

**DAVIS POLK & WARDWELL**

450 Lexington Avenue  
New York, New York 10017  
Telephone: (212) 450-4000  
Facsimile: (212) 450-6501  
Marshall S. Huebner  
Avi Gesser  
James I. McClammy

*Counsel to the Debtors and Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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<b>In re:</b>	:
	: <b>Chapter 11 Case No.</b>
	:
<b>STAR TRIBUNE HOLDINGS</b>	: <b>09-10244 (RDD)</b>
<b>CORPORATION, et al.,</b>	:
	: <b>(Jointly Administered)</b>
	:
<b>Debtors.<sup>1</sup></b>	:
-----	X

**(REDACTED) DECLARATION OF PAUL P. HUFFARD IN SUPPORT OF THE  
STAR TRIBUNE COMPANY’S MOTION TO REJECT ITS COLLECTIVE  
BARGAINING AGREEMENT WITH THE MISCELLANEOUS DRIVERS AND  
HELPERS UNION, LOCAL #638 PURSUANT TO 11 U.S.C. § 1113**

Paul P. Huffard declares and says:

1. I am a Senior Managing Director of Blackstone Advisory Services L.P. (“**Blackstone**”), a provider of financial advisory services that maintains offices at 345 Park Avenue, New York, NY 10154.

2. I offer this declaration in support of the Star Tribune Holdings Corporation’s (“**Debtors**” or the “**Company**” or the “**Star Tribune**”) motion pursuant to

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<sup>1</sup> The Debtors are Star Tribune Holdings Corporation and The Star Tribune Company. The employer tax identification numbers and addresses for each of the Debtors are set forth in the Debtors’ chapter 11 petitions.

11 U.S.C. § 1113(c) (the “**1113 Motion**”) to reject the collective bargaining agreement (“**CBA**”) between the Star Tribune and the Miscellaneous Drivers and Helpers Union, Local #638 (the “**Fleet**”).

3. I incorporate by reference my prior declaration, dated February 19, 2009 (“**Huffard Pressmen Decl.**”), filed in support of the Star Tribune Company’s motion pursuant to section 1113 of the United States Bankruptcy Code (the “**Bankruptcy Code**”) to reject the CBA between the Star Tribune and the Graphic Communications Conference/International Brotherhood of Teamsters Local 1M (GCC/IBT Local 1-M) (the “**Pressmen**”).<sup>2</sup>

4. Except as otherwise indicated, all facts set forth in this declaration are based on my personal knowledge, experience and information concerning the Star Tribune, my review of relevant business records and information provided to me by the Star Tribune, its professionals and Blackstone employees working under my supervision. If called upon to testify, I would testify competently to the facts set forth in this declaration.

5. My professional background and qualifications are summarized in the Huffard Pressmen Decl. *See* Huffard Pressmen Decl. paragraphs 2-4.

6. Members of my team and I have been working closely with the Star Tribune since April 2008 when the Company selected Blackstone to be its restructuring and financial advisor. A description of Blackstone’s services to the Star Tribune is

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<sup>2</sup> In addition to the exhibits attached hereto, the Star Tribune has also provided the Court and counsel to the Fleet with copies of the cited material herein from the Company’s section 1113 litigation against the Pressmen.

provided in the Huffard Pressmen Decl. *See* Huffard Pressmen Decl. paragraphs 5-6.

7. Section I of this declaration describes the current state of the Star Tribune's financial condition. Section II provides an overview of the newspaper industry (the Star Tribune's operating environment) and the pressures that have been placed upon the Company by a recessionary economy and limited advertising spending. Section III provides an update on the Star Tribune's cost-cutting efforts, discusses a recently revised Five Year Forecast which management prepared with Blackstone and explains how the Star Tribune can successfully reorganize and emerge from chapter 11 as a viable business enterprise.

**I. The Star Tribune is in Crisis**

8. The Company's total revenues have declined dramatically, from \$380.2 million in 2004 to \$246.0 million in 2008, or a decrease of 35% or \$134.2 million.

[REDACTED]

[REDACTED] *See* Huffard Pressmen Decl., Section I.

9. [REDACTED]

[REDACTED]

[REDACTED] *See id.*

10. Blackstone and the management team prepared two versions of a 2009 Cash Flow Forecast to reflect the full 2009 financial performance of the Company with and without \$19.3 million of union cost savings. These forecasts were based on the Company's Five Year Forecast and assume no payments for principal or interest with respect to the Company's debt obligations. Even absent a new capital structure post-chapter 11 reorganization, this forecast without union savings demonstrates that union

cost savings are critical for the Company's survival. *See id.*

11. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] From January 16 through February 1, 2008, the Star Tribune's net revenue was \$9.6 million, and total operating expenses were \$10.1 million, with an operating loss of approximately \$500,000. *See* Monthly Operating Report for the Period: January 16 to February 1, 2009, attached hereto as Exhibit A to the Declaration of Christopher M. Harte that accompanies the filing of this declaration. From February 2 through March 1, 2009, the Star Tribune's net revenue was \$14.5 million, and total operating expenses were \$15.9 million, with an operating loss of approximately \$1.4 million. *See* Monthly Operating Report for the Period: February 2 to March 1, 2009, attached hereto as Exhibit B to the Declaration of Christopher M. Harte. From March 2 to March 29, 2009, the Star Tribune's net revenue was \$15.1 million, and total operating expenses were \$15.8 million—an operating loss of approximately \$700,000. *See* Monthly Operating Report for the Period: March 2 to March 29, 2009, attached hereto as Exhibit C to the Declaration of Christopher M. Harte.

12. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**II. The Decline of the Newspaper Industry**

13. The global recession and the increasing migration of readers and advertisers from print media to the Internet have continued to negatively impact the newspaper industry. *See* Huffard Pressmen Decl., Section II. Advertising revenue is projected to plummet 27% this year. *See* Exhibit A-50. The crisis has broadened beyond newspapers to include most news magazines, broadcast news outlets and newswires. *See* Exhibit A-2. Since the time of the Company's section 1113 proceedings against the Pressmen before this Court, the following major developments have occurred, which demonstrate the industry's accelerating decline:

14. Several additional newspaper publishers have recently filed for bankruptcy, joining the Star Tribune and three other major publishers in chapter 11 proceedings: (1) the Tribune Company (owner of Chicago's major daily newspaper, the *Chicago Tribune*, and seven other daily newspapers); (2) Philadelphia Newspapers (owner of the *Philadelphia Inquirer* and *Philadelphia Daily News*); and (3) the Journal Register Company (publisher of 20 daily newspapers and more than 180 non-daily publications in five states).

- On March 31, 2009, the Sun-Times Media Group Inc., which operates 59 newspapers and related websites, including the *Chicago Sun-Times*, filed for voluntary chapter 11 protection in the Delaware bankruptcy court and listed \$479 million in assets and \$801 million in debt. According to the filing, the Sun-Times stated it was brought into bankruptcy because of the precipitous decline in advertising revenue. The Sun-Times' shares lost 93% of their value in the 52 weeks preceding the company's filing date, and closed at 5 cents on March 30,

2009. In 2008, Sun-Times' operating loss more than doubled to \$309.4 million while its revenue declined by 13%. *See* Exhibits A-14, A-15, A-16, and A-17.

- On April 28, 2009, Dallas-based American Community Newspapers Inc. (“ACN”), which operates 86 newspapers, including three dailies and 14 niche publications, in Dallas, Minneapolis/St. Paul, Columbus, Ohio, and the Northern Virginia suburbs of Washington, D.C., filed a chapter 11 petition in the Delaware bankruptcy court citing “an unprecedented and severe decline in advertising revenue.” The company’s filing listed assets in the range of \$50 million to \$100 million, and debt totaling about \$107 million. ACN, at the time of its filing, had a combined circulation of about 1.3 million and earned \$63.8 million in revenue in the 2008 fiscal year. Under the prepackaged bankruptcy, ACN's secured creditors will provide a \$5 million debtor-in-possession credit facility. *See* Exhibit A-42.
- On May 1, 2009, Columbian Publishing, a family-owned company with 259 employees that operates the *Columbian* (Vancouver, Wash.) filed for chapter 11 protection in federal bankruptcy court in Tacoma, Wash. The filing was reportedly an effort to resolve credit issues with Bank of America, the primary lender on a \$40 million building project that the company completed last year in downtown Vancouver. According to the filing, the company owes approximately \$17 million to Bank of America, and a variety of unsecured creditors. *See* Exhibit A-43.

15. Print media companies are failing to achieve market expectations each quarter, and are driving away investors and potential buyers in droves. *See* Exhibit A-5. Still, on March 19, 2009, a California private equity firm, Platinum Equity, bought the *San Diego Union-Tribune* for a price that was not disclosed, but was described as “very low” by a person briefed on the deal. *See* Exhibit A-4. The sale is a further illustration of the industry’s steep decline given that the *Union-Tribune* had a weekday circulation of 270,000 in 2008, and was once considered among the most valuable and sought-after newspapers in the country. *See id.* At the time of the sale, advertising revenue at the *Union-Tribune* had fallen 40 percent. *See* Exhibit A-5. On May 8, 2009, just three days after Platinum Equity completed its purchase of the newspaper, 192 positions were eliminated across various departments. *See* Exhibit A-47.

16. Several recent studies and reports have provided more detail and support of the newspaper industry's overall decline:

- On March 16, 2009, a new study from the Pew Research Center's Project in Excellence in Journalism reported that newspaper advertising revenue fell 23% in the last two years, accounting for the major job cuts across the industry. Nearly one out of every five journalists working for newspapers in 2001 is now gone; still, 2009 "may be the worst yet" for layoffs, according to the report. Only about half of all U.S. states have a newspaper which covers Congress. The top 50 newspaper websites increased traffic by 27% in 2008, but the average online advertising rate per 1,000 page views dropped in half to a mere 26 cents. *See Exhibit A-1 and A-2.*
- On March 27, 2009, the Newspaper Association of America ("NAA") released new figures showing that print newspaper advertising revenue plunged a record 17.7% in 2008, compared to 2007, falling for an unprecedented third consecutive year and the steepest year-over-year decline that the NAA has ever recorded since the NAA began tracking advertising in 1950. Print advertising revenue in 2008 totaled \$34.7 billion, the worst performance since 1994, when the total was \$34.1 billion. Online advertising revenue, which had been growing by double digits since the NAA began to measure it, dropped 1.8% in 2008 to \$3.1 billion. *See Exhibit A-12.*
- On April 16, 2009, the American Society of News Editors ("ASNE") released an official survey demonstrating that newspapers shed 5,900 newsroom jobs last year, reducing the number of journalists to a level not seen since the early 1980s. The number of job losses more than doubled in 2008, compared to 2007, when the industry shed 2,400 jobs. It is the biggest drop that ASNE has recorded since it first started conducting newsroom employment surveys in 1978. *See Exhibit A-31.*
- On April 27, 2009, the Audit Bureau of Circulations ("ABC") released its semiannual report stating that average daily circulation of U.S. newspapers declined by 7% between October 2008 and March 31, 2009 (compared to the same six-month span in 2007-2008), reflecting an increased rate of decline over the previous two six-month periods. In the most recent report, 11 of the 25 largest newspapers sustained double-digit declines in average weekday circulation. Major newspapers typically receive anywhere from 15% to 30% of their revenue from circulation, and the remainder from advertising revenue, which has severely eroded. *See Exhibits A-40, A-41.*

- On May 11, 2009, PricewaterhouseCoopers, along with the World Association of Newspapers, released a report forecasting that the global newspaper market will decline by 10.2% this year, and average a 2% compound annual decrease to 2013. Market recovery is not anticipated to begin before 2011. After surveying 4,900 consumers, 30 newspaper publishers, and 10 advertisers and media agencies across the world, the report concluded that access to capital and a willingness to experiment were the keys to sustaining long-term viability. *See Exhibit A-49.*

