

Major publishing house files for bankruptcy

By Dawn McCarty and Phil Milford, Bloomberg

Houghton Mifflin Harcourt Publishing Co., the publisher of authors from Mark Twain to J.R.R. Tolkien, sought bankruptcy protection to eliminate more than \$3 billion in debt.

The company, based in Boston, listed \$2.68 billion in assets and \$3.53 billion in debt in Chapter 11 documents filed last week in U.S. Bankruptcy Court in Manhattan. More than 20 affiliates also entered bankruptcy, including Broderbund LLC and Classroom Connect Inc.

“The global financial crisis over the past several years has negatively affected” Houghton Mifflin’s financial performance, in a business that “depends largely on state and local funding” for the schoolbook market, said William Bayers, company general counsel, in court papers.

He cited “recession-driven decreases” and “purchase deferrals” by the states and a “lack of anticipated federal stimulus support” for “substantial revenue decline.”

The filing comes as traditional print-book publishing faces growing competition from e-books. Sales of adult paperbacks and hardcover books fell 18 percent from 2010 to 2011, according to the Association of American Publishers. Borders Group Inc., the second-largest U.S. bookstore chain, filed for bankruptcy in February 2011.

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