation allowance adjustments. Accordingly, the change in the deferred balance for these assets for the three months ended March 30, 2008, resulted in a $636 increase in deferred income tax liability and $636 of deferred income tax expense.

9. Recently Issued Accounting Standards

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements (''SFAS 157''), which defines fair value, establishes guidelines for measuring fair value and expands disclosures regarding fair value measurements. SFAS 157 does not require any new fair value measurements but rather eliminates inconsistencies in guidance found in various prior accounting pronouncements.

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SFAS 157 is effective for fiscal years beginning after November 15, 2007. The Company adopted SFAS 157 in the current fiscal quarter, and it did not have a material impact on its consolidated financial position, results of operations or cash flows.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (‘‘SFAS 159’’), which permits all entities to choose, at specified election dates, to measure eligible items at fair value that currently are not measured at fair value. Any business entity electing to measure eligible items at fair value would report unrealized gains and losses in earnings in subsequent periods and all up front costs and fees related to the fair value item are to be recognized in earnings as incurred and not deferred. The option is applied instrument by instrument with certain exceptions, is irrevocable, and applied to the entire financial instrument. SFAS 159 is effective for fiscal years beginning after November 15, 2007 and is applied prospectively with the exception that a business entity may elect to value existing eligible items and shall report the effect of this re-measurement to fair value as a cumulative-effect adjustment to the opening balance of retained earnings. The Company adopted SFAS 159 in the current fiscal quarter, and it did not have a material impact on its consolidated financial position, results of operations or cash flows.

In December 2007, the FASB issued SFAS 141R (revised 2007), Business Combinations (‘‘SFAS 141R’’). SFAS 141R established principles and requirements for how an entity which obtains control of one or more businesses (i) recognizes and measures the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree, (ii) recognizes and measures the goodwill acquired in the business combination and (iii) determines what information to disclose regarding business combinations. SFAS 141R applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual report period beginning on or after December 15, 2008. The Company has not completed its evaluation on the effect of SFAS 141R on its Consolidated Financial Statements.

In December 2007, the FASB issued SFAS 160, Non-controlling Interests in Consolidated Financial Statements (‘‘SFAS 160’’), an amendment of Accounting Research Bulletin No. 51. SFAS 160 establishes accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a non-controlling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. Additionally, SFAS 160 requires expanded disclosures in the consolidated financial statements. SFAS 160 is effective for fiscal years beginning on or after December 15, 2008. The Company has not completed its evaluation on the effect of SFAS 160 on its Consolidated Financial Statements.

10. Subsequent Event

Effective May 1, 2008, the Company accepted the resignation of its Chief Financial Officer. In connection with this resignation, there was no severance or other benefits paid. On this date, stock options with respect to 376,500 shares of the Company’s common stock will be forfeited by the Chief Financial Officer in connection with his resignation. This officer will be available thereafter to the Company on a consulting basis as needed to ensure an appropriate transition to his successor. The Company has commenced an executive search to fill the position on a permanent basis and has named its Corporate Controller as Acting Chief Financial Officer.

The Company’s Subordinated Credit Facility with Ares Capital Corporation (‘‘Ares’’) and the Operating Company’s Credit Facility with various lenders (the ‘‘ACN Lenders’’) for which Bank of Montreal, Chicago Branch (‘‘BMO’’) is administrative agent (together, the ‘‘Credit Agreements’’), contain covenants based on financial ratios, including in each case, a Total Debt Leverage Ratio (as defined in each of the Credit Agreements) covenant. Based on the Company’s current and anticipated

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future operating results, reflecting in management's judgment, the significant economic downturn in all markets in which the Company operates, the Company will not be in compliance with the Total Debt Leverage Ratio covenants for the second quarter of fiscal 2008 and will be in default under each of the Credit Agreements. While the Company would not expect its lenders to immediately terminate either Credit Agreement and/or demand immediate repayment of outstanding debt and payment of accrued interest, the ACN Lenders would have the right to do so as a result of such defaults. Alternatively, the ACN Lenders could take other actions, such as restricting our access to additional revolving loan borrowings and letters of credit. Such actions would materially and negatively impact the Company's liquidity, results of operations and financial condition.

The Company has begun discussions with each of Ares and BMO to obtain waivers of the anticipated covenant defaults, which may result, among other things, in increases in the interest rates on its indebtedness under the Credit Agreements and additional loan restrictions. There can be no assurance that the Company will be able to obtain such waivers on reasonable terms, or at all.