17. The first-quarter financial results for major publishers demonstrate a continued revenue decline, particularly attributable to deteriorating advertising revenue, the recession and Internet competition:

- On April 16, 2009, the Gannett Company, the nation's largest publisher, reported that its first-quarter revenue fell 18% to \$1.4 billion from \$1.7 billion. At Gannett-owned *USA Today*, the country's highest-circulation daily newspaper, advertising revenue shrank by 33.5%. *USA Today's* total number of paid advertising pages in the quarter fell to 527, from 826 a year ago. Excluding *USA Today*, Gannett reported a 20% decline in online revenue for the first quarter. *See Exhibits A-29, A-30, A-32 and A-35.*
- On April 17, 2009, Media General, operator of more than 20 daily newspapers and 19 television stations, reported that its revenue fell 18% to \$159 million, from \$194.5 million a year ago. Media General stated that it cut its workforce by nearly 300 jobs in the week of March 31, and plans to freeze its pension plan by the end of May. Classified advertising in Media General's publishing unit was among the most adversely affected business units at the company, plunging 39%. *See Exhibits A-34 and A-36.*
- On April 21, 2009, the New York Times Company announced that its total revenue of \$609 million was down 18.6% from \$747.9 million in the first quarter a year ago, and fell more than \$20 million short of analyst projections. This reflected a 28.4% drop in first quarter advertising revenue, the biggest decline for the company since 1987. Internet advertising revenue was also weak, posting a 6.1% decline from \$72 million to \$67.6 million. *See Exhibit A-38.*
- On April 23, 2009, the McClatchy Company, one of the nation's largest publishers, reported far wider losses than expected, reporting a first-quarter revenue decline of 25% to \$366 million, which was below the average analyst estimate of \$391 million. Print advertising volume at

McClatchy plunged 33% to \$241 million, while total advertising fell 24%. It raised questions among analysts of whether the owner of the *Miami Herald*, *Sacramento Bee*, and 28 other daily newspapers will generate enough cash to meet commitments with its lenders. See Exhibit A-39.

18. Representative examples of recent developments reflecting major structural and operational adjustments at newspapers include the following:

- On March 17, 2009, the *Seattle Post-Intelligencer* produced its final printed edition and became the largest American newspaper to become an Internet-only news source. In 2008, the P-I, as it is called, lost \$14 million, and owner Hearst Corp. announced in January that if it could not find a buyer, it would cease printing. The P-I would dwindle its news staff to about 20 employees, down from the 165 it had. Hearst stated it would offer severance packages to about 145 employees. See Exhibit A-3.
- Michigan, one of 32 states where daily newspapers have reduced publication since 2008, is representative of such change. On March 24, 2009, Advance Publications, which publishes daily newspapers in nearly two dozen cities, announced that daily newspapers in four Michigan markets will publish only three days a week—Thursdays, Fridays and Sundays, which account for 80% of advertising revenue—in Flint, Saginaw and Bay City, and twice weekly—Thursdays and Sundays—in Ann Arbor. Advance Publications further stated it would close the 174-year-old *Ann Arbor News* in late July and replace it with two new corporate entities: a primarily Web-based news operation, AnnArbor.com, and a printing company that will publish only two days a week. All 272 employees at the *Ann Arbor News*, which has a weekday circulation of 45,000, will be laid off and invited to apply for jobs at the two new companies. See Exhibits A-6 and A-8. On March 30, 2009, the *Detroit Free Press* and the *Detroit News* ended home delivery four days a week and both began delivering on Thursdays and Fridays only, and the *Detroit Free Press* will do so on Sundays, when the *Detroit News* does not publish. See Exhibit A-6. Both newspapers will print, albeit smaller editions, on the non-delivery days, and will make their editions available for purchase at regular prices on newsstands and coin-operated machines. See Exhibits A-8, A-13, and A-14.

19. In addition, representative examples of cost-cutting efforts directly impacting employees, including workforce reductions, salary cuts, and adjustments to benefits, include the following:

- On March 23, 2009, *USA Today* publisher Gannett, owner of more than 80 daily newspapers, asked virtually all of its U.S. employees to take a second week of an unpaid furlough to avoid more layoffs after 4,000 workforce reductions in 2008. The company saved about \$20 million by imposing a one-week furlough during the first three months of 2009. See Exhibit A-7.
- On March 23, 2009, Advance Publications announced that it would institute a mandatory 10-day furlough and pension freeze at nearly all of its daily newspapers outside of Michigan, including the *Star-Ledger* in Newark, N.J., the *Plain Dealer* in Cleveland, the *Oregonian* in Portland, the *Times-Picayune* in New Orleans, and the *Staten Island* (N.Y.) *Advance*. See Exhibit A-51.
- On March 27, 2009, the New York Times Company announced a temporary 5% pay cut, coupled with an additional 10 days of leave, for all management and nonunion employees to help avert potential job losses. The pay reductions would be in effect from April through December, but staff members' salaries may revert to their previous level in 2010 if the company's economic conditions improve. The New York Times Company also laid off 100 people in its business operations, and planned other cuts, including reducing spending on freelancers by 10% to 15% and possibly consolidating certain sections of its newspaper. See Exhibit A-11. On May 4, 2009, the Newspaper Guild at the *New York Times* approved a 5% pay cut, which will save \$4.5 million, and 10 furlough days during 2009. *Times* officials stated that layoffs may still occur. See Exhibit A-44.
- On April 2, 2009, the New York Times Company, owner of the *Boston Globe*, threatened to shut down or sell the newspaper unless its 13 unions agreed to \$20 million in contract modifications. The *Globe* employs about 1,400 union employees. The *Globe*, the 14th-largest newspaper in the U.S., lost \$50 million in 2008 and stated to its unions that it stood to lose \$85 million this year without significant amendments to its union contracts. See Exhibits A-10, A-19, A-20, A-21, A-22, A-23, A-24, A-25, A-26, and A-27. On April 14, 2009, the *Globe* stated that it will eliminate incentive compensation for more than 200 *Globe* managers and executives, and rescind the 10 extra days off it had initially given to non-union management in exchange for a 5% pay cut. See Exhibit A-28. On May 7, 2009, the leadership of the Boston Newspaper Guild, the *Globe*'s largest union and charged with cutting \$10 million of the requested \$20 million, reached an agreement with the *Globe* on CBA modifications that will need ratification from the full membership, which is scheduled for June 8. The tentative agreement calls for an 8.3% wage decrease, a five-day unpaid furlough, the elimination of lifetime job guarantees for about

190 members, an end to 401(k) matching contributions, and an elimination of company contributions of pension benefits for many employees. *See* Exhibits A-44, A-45, A-46, A-48, A-53. On May 16, 2009, the *Globe* reported that its mailers' union, representing 245 employees, will hold a ratification vote on May 26 on \$5 million in concessions, possibly becoming the first major *Globe* union to reach agreement with the New York Times Company. The tentative agreement includes a 5% wage cut, a pension freeze, deep cuts to overtime shifts, and modifications to lifetime job guarantees. All-night negotiations earlier in May resulted in several proposals now awaiting ratification from union members. The drivers' and pressmen's unions have yet to schedule a date for ratification. *See* Exhibit A-54.

- On April 17, 2009, Media General announced that it will freeze its defined benefit pension plan. The announcement followed a January 2009 announcement that it would suspend, effective April 1, its 401(k) plan matching contribution through the end of this year. It had been matching 100% of employees' salary deferrals up to 5% of pay. *See* Exhibit A-52.

### **III. The Star Tribune's Cost Cutting Efforts**

#### **A. Union and Non-Contract Cost Savings and Contract Modifications**

20. The Star Tribune is not immune to the newspaper industry's financial troubles, which have exacerbated its own unique financial challenges. The Star Tribune must rationalize its capital structure, but it must also achieve significant cost savings from its unions in order to survive. The Star Tribune has already achieved nearly \$50 million in annualized savings since early 2007. *See* Huffard Pressmen Decl., Section III.

21. The Company cannot achieve necessary savings from only within the confines of the CBA; savings from union contract modifications are also necessary. Employee compensation represented 55% of the Star Tribune's total expenditures in 2008, of which approximately 58% was paid to unionized employees. Wage and headcount reductions through the end of 2008 demonstrate that the Star Tribune's non-union workforce has borne the brunt of such reductions. For example, from 2004 to

2008, non-union payroll expense has declined by 33%, while union payroll expense has declined by only 16%. Similarly, from 1998 to 2008, non-union full-time equivalent employees (“FTEs”) decreased by 750, or 61%, while union FTEs decreased by only 430, or 34%.

22. For a more detailed description of the Company’s most recent cost-cutting efforts, please see Section III of the Declaration of David W. Montgomery and Section III.A of the Declaration of Paul P. Huffard, both filed on February 19, 2009, in support of the Star Tribune’s motion pursuant to section 1113 against the Pressmen union. Please also see paragraphs 4–5, 7, and 9 of the Declaration of David W. Montgomery filed on March 9, 2009, in further support of the Company’s section 1113 motion against the Pressmen.

23. As set forth in more detail in the Declaration of Randy Lebedoff, the Company has expended significant efforts since March 2008 to achieve needed cost savings from its unions. I understand that the Company has already entered into the following agreements (a) with the Guild to achieve savings of average annualized savings of \$1.8 million, (b) with the Pressmen to achieve annualized savings of \$3.5 million, (c) with the Mailers to achieve annualized savings of \$3.3 million, and (d) with the smaller unions representing the Platemakers and the Typos to achieve combined annualized savings of \$670,000. Furthermore, the Guild and the Mailers have agreed to the freezing of their Company-sponsored pension Plan G and Plan A, respectively. In addition, the Pressmen, Typos, and Platemakers have all agreed to the Company’s withdrawal from their multi-employer pension plans and consented to a freeze with respect to supplemental Plan A benefits.

24. Also, as set forth in the various accompanying declarations, the Company has sought to withdraw from or freeze all pension obligations with respect to its employees. The Company's efforts to control and reduce retirement costs across all employee groups are a central part of its plan to reduce costs, and position the Company to emerge as a viable business that will be attractive to potential investors. Even if it were not quite as costly for the Company to remain in the Central States Pension Fund ("Central States" or the "Plan"), it would be contrary to sound business judgment for the Star Tribune to exclude a small group of employees from these across-the-board modifications. This is especially true where the contribution costs to Central States are much higher than those of any other Company plans, and where the Star Tribune faces enormous withdrawal liability and the risk of increased premiums, over and above the already substantial scheduled increases.

25. In addition to cost savings from CBA modifications, it is also necessary to incorporate flexibility into the CBA in order for the Star Tribune to remain viable. The CBA places restraints on the Star Tribune that make it extremely difficult for the Company to adjust to the changing market and industry conditions. The ability to exercise management flexibility is critical for a reorganizing company, especially in light of the deteriorating economy and newspaper industry. In my experience, examples of this type of flexibility include management's ability to conduct layoffs in a commercially reasonable manner, adjust salaries to changing market conditions, hire temporary staff as necessary, and reduce or eliminate pension benefits for employees.

**B. Revised Long-Term Business Plan**

26. In late 2008, Blackstone and the management team prepared a Five Year

Forecast for the Star Tribune reflecting recent trends in the newspaper industry, further economic deterioration, additional cost-cutting initiatives, and necessary labor union cost reductions. These projections are set forth in paragraph 34 of the Huffard Pressmen Decl. *See also* Huffard Pressmen Decl., Exhibit F at p. 7.

27. On April 20, 2009, Blackstone, with the approval of the Star Tribune's management and Board of Directors, released a Revised Long-Term Business Plan to reflect the continuing negative trends in the newspaper industry, the economy, and as a result, the deterioration of the Company's financial condition. [REDACTED]

[REDACTED] Attached hereto as Exhibit B is a true and correct copy of the April 2009 Revised Long-Term Business Plan.