ITEM 2 — MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Note Regarding Forward Looking Information

The following discussion of our financial condition and results of operations should be read in conjunction with our historical consolidated financial statements and notes to those statements appearing in this report. The discussion and analysis below includes certain forward-looking statements that are subject to risks, uncertainties and other factors described under the heading ''Risk Factors'' in our 2007 Annual Report on Form 10-K for the year ended December 30, 2007 that could cause actual future growth, results of operations, performance and business prospects and opportunities to differ materially from those expressed in, or implied by, such forward looking information.

Certain statements in this Quarterly Report on Form 10-Q may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that reflect our current views regarding, among other things, our future growth, results of operations, performance and business prospects and opportunities, as well as other statements that are other than historical fact. Words such as ''anticipate(s),'' ''expect(s)'', ''intend(s)'', ''plan(s)'', ''target(s)'' ''project(s)'', ''believe(s)'', ''will'', ''would'', ''seek(s)'', ''estimate(s)'' and similar expressions are intended to identify such forward-looking statements.

Forward-looking statements are based on management's current expectations and beliefs and are subject to a number of known and unknown risks, uncertainties and other factors that could lead to actual results materially different from those described in the forward-looking statements. We can give no assurance that our expectations will be attained. Factors that could cause actual results to differ materially from our expectations include, but are not limited to the risks identified by us under the heading ''Risk Factors'' included in our 2007 Annual Report on Form 10-K. Such forward-looking statements speak only as of the date on which they are made. Except to the extent required by law, we expressly disclaim any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in our expectations with regard thereto or change in events, conditions or circumstances on which any statement is based.

Overview

We are one of the largest community newspaper publishers in the United States, operating within four major U.S. markets: Minneapolis – St. Paul, Minnesota; Dallas, Texas; Northern Virginia (suburban Washington, D.C.); and Columbus, Ohio. Our goal is to be the preeminent provider of local content and advertising in any market we serve.

We were formed on March 18, 2005, to serve as a vehicle to effect a merger, capital stock exchange, asset acquisition or other similar business combination with an operating business. On July 2, 2007, we utilized a combination of cash derived from the proceeds of the Offering and newly issued preferred stock and loans, in effecting the MOTV Acquisition. The MOTV Acquisition was accounted for using the purchase method of accounting.

A key element of our business strategy is geographic clustering of publications to realize operating efficiencies, revenue opportunities and provide consistent management. The clustering strategy has helped allow us to launch numerous new products in our existing clusters, leveraging off of our existing fixed cost base. We believe that these advantages, together with the generally lower overhead costs associated with operating in our markets, allow us to generate high operating profit margins and create an advantage against competitors and potential entrants in our markets.

We generate revenues principally from advertising, and to a smaller extent, from circulation and commercial printing. Advertising revenue is recognized upon publication of the advertisements. Circulation revenue from subscribers, which is billed to customers at the beginning of the subscription period, is recognized on a straight-line basis over the term of the related subscription. In addition, circulation revenue from single copy and newspaper rack sales is recognized upon collection from the

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customer. The revenue for commercial printing is recognized upon delivery of the printed product to the customers. Deferred revenue arises as a normal part of business principally from advance circulation payments.

Factors affecting our advertising revenues include, among others, the size and demographic characteristics of the local population, local economic conditions in general and the economic condition of the retail segments of the communities that our publications serve. If the local economy, population or prevailing retail environment of a community we serve experiences a downturn, our publications, revenues and profitability in that market would be adversely affected. Our advertising revenues are also susceptible to negative trends in the general economy that affect consumer spending. The advertisers in our newspapers and other publications and related websites include many businesses that can be significantly affected by regional or national economic downturns and other developments.

Our advertising revenue tends to follow a seasonal pattern. Our first quarter is, historically, our weakest quarter of the year in terms of revenue. Correspondingly, our second and third fiscal quarters are, historically, our strongest quarters, because they include heavy seasonal and certain holiday advertising, including Easter, Mother’s Day, Graduation, back to school and other special events. We expect that this seasonality will continue to affect our advertising revenue in future periods.

Our operating costs consist primarily of newsprint, labor and delivery costs. Our selling, general and administrative expenses consist primarily of labor costs.