28. According to the Revised Long-Term Business Plan, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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<sup>3</sup> Operating expenses exclude severance, professional fees, and other one-item items.



expensive among the Company's seven multi-employer pension plans. In 2008, the Company contributed \$1.1 million on behalf of the Fleet alone, whereas the Company contributed only approximately \$600,000 total on behalf of all of the employees in the six other unions with multi-employer pension plans. Given the Plan is in a critical funding status, a rehabilitation program has mandated annual premium increases of 8%. As employers have withdrawn from the Plan, the number of Plan participants has declined, which means fewer employees shoulder the financial burden presented by a growing number of retirees. If the Company stays in the Plan, it will be forced to bear even greater costs that will increase dramatically each year. *See* Declaration of Adrienne Sirany, ¶¶ 6–10, for further detail.

33. A further obstacle is the Plan's growing withdrawal liability. In 2008, the Plan's withdrawal liability was \$19.2 million, and represented the most significant withdrawal penalty of all seven of the Company's seven multi-employer plans. The Pressmen's multi-employer pension plan, which was the second most expensive, posed a withdrawal liability of "only" \$9.3 million. In 2009, the Plan's withdrawal liability has likely ballooned to in excess of \$20 million.

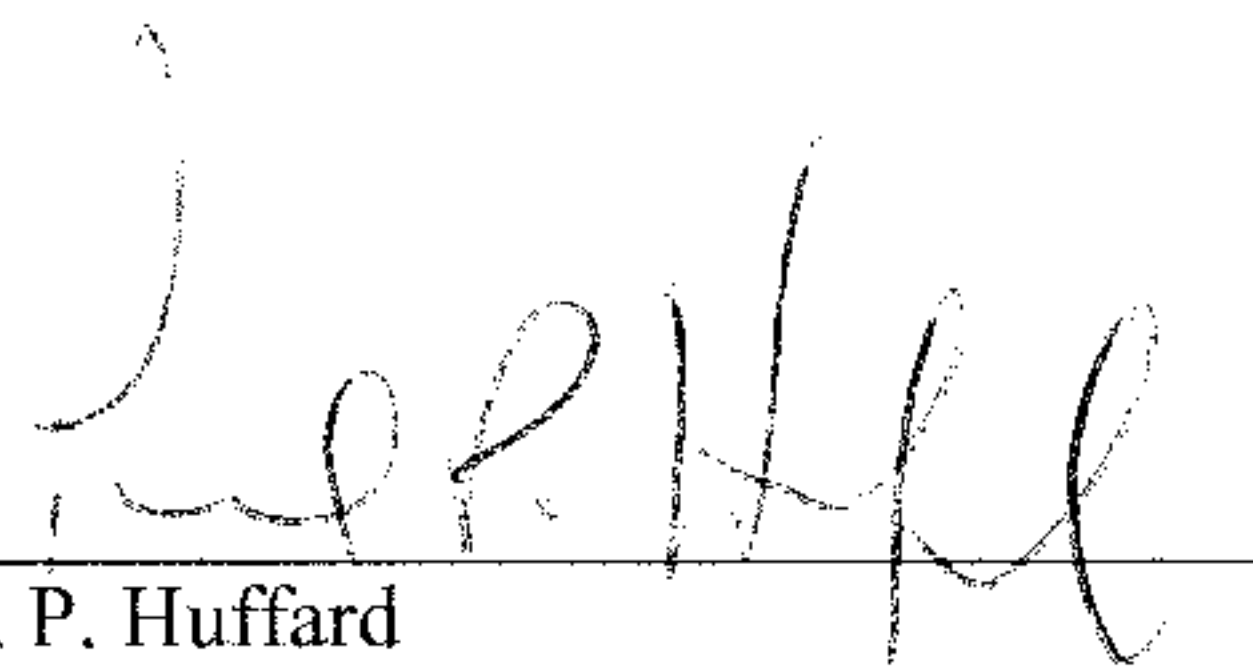
34. The first-lien lenders, who will almost certainly become future equity holders of the Star Tribune, are unlikely to invest further in the Company by converting their debt into equity if the uncertainty and exposure of the tremendous withdrawal liability associated with the Plan is not immediately eliminated. Moreover, the Company has diligently attempted to reduce its costs wherever possible, and cannot afford to make such enormous contributions on behalf of the Fleet if the Star Tribune is to continue controlling its cost structure. The lenders have a May 26 deadline in which they may

terminate the Company's use of cash collateral and force a liquidation. It is true that the lenders have granted two extensions since the first deadline of April 13, but there is no guarantee that a third extension will be granted if the Company's costs are not sufficiently reduced and the withdrawal liability remains.

*[Remainder of Page Left Intentionally Blank]*

I, Paul P. Huffard, declare under penalty of perjury that the foregoing is true and correct.

Dated: New York, New York  
May 17, 2009

A handwritten signature in black ink, appearing to read 'P. Huffard', written over a horizontal line.

Paul P. Huffard  
Senior Managing Director  
Blackstone Advisory Services L.P.

P. HUFFARD  
DECLARATION  
EXHIBIT A

# TABLE OF CONTENTS

<u>EX:</u>	<u>PAGE</u>
1. Specifics on Newspapers from ‘State of News Media’ Report – March 16, 2009 .....	5
2. When newspapers fold – March 16, 2009 .....	7
3. Seattle Paper Shifts Entirely to the Web – March 17, 2009 .....	14
4. Buyout Firm Acquires San Diego Paper – March 19, 2009 .....	17
5. Newspapers fold as readers defect and economy sours – March 19, 2009 .....	18
6. Ann Arbor News to publish its last edition in July – March 23, 2009 .....	22
7. Newspapers Keep Cutting Costs, Print Editions – March 23, 2009 .....	25
8. 4 Michigan Markets Will Lose Daily Newspapers, as Ailing Industry Tries to Cope – March 24, 2009 .....	28
9. Maryland senator has a solution failing newspapers: make them nonprofits – March 24, 2009 .....	30
10. New York Time’s Globe Newspaper May Need More Cuts Update3) – March 25, 2009 .....	32
11. Times Co. Announces Temporary Salary Cuts – March 27, 2009 .....	35
12. Print Newspaper Ad Revenues Plunged Record 17.7% In 2008, NAA Says – March 27, 2009 .....	38
13. Detroit Papers: First Monday Without a New Edition – March 29, 2009 .....	40
14. List: Newspapers that have cut publication days – March 29, 2009 .....	44
15. Chicago Sun-Times owner files for bankruptcy – March 31, 2009 .....	51
16. Sun-Times Media Group files for Bankruptcy – March 31, 2009 .....	53

17. Sun-Times Media Files for Bankruptcy Protection – March 31, 2009 .....	54
18. Bankrupt ‘Sun-Times’ Parent Says Losses Doubled in ‘08 – April 1, 2009 .....	55
19. New York Times threatens to shut Boston Globe – April 3, 2009 .....	56
20. Times Co. threatens to shut Globe; seeks \$20m in cuts from unions – April 4, 2009 .....	59
21. Globe forced to cut \$20M ... or else – April 4, 2009 .....	63
22. Boston Globe’s owner reportedly gives unions an ultimatum – April 4, 2009 .....	65
23. Times Co. Said to Consider Closing Boston Globe – April 4, 2009 .....	66
24. Details of threat to close Globe emerge – April 5, 2009 .....	68
25. Union employees open to concessions, but demand management cuts as well – April 5, 2009 .....	70
26. Focus shifts to potential Globe buyers – April 6, 2009 .....	73
27. Boston Globe Surprised by Size of Demand for Cuts – April 9, 2009 .....	77
28. 200 Globe managers won’t get ‘09 bonuses; Guild starts talks on concessions – April 15, 2009 .....	79
29. Gannett’s First-Quarter Online Newspaper Revenue Down 20% - April 16, 2009 .....	81
30. Gannett profit tumbles on ad declines, shares up – April 16, 2009 .....	82
31. Newsroom Employment Drops to Lowest Level Since 1978 – But Online Jobs Up – April 16, 2009 .....	85
32. Gannett 1Q profit drops 60 pct as ad slump worsens – April 16, 2009 .....	87
33. Newspapers cut 5,900 jobs in 2008 – April 16, 2009 .....	90
34. Media General Reports Wider 1Q loss, Cuts Hundreds of Jobs – April 17, 2009 .....	92

35. Gannett’s Quarterly Earnings Fall 60% - April 17, 2009 .....	93
36. Media General Reports Loss as Classified Ads Plunge – April 18, 2009 .....	94
37. New York Times Falls Most Since 1987 on Declining Ad Revenue – April 21, 2009 .....	95
38. Times Co. Reports Loss of \$74 Million – April 22, 2009 .....	97
39. McClatchy 1Q loss widens amid advertising meltdown – April 23, 2009 .....	99
40. Newspaper circulation declines 7% in last six months – April 27, 2009 .....	102
41. US newspaper circulation sees biggest decline yet – April 27, 2009 .....	104
42. Newspaper group files for bankruptcy protection – April 29, 2009 .....	107
43. Another Newspaper Bankruptcy: Columbia, Washington – May 3, 2009 .....	109
44. ‘New York Times’ Guild Approves 5% Pay Cut – May 5, 2009 .....	110
45. Boston Newspaper Guild to Meet with Union Members Tonight – May 7, 2009 .....	111
46. Deal Reached to Keep Boston Globe in Print – May 7, 2009 .....	113
47. New Owners of San Diego Paper Quickly Axe 192 Jobs – May 8, 2009 .....	116
48. Boston Guild Meets Over Proposal on Wage, Other Cuts – May 8, 2009 .....	117
49. Worldwide Study Finds Newspapers Do Have Future – and Here’s How – May 11, 2009.....	118
50. Can A News Cabal Save Newspapers? – May 11, 2009 .....	120
51. Advance Announces Company-wide Furloughs – March 23, 2009 .....	122

52. Media General freezes pension plan – April 17, 2009.....	124
53. 'Boston Globe' Union Sets Vote Date for Wage, Other Cuts – May 12, 2009 .....	125
54. Globe mailers' union to vote on cuts May 26 – May 16, 2009 .....	126

*Editor & Publisher*

## **Specifics on Newspapers from 'State of News Media' Report**

By Jennifer Saba

March 16, 2009

NEW YORK The business of journalism is quickly running out time to transform its model, a new study from the Project in Excellence in Journalism found.

The State of the News Media Report -- the foundation's sixth edition -- is also the "bleakest" confirming massive job losses, plunging advertising revenue and a drop in profit margins.

The authors of the report said that newspaper advertising revenue fell 23% in the last two years, accounting for the major job cuts in the industry. Nearly one out every five journalist working for newspapers in 2001 is now gone and that this year "may be the worst yet" for layoffs.

The severe recession has only hastened the decline. The report estimated the downturn "at least doubled the revenue losses in the news industry in 2008" and "it swamped most of the efforts at finding new sources of revenue. In trying to reinvent the business, 2008 may have been a lost year, and 2009 threatens to be the same."

Compounding this problem is that more people migrated to the Internet "fairly dramatically" in 2008 with visits to the top 50 news sites increasing 27%. At the same time, the amount generated from online advertising has fallen due to a glut of inventory. The report said that the average rate charged per 1,000 views dropped in half to a paltry 26 cents.

"At least in the short run, a bigger online audience has worsened things for legacy news sites, not helped them," said the report

The report found the following major trends:

\* The focus about how to finance the news industry -- particularly micropayments and nonprofit ownership -- is likely misplaced. "The micropayment idea was tried and rejected by users early on and has run into headlong resistance from online advocates," the report said.