We have not been significantly impacted by general inflationary pressures over the last several years. We anticipate that changing costs of newsprint, our basic raw material, may impact future operating costs. We are a member of a newsprint-buying consortium, which enables us to obtain favorable newsprint pricing. Price increases (or decreases) for our products are implemented when deemed appropriate by management. We continuously evaluate price increases, productivity improvements, sourcing efficiencies and other cost reductions to mitigate the impact of inflation. Additionally, we have taken steps to cluster our operations geographically, thereby increasing the usage of facilities and equipment while increasing the productivity of our labor force. We expect to continue to employ these steps as part of our business and clustering strategy. Other factors that affect our quarterly revenues and operating results include changes in the pricing policies of our competitors, the hiring and retention of key personnel, wage and cost pressures, distribution costs and general economic factors.

Recent Developments

Our Subordinated Credit Facility with Ares Capital Corporation (‘‘Ares’’) and the Operating Company’s Credit Facility with various lenders (the ‘‘ACN Lenders’’) for which Bank of Montreal, Chicago Branch (‘‘BMO’’) is administrative agent (together, the ‘‘Credit Agreements’’), contain covenants based on financial ratios, including in each case, a Total Debt Leverage Ratio (as defined in each of the Credit Agreements) covenant. Based on our current and anticipated future operating results, reflecting in our judgment, the significant economic downturn in all markets in which we operate, we will not be in compliance with the Total Debt Leverage Ratio covenants for the second quarter of fiscal 2008 and we will be in default under each of the Credit Agreements. While we would not expect our lenders to immediately terminate either Credit Agreement and/or demand immediate repayment of outstanding debt and payment of accrued interest, they would have the right to do so as a result of such defaults. Alternatively, the ACN Lenders could take other actions, such as restricting our access to additional revolving loan borrowings and letters of credit. Such actions would materially and negatively impact our liquidity, results of operations and financial condition.

We have begun discussions with each of Ares and BMO to obtain waivers of the anticipated covenant defaults, which may result, among other things, in increases in the interest rates on our indebtedness under the Credit Agreements and additional loan restrictions. There can be no assurance that we will be able to obtain such waivers on reasonable terms, or at all.

In addition, our current and anticipated future operating results may affect our ability to generate cash flows from operating activities and, subsequently, meet our requirements to fund our ongoing operating needs, capital expenditure requirements and long-term debt obligations.

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Pro Forma

On the following page, we have presented our operating results on a pro forma basis for the three months ended March 30, 2008 and March 31, 2007, in addition to presenting the information on a historical basis. This pro forma presentation for these periods assumes that the MOTV Acquisition, the acquisitions effected by MOTV during 2007 and the 2007 Financings occurred at the beginning of the pro forma period. This pro forma presentation is not necessarily indicative of what our operating results would have actually been had the MOTV Acquisition, the acquisitions effected by MOTV during 2007 and the 2007 Financings occurred at the beginning of the pro forma period. However, on an actual basis, almost all significant fluctuations between the three months ended March 30, 2008 and March 31, 2007 occurred as a result of the MOTV Acquisition. This pro forma presentation is for comparison purposes as the Company had no significant operations in the corresponding three months ended March 31, 2007.

Critical Accounting Policy Disclosure

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

A summary of our significant accounting policies are described in Note 2 of our consolidated financial statements for the year ended December 30, 2007, as included in our Annual Report on Form 10-K. There have been no changes in critical accounting policies in the current year from those described in Note 2 of our consolidated financial statements for the year ended December 30, 2007.

Results of Operations

The following table summarizes our historical and pro forma results of operations for the three months ended March 30, 2008 and March 31, 2007.

Unaudited (In thousands, except share and per share data)	Historical Three Months Ended March 30, 2008	Historical Three Months Ended March 31, 2007	Pro Forma Three Months Ended March 30, 2008	Pro Forma Three Months Ended March 31, 2007
Revenues:				
Advertising	$ 14,474	$ —	$ 14,474	$ 16,465
Circulation	676	—	676	924
Commercial printing and other	777	—	777	649
Total revenues	15,927	—	15,927	18,038
Operating costs and expenses:				
Operating	7,466	—	7,466	8,497
Selling, general and administrative	5,803	82	5,803	6,546
Depreciation and amortization	3,047	—	3,122	3,072
	16,316	82	16,391	18,115
Operating loss	(389)	(82)	(464)	(77)
Interest expense	(3,618)	—	(3,369)	(3,535)
Interest income	—	521	—	—
(Loss) income from operations before income taxes	(4,007)	439	(3,833)	(3,612)
Income tax expense	(636)	(109)	(636)	(636)
Net (loss) income	$ (4,643)	$ 330	$ (4,469)	$ (4,248)
(Loss) earnings per share:				
Basic and diluted	$ (0.32)	$ 0.02	$ (0.31)	$ (0.29)
Weighted average shares outstanding	14,623,445	16,800,000	14,623,445	14,623,445

Three Months Ended March 30, 2008 Compared to Three Months Ended March 31, 2007 (Pro Forma)

The discussion of our results of operations that follows is based upon our pro forma results of operations for (i) the thirteen (13) week period ended March 30, 2008, and (ii) the thirteen (13) week period ended March 31, 2007. These thirteen (13) week periods are referred to as either ‘‘the thirteen weeks’’, ‘‘quarter ended’’ or ‘‘three months ended’’.

Pro Forma Advertising Revenue. Pro forma advertising revenue for the three months ended March 30, 2008 decreased by $1,991, or 12.1%, over the preceding fiscal period. The decrease was due in large part to a revenue decrease from our Minnesota operations associated with a decline in advertising resulting from lower real estate sales and a related downturn in economic activity in the Minneapolis – St. Paul market, although all of our newspaper groups experienced revenue declines during this period. Pro forma national retail revenue decreased $142, or 42.6%, in 2008. This decrease is partially a result of a decline in national retail advertising due to a discontinuation of one-time advertising programs in a number of segments, as well as a downturn in economic activity in our Minneapolis – St. Paul and Dallas regions. Pro forma local retail display revenue decreased $332, or 4.3%, in 2008 and pro forma local classified revenue decreased $1,459, or 22.1%, in 2008. Pro forma internet revenue increased $40, or 10.9%, in 2008. This increase was the result of new internet advertising products launched across all of our web sites, as well as increased visitors and page views from the prior year period.

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Pro Forma Circulation Revenue. Pro forma circulation revenue for the three months ended March 30, 2008 decreased by $248, or 26.8%, over the preceding fiscal period. The decrease was primarily due to a decrease of $199 from our Columbus operations. We are reaching an increasingly larger share of the market through our online website growth and our controlled distribution strategy. Circulation represents a small percentage of our pro forma revenue, 4.7% during 2008, due to our focus on controlled distribution products.

Pro Forma Commercial Printing and Other Revenue. Pro forma commercial printing and other revenue for the three months ended March 30, 2008 increased by $128, or 19.7%, over the preceding fiscal period. The increase was primarily due to obtaining new commercial printing jobs in our Columbus and Dallas operations.

Pro Forma Operating Costs. Pro forma operating costs for the three months ended March 30, 2008 decreased by $1,031, or 12.1%, over the preceding fiscal period. Pro forma newsprint expense decreased $352, or 20.2%, due to decreases in the price per short ton of newsprint from $584 in 2007 to $523 in 2008, mainly from purchasing synergies realized as a result of the acquisition of the Columbus newspaper group in April 2007. Other pro forma operating costs, which principally consist of labor, were down $679 in 2008, due to decreased headcount levels. Pro forma salaries and employee benefits relating to pro forma operating costs were 16.8% of our total pro forma revenues for 2008, as compared to 17.5% of our total pro forma revenues for 2007.

Pro Forma Selling, General and Administrative Expenses. Pro forma selling, general and administrative expenses for the three months ended March 30, 2008 decreased by $743, or 11.4%, over the preceding fiscal period. This decrease was the result of declines in pro forma local display and pro forma classified advertising sales expense in the amount of $348 primarily related to the revenue decrease from the prior period. Other decreases were across multiple general and administrative expense categories due to cost containment initiatives put in place by management during 2007 combined with the realization of staffing synergies associated with the acquisition of the Columbus newspaper group in April 2007. Pro forma salaries and employee benefits relating to pro forma selling, general and administrative expenses were 15.1% of our total pro forma revenues for 2008, as compared to 16.6% of our total pro forma revenues for 2007.

Pro Forma Depreciation and Amortization. Pro forma depreciation and amortization expense for the three months ended March 30, 2008 increased $50, or 1.6%, over the preceding fiscal period.

Pro Forma Interest Expense. Pro forma interest expense for the three months ended March 30, 2008 decreased by $166, or 4.7%, over the preceding fiscal period. This decrease was due to decreases in debt levels.

Pro Forma Income Tax Expense. Pro forma income tax expense for the three months ended March 30, 2008 was $636, unchanged from the preceding fiscal period.