And the non-profit model has limited resources. Tom Rosenstiel, director of the Project in Excellence in Journalism, said \$20 million in donations is currently underwriting journalism. "That doesn't come close to compensating the cost of operating newsrooms today," he said adding that a cable model where a news fee built into monthly Internet access is more promising.

- \* Power is shifting to the individual journalist from the news outlet with more people seeking out names through search, e-mail, blogs and social media.
- \* News organizations are focusing more on pushing online content out rather than bringing audiences in to the site.
- \* The idea of partnerships -- shared content between or among former rivals -- "may offer prospects" for the future business model.
- \* The rise of cable news is accelerating the "minute-by-minute judgment" in political journalism.
- \* The press was much more "reactive" and less enterprising in its campaign coverage. In one example, the report cited that in 1992, The Washington Post produced 13 big profiles of candidates while in 2008 it was only three.

For all the dreariness surrounding the industry, Rosenstiel pointed out that newspapers have a surprising amount of strength. He doubts that a major city in the United States will lose a newspaper in the foreseeable future. "We don't really think that is likely to happen in 2009 or really likely to happen anytime soon," he said. "[Newspapers'] problem is fundamentally a revenue problem, not an audience problem."

Many newspaper operators have operating capital that is "still pretty robust," Rosenstiel said. "Profit is more the norm, than not."

The report found that on average operating profit margins for newspapers are about 11%. However the margins are falling and are often not enough to cover debt payments for some companies.

*FinancialTimes.com*

## **When newspapers fold**

By Andrew Edgecliffe-Johnson

March 16, 2009

The death of a modern newspaper is a real-time, multimedia event. When journalists on the Rocky Mountain News were summoned to their Denver newsroom on February 26 to be told they were working on their final edition, they relayed the announcement through live blogs, online videos, slide shows of tearful colleagues and a minute-by-minute stream of updates on Twitter. “It’s odd to cover your own funeral,” read one tweet.

Bad news about America’s newspapers is tumbling out too fast for their presses to keep up. The closure of “the Rocky” after 150 years capped a week in which the Journal Register Company and the 180-year-old Philadelphia Inquirer joined the owners of the Chicago Tribune and Minneapolis Star Tribune in bankruptcy proceedings.

Hearst is threatening to close the San Francisco Chronicle – and on Monday said it would make the Seattle Post-Intelligencer an online-only publication. Gannett, owner of USA Today, has followed The New York Times in slashing its dividend to preserve cash. Titles from the venerable Cincinnati Post to the six-year-old New York Sun have folded.

Obituaries for the news business are being written in newsrooms around the world as advertising revenues that long subsidised the cost of newsgathering shrink, just as digital media usurp print’s role as intermediary between advertisers and customers. The crisis is affecting not just newsprint: most news magazines, broadcast news outlets and newswires are also suffering.

Nowhere, however, has the impact been greater than in the US newspaper industry, where civic identity and an often monopolistic grip over local classified advertising had sustained an array of titles with journalistic resources envied by many national newspapers in other countries. Dwindling circulation and advertising are nothing new – but until recently the hope was that newspapers might be saved by private ownership or cost-saving roll-ups of titles under fewer, stronger corporate umbrellas.

The bankruptcies and closures prompted by a near one-third decline in advertising revenues since their 2005 peak have shattered those theories, leaving owners looking for new ideas. But what prospect is there of a solution when Barclays

Capital predicts a further 21 per cent fall in newspaper advertising revenues this year alone?

A debate playing out in the pages of the properties it most concerns has focused on two new hopes: that charitable endowments may replace commercial business models and that readers who have grown accustomed to finding news for free online can be made to pay. “Enlightened philanthropists must act now or watch a vital component of American democracy fade into irrelevance,” David Swensen and Michael Schmidt from Yale University’s endowment argued in *The New York Times* this year. The more than \$200m (£143m, €155m) annual cost of its newsroom could be covered, they estimated, by a \$5bn endowment that would guarantee its independence. Extrapolating from Yale’s calculations, the Nieman Journalism Lab estimated that it might cost \$114bn to subsidise every US paper.

Charitable models exist already: ProPublica, producing “investigative journalism in the public interest”, is supported by the Sandler Foundation and other trusts. MinnPost.com was set up in Minneapolis-St Paul with funding from local families and foundations.

#### PROFITS PUZZLE:

Many down but one way across?

The first crossword puzzle appeared in a US newspaper – the now defunct *New York World* – but proved the making of a publishing house. Simon & Schuster was launched in 1924 with the world’s first crossword book, complete with pencil, writes *Andrew Edgecliffe-Johnson*.

The publisher last month began an experiment that may provide surviving newspapers with a small model for how to find new revenues from their content. The publisher has bundled 365 puzzles into an application for Apple’s iPhone.

Despite competition from free crossword applications, it is gambling that its strong brand and features such as online hints and seasonally themed games will persuade a mobile audience to pay \$4.99 (£3.54, €3.84) for the application, called 365 Crosswords. “It is a short-form activity that lends itself nicely to mobile,” says Ellie Hirschhorn, Simon & Schuster’s chief digital officer.

After deciding readers would not pay for news, some publishers are re-examining whether some content is indeed valuable enough to charge for. It is too late for the *New York World* but other newspapers might want to start with the crossword.

Outside the US, the state is at times stepping in. France is injecting €600m (\$776m, £554m) over three years by doubling government advertising in newspapers and offering tax breaks for publishers’ digital investments. UK local publishers are lobbying for looser competition rules to allow consolidation.

The idea of charitable or state assistance makes many uneasy. Subsidies could create unfair competition for commercial rivals. In any event, many endowments are already suffering market-driven declines. “The idea of charitable endowments

is a bit of a red herring,” says Alan Mutter, a veteran newspaper editor who writes the influential Reflections of a Newsosaur blog.

Two prominent US newspapers are supposedly sheltered by not-for-profit parents, he says, but The Christian Science Monitor has abandoned its print edition and the Poynter Institute is selling the Congressional Quarterly to support its St Petersburg Times flagship: “There’s nothing about that form of ownership that insulates you.”