Pro Forma Net Loss. Pro forma net loss for the three months ended March 30, 2008 increased $221, or 5.2%, over the preceding fiscal period. The decrease was due to the factors noted above.

Pro Forma Loss Per Share. Pro forma net loss per share for the three months ended March 30, 2008 increased $0.02, or 6.9%, over the preceding fiscal period. The decrease was due to the factors noted above.

Three Months Ended March 30, 2008 Compared to Three Months Ended March 31, 2007 (Historical)

The discussion of our results of operations that follows is based upon our historical results of operations for (i) the thirteen (13) week period ended March 30, 2008, and (ii) the thirteen (13) week period ended March 31, 2007. These thirteen (13) week periods are referred to as either ‘‘the thirteen weeks’’, ‘‘quarter ended’’ or ‘‘three months ended’’. The majority of the changes are the result of the MOTV Acquisition which occurred on July 2, 2007.

Advertising Revenue.   Advertising revenue for the three months ended March 30, 2008 increased by $14,474 over the preceding fiscal period. The increase was due to the MOTV Acquisition.

Circulation Revenue.   Circulation revenue for the three months ended March 30, 2008 increased by $676 over the preceding fiscal period. The increase was due to the MOTV Acquisition.

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Commercial Printing and Other Revenue. Commercial printing and other revenue for the three months ended March 30, 2008 increased by $777 over the preceding fiscal period. The increase was due to the MOTV Acquisition.

Operating Costs. Operating costs for the three months ended March 30, 2008 increased by $7,466 over the preceding fiscal period. The increase was due to the MOTV Acquisition.

Selling, General and Administrative Expenses. Selling, general and administrative expenses for the three months ended March 30, 2008 increased by $5,721 over the preceding fiscal period. The increase was due to principally as a result of the MOTV Acquisition.

Depreciation and Amortization. Depreciation and amortization expense for the three months ended March 30, 2008 increased $3,047 over the preceding fiscal period. The increase was due to the MOTV Acquisition.

Interest Expense. Interest expense for the three months ended March 30, 2008 increased by $3,618 over the preceding fiscal period. The increase was due to the MOTV Acquisition and 2007 Financings.

Interest Income. Interest income for the three months ended March 30, 2008 decreased by $521 over the preceding fiscal period. The decrease was due to the utilization of the trust fund to fund the MOTV Acquisition on July 2, 2007.

(Loss) Income from Operations Before Income Taxes. Income from operations before income taxes for the three months ended March 30, 2008 decreased $4,446 over the preceding fiscal period, from $439 of income from operations before income taxes in 2007 to a $4,007 loss from operations before income taxes in 2008. This decrease was due to the factors noted above.

Income Tax Expense. Income tax expense for the three months ended March 30, 2008 increased by $527 over the preceding fiscal period. This decrease was due to the MOTV Acquisition.

Net (Loss) Income. Net loss for the three months ended March 30, 2008 increased $4,973 over the preceding fiscal period. The decrease was due to the factors noted above.

(Loss) Earnings Per Share. Loss per share for the three months ended March 30, 2008 decreased $0.34 per share over the preceding fiscal period, from earnings per share of $0.02 in 2007 to a loss per share of $(0.32) in 2008. This decrease was due to the factors noted above.

Liquidity and Capital Resources

Our primary cash requirements are for working capital, borrowing obligations and capital expenditures. We have no material outstanding commitments for capital expenditures. Our principal sources of funds have historically been cash provided by operating activities and borrowings under our Revolving Credit Facility. This historical cash flow trend has not held for 2008 as we experience a continued weakness in our print advertising revenue streams.

As of March 30, 2008, we had $18,500 of additional committed capacity under the Revolving Credit Facility, of which $700 could be borrowed based on our current EBITDA, as defined in the Credit Facility. If such additional borrowings were used to invest in or acquire EBITDA generating assets, the amount of such additional borrowings on both dates could be greater than $700, based on the additional EBITDA acquired, up to the $18,500 maximum additional availability at March 30, 2008, under the Revolving Credit Facility.

Our Credit Facility and Subordinated Credit Facility impose upon us certain financial and operating covenants, including, among others, requirements that we satisfy certain quarterly financial tests, including a total leverage ratio, a minimum interest coverage ratio, a minimum fixed charge ratio, and restrictions on our ability to incur debt, pay dividends, take certain other corporate actions and similar items. Our ability to meet these covenants will depend on future operating cash flows, working capital needs and other sources and uses of funds, which in turn will be subject to economic conditions and to financial, market and competitive factors, many of which are beyond our control. Failure to meet these covenants could result in additional costs and fees to amend the Credit Facility

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and Subordinated Credit Facility or result in the principal balance of the borrowings under the Credit Facility or Subordinated Credit Facility becoming immediately due and payable. Furthermore, we may need a waiver of our Credit Facility and Subordinated Credit Facility covenants and there can be no assurance that we can receive such waiver. As of March 30, 2008, we are in compliance with these covenants.

As discussed in ‘‘Recent Developments’’, we have initiated discussions with the lenders who are a party to our Senior Credit Facility and Subordinated Credit Facility to explore the possibility of modifying certain terms of our financial covenants contained in the Senior Credit Facility and Subordinated Credit Facility to provide greater flexibility to help manage our operations efficiently during the current challenging times. The Company anticipates that the modifications will reduce borrowing capacity under the Senior Credit Facility and increase our borrowing costs. There can be no assurance that the lenders who are a party to our Senior Credit Facility and Subordinated Credit Facility will agree to any changes to these facilities.

Cash Flows

The following table summarizes our historical cash flows.

	Unaudited	
(In thousands)	Three Months Ended March 30, 2008	March 31, 2007
Cash provided by (used in) operating activities	$ 376	$ (587)
Cash used in investing activities	(43)	(785)
Cash (used in) provided by financing activities	(1,223)	180

The discussion of our cash flows that follows is based on our historical cash flows for the three months ended March 30, 2008 and March 31, 2007. The majority of the changes are the result of the MOTV Acquisition which occurred on July 2, 2007.

Cash Flows from Operating Activities. Net cash provided by operating activities for the three months ended March 30, 2008 was $376, an increase of $963 when compared to the $587 of cash used in operating activities for the three months ended March 31, 2007. This $963 increase was the result of an increase in cash provided by (i) Trust Fund use of funds of $646 in 2007 and (ii) an increase in non-cash charges of $5,578, partially offset by a decrease in (i) cash provided by working capital of $287, excluding the Trust Fund and (ii) change in net income (loss) of $4,973.

The $287 decrease in cash provided by working capital, excluding the Trust Fund, for the three months ended March 30, 2008 when compared to the three months ended March 31, 2007 is primarily attributable to decreases in accrued interest and accrued expenses and increases in accounts receivable, accounts payable and inventories.

The $4,942 increase in non-cash charges primarily consisted of an increase in depreciation and amortization of $3,047, all of which related to the MOTV Acquisition consummated on July 2, 2007, $1,550 of non-cash interest incurred in connection with the financing of the MOTV Acquisition, an increase in non-cash compensation expense of $136 and a provision for doubtful accounts of $208.

Cash Flows from Investing Activities. Net cash used in investing activities for the three months ended March 30, 2008 was $43. During this period, we used this amount for capital expenditures. We have reviewed our capital expenditure program and have modified it to balance our liquidity needs with what is sufficient to maintain our current level and quality of operations.

Cash Flows from Financing Activities. Net cash used by financing activities for the three months ended March 30, 2008 was $1,223. The net cash used by financing activities resulted from net payments of $1,200 under the Credit Facility and $23 of debt issuance costs in connection with the Credit Facility.

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Changes in Financial Position

The discussion that follows highlights significant changes in our financial position and working capital from December 30, 2007 to March 30, 2008.

Accounts Receivable. Accounts receivable increased $129 from December 30, 2007 to March 30, 2008, the majority of which was associated with decreased collections due to a slowdown in economic activity in our markets.

Inventories. Inventories increased $340 from December 30, 2007 to March 30, 2008, the majority of which was associated with increased newsprint inventories to take advantage of anticipated increases in newsprint pricing combined with declining usage.

Property, Plant, and Equipment. Property, plant, and equipment decreased $412 during the period from December 30, 2007 to March 30, 2008. Since yearend, we have incurred $43 in capital expenditures offset by depreciation of $455.

Intangible Assets. Intangible assets decreased $2,721 from December 30, 2007 to March 30, 2008, the majority of which was associated with amortization expense of $2,744.

Accounts Payable. Accounts payable increased $333 from December 30, 2007 to March 30, 2008, due to the timing of vendor payments.

Accrued Expenses. Accrued expenses decreased $177 from December 30, 2007 to March 30, 2008, the majority of which was associated with the timing of payment of accrued payroll and benefits.