Instead, the notion of charging for news online is gathering momentum after a cover story by a self-confessed “old print junkie” in Time magazine. Walter Isaacson returned to the title where he was once managing editor to argue that news should no longer be free online.

Until now, only specialised news organisations such as the Wall Street Journal, the Financial Times and trade publications have succeeded in generating meaningful online subscription revenues. With online advertising growth stalling, Mr Isaacson wrote, general news outlets needed to create “an iTunes-easy method of micropayment”, offering their product for a nickel an article or a dime a day in the same way as Apple’s music store sells tracks and albums. Past attempts to charge for individual stories have gone nowhere, but his call came as many owners were concluding that their decision to chase online advertising rather than subscription revenues was not paying off.

Cablevision, the owner of Newsday, and Hearst, publisher of the Houston Chronicle, have both said they will start charging readers of their websites. Arthur Sulzberger, chairman of The New York Times, hinted last week that it would revive attempts to charge for content, 18 months after ending such an initiative. “We have renewed our analysis of how paid content can augment our core advertising business,” he told a university audience.

With the typical item on the Google News home page linking to hundreds of similar – free – stories about the same subject, charging for most news will be difficult “unless the product dramatically changes”, says Anthea Stratigos of Outsell, a publishing research firm. To succeed, papers will therefore have to provide content that readers find more valuable than the mass of commoditised information.

“We must put staff resources behind building those channels of interest that have the greatest potential: those built around pro sports teams, moms and high school sports, to name a few,” Steven Swartz, president of Hearst Newspapers, told staff. Bluffton Today, launched by Morris Communications after it shut the Carolina Morning News, is seen as one way forward: it is hyper-local, with reader-written blogs on its website. But as one of a handful of online initiatives to have spawned a successful print iteration, it represents a model that could have new followers.

Collaboration between publishers on an iTunes for news may, however, be one of several remedies impossible under antitrust restrictions designed in an era where

policymakers were more worried about over-mighty media owners colluding than the fragility of the fourth estate. Mergers of neighbouring newspapers, or between print and broadcast owners in the same market, have been blocked for decades.

Media owners express little hope that this will change under President Barack Obama, who campaigned on diversifying media ownership. “It is as if regulators went to sleep during the Eisenhower administration and woke up staring blankly at an iPhone,” John Chachas, co-head of the media practice at Lazard, which is advising on several newspaper restructurings, told the Dallas Morning News last month. Newspapers should be exempted from antitrust restrictions for long enough to establish “an industry-wide system to track and charge for the reuse of their content” by online aggregators, he argued.

Charging for news online could help publishers’ top lines but that would address only one of their problems. The spate of dire news shows the industry’s challenges fall into three broad categories: the mismatch between costs and revenues; inappropriate capital structures; and oversupply. Any hope of a durable news business rests on tackling all three.

“One inescapable conclusion of our study is that our cost base is significantly out of line with the revenue available in our business today,” Mr Swartz told his staff: “It is equally inescapable that during good times our industry developed business practices that were at best inefficient.”

...

Jonathan Knee, director of the media programme at Columbia Business School, likens newspapers’ “antiquated” cost structures to those in the airline industry. Labour unions, the inefficient use of printing plants and distribution networks and journalists’ frequent reluctance to ask whether what they want to cover serves the interests of readers have all kept costs high, he argues.

The industry is having to rethink its assumptions, outsourcing printing and distribution and carrying advertising on front pages that long resisted it. The cuts to costs have been sweeping. McClatchy, which owns the Miami Herald, has announced three restructuring plans since June, involving more than 4,000 job cuts in all. A concern voiced by union leaders and investors alike is that indiscriminate cuts will only make it harder to produce content valued by consumers, in print or online.

Several publishers are cutting national or foreign coverage to focus on local areas, relying on newswires for the rest. Five papers in New York and New Jersey plan to share articles and pictures. Again, competition law may complicate further collaboration.

But it is servicing debt that represents one of the largest costs for many publishers. A Moody’s analysis of six large operators in November found all but Gannett had debts above four times their earnings before interest, tax, depreciation and amortisation. In Tribune’s case, the multiple was 12.3. “A number of these

newspaper companies are still reasonably good businesses but the problem is they took on too much debt,” says Mr Mutter.

Others estimate that industry profitability is even higher. Mr Knee says newspapers enjoy margins well above those of film studios or music labels – providing a cushion against falling revenues. But to reduce debt multiples to a more sustainable 2-3 times ebitda, tough restructuring will be required. “In some cases bankruptcy may be a good option,” Ms Stratigos says, because it allows publishers to deal with union contracts, pension liabilities and other operational costs.

For some publishers, closing more titles will be the only viable option. The disappearance of some competitors from an oversupplied and shrinking market may help the industry, however. Dean Singleton, owner of Denver’s other paper, said when the Rocky closed: “This dramatically improves the finances of the Denver Post.”

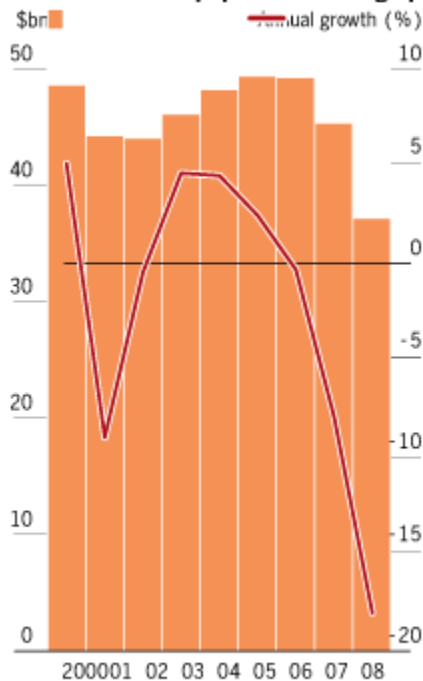
The prospect of fewer, more narrowly focused titles