Accrued Interest. Accrued interest decreased $108 from December 30, 2007 to March 30, 2008 primarily attributable to borrowings under the Credit Facility.

Other Information

Effective May 1, 2008, the Company accepted the resignation of Daniel J. Wilson, the Chief Financial Officer of the Company. In connection with Mr. Wilson’s resignation, there was no severance or other benefits paid. On this date, stock options with respect to 376,500 shares of the Company’s common stock will be forfeited by Mr. Wilson in connection with his resignation. Mr. Wilson will be available thereafter to the Company on a consulting basis as needed to ensure an appropriate transition to his successor. The Company has commenced an executive search to fill the position on a permanent basis and has named Richard D. Hendrickson, its Corporate Controller, as Acting Chief Financial Officer.

Non-GAAP Financial Measures

A non-GAAP financial measure is generally defined as one that purports to measure historical or future financial performance, financial position or cash flows, but excludes or includes amounts that would not be so adjusted in the most comparable GAAP measure. In this Form 10-Q, we define and use Adjusted EBITDA, a non-GAAP financial measure, as set forth below.

Adjusted EBITDA and pro forma Adjusted EBITDA

We define Adjusted EBITDA as follows:

Net income (loss) before:

Income tax expense (benefit)
Income (loss) from discontinued operations
Normal state (non income) taxes
Depreciation and amortization
Net interest expense
Other non operating items; and
Non-cash stock-based compensation expense

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We define pro forma Adjusted EBITDA as follows:

Net income (loss) before

Income tax expense (benefit)
Income (loss) from discontinued operations
Normal state (non income) taxes
Depreciation and amortization
Net interest expense
Other non operating items; and
Non-cash stock-based compensation expense

Plus/Minus:

Adjustment for acquisitions (dispositions) so that such pro forma EBITDA calculation has been presented as if any acquisitions (dispositions) that occurred in any reporting period were made as of the first day of the fiscal year presented.

Management's Use of Adjusted EBITDA and pro forma Adjusted EBITDA

Adjusted EBITDA and pro forma EBITDA are not measurements of financial performance under GAAP and should not be considered in isolation or as alternatives to income from operations, net income (loss), cash flow from continuing operating activities or any other measure of performance or liquidity derived in accordance with GAAP. We believe these non-GAAP measures, as we have defined them, are helpful in identifying trends in our day-to-day performance because the items excluded have little or no significance on our day-to-day operations and/or take into account the impact of acquisitions/dispositions to compare over various periods. These measures provide an assessment of controllable expenses and afford management the ability to make decisions which are expected to facilitate meeting current financial goals as well as achieve optimal financial performance. They provide indicators for management to determine if adjustments to current spending decisions are needed.

Adjusted EBITDA and pro forma Adjusted EBITDA provide us with measures of financial performance, independent of items that are beyond the control of management in the short-term, such as depreciation and amortization, taxation and interest expense associated with our capital structure. These metrics measure our financial performance based on operational factors that management can impact in the short-term, namely the cost structure or expenses of the organization. Adjusted EBITDA and pro forma Adjusted EBITDA are just two of the metrics used by senior management to review the financial performance of the business on a monthly basis.

Limitations of Adjusted EBITDA and pro forma Adjusted EBITDA

Adjusted EBITDA and pro forma Adjusted EBITDA have limitations as analytical tools. They should not be viewed in isolation or as substitutes for GAAP measures of earnings or cash flows. Material limitations in making the adjustments to our earnings to calculate Adjusted EBITDA and pro forma Adjusted EBITDA and using these non-GAAP financial measures as compared to GAAP net income (loss), include: the cash portion of interest expense, income tax (benefit) provision and non-recurring charges related to gain (loss) on sale of facilities and extinguishment of debt activities generally represent charges (gains), which may significantly affect our financial results.

An investor or potential investor may find these items important in evaluating our performance, results of operations and financial position. We use non-GAAP financial measures to supplement our GAAP results in order to provide a more complete understanding of the factors and trends affecting our business.

Adjusted EBITDA and pro forma Adjusted EBITDA are not alternatives to net income, income from operations or cash flows provided by or used in operations as calculated and presented in accordance with GAAP. You should not rely on Adjusted EBITDA or pro forma Adjusted EBITDA as substitutes for any such GAAP financial measure. We strongly encourage you to review the reconciliation of net income (loss) to Adjusted EBITDA and reconciliation of net income (loss) to

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pro forma Adjusted EBITDA, along with our consolidated financial statements included elsewhere in this Form 10-K. We also strongly encourage you to not rely on any single financial measure to evaluate our business. In addition, because Adjusted EBITDA and pro forma Adjusted EBITDA are not measures of financial performance under GAAP and are susceptible to varying calculations, the Adjusted EBITDA and pro forma Adjusted EBITDA measures, as presented in this Form 10-K, may differ from and may not be comparable to similarly titled measures used by other companies.

The table below shows the reconciliation of net (loss) income to Adjusted EBITDA for the periods presented:

	(In thousands)	
	Three Months Ended	
	March 30, 2008	March 31, 2007
Net (loss) income	$ (4,643)	$ 330
Income tax expense	636	109
Non-cash stock based compensation expense	137	—
Interest income	—	(521)
Interest expense	3,618	—
Depreciation and amortization	3,047	—
Adjusted EBITDA	$ 2,795	$ (82)

The table below shows the reconciliation of net (loss) income to pro forma Adjusted EBITDA for the periods presented:

	(In thousands)	
	Three Months Ended	
	March 30, 2008	March 31, 2007
Net (loss) income	$ (4,643)	$ 330
Income tax (benefit) expense	636	109
Non-cash stock based compensation expense	137	—
Interest income	—	(521)
Interest expense	3,618	—
Depreciation and amortization	3,047	—
Adjustment for MOTV Acquisition	—	3,366
Pro Forma Adjusted EBITDA	$ 2,795	$ 3,284

Off Balance Sheet Arrangements

Options and warrants issued in conjunction with our initial public offering and the options issued under our 2007 Long-Term Incentive Equity Plan are equity-linked derivatives and accordingly represent off-balance sheet arrangements. The options and warrants meet the scope exception in paragraph 11(a) of Financial Accounting Standard 133 (''SFAS 133'') and are accordingly not accounted for as derivatives for purposes of SFAS 133, but instead are accounted for as equity.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company's Annual Report on Form 10-K for the year ended December 30, 2007 details the Company's disclosures about market risk. As of March 30, 2008, there have been no material changes in the market risk for the Company from that discussed in the aforementioned Form 10-K.

Item 4. Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in company reports filed or submitted under the Securities

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Exchange Act of 1934 (the ''Exchange Act'') is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in company reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our chief executive officer and treasurer, as appropriate to allow timely decisions regarding required disclosure.

As required by Rules 13a-15 and 15d-15 under the Exchange Act, our chief executive officer and chief financial officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of March 30, 2008. Based upon their evaluation, they concluded that our disclosure controls and procedures were effective.

Our internal control over financial reporting is a process designed by, or under the supervision of, our president and treasurer and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our financial statements for external purposes in accordance with generally accepted accounting principles (United States). Internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of our financial statements in accordance with generally accepted accounting principles (United States), and that our receipts and expenditures are being made only in accordance with the authorization of our board of directors and management; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Changes in Internal Controls

There has not been any change in our internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 4T. Controls and Procedures

Not applicable.

Part II. Other Information

Item 1. Legal Proceedings

We are subject to legal proceedings and claims which arise in the ordinary course of our business. Although occasional adverse decisions or settlements may occur, we believe that the final disposition of such matters will not have a material adverse effect on our financial position, results of operations or liquidity.

Item 1A. Risk Factors

Management of the Company cautions readers that our business activities involve risks and uncertainties that could cause actual results to differ materially from those currently expected by us. Item 1A — Risk Factors, in our 2007 Annual Report on Form 10-K for the fiscal year ended December 30, 2007, should be carefully considered in evaluating our business because such factors may have a significant impact on our business, operating results, liquidity and financial condition. Such risks are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition or operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits

(a) Exhibits:

Exhibit No.

Description 31 .1 Certification of Principal Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. 31 .2 Certification of Principal Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. 32 .1 Certification of Principal Executive, Financial and Accounting Officers, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned, thereunto duly authorized on the 30th day of April 2008.

American Community Newspapers Inc.
(Registrant) /s/ Eugene M. Carr Eugene M. Carr
Chairman, President and Chief Executive Officer
(Principal Executive Officer) /s/ Daniel J. Wilson Daniel J. Wilson
Vice President and Chief Financial Officer
(Principal Financial Officer) /s/ Richard D. Hendrickson Richard D. Hendrickson
Corporate Controller
(Principal Accounting Officer)
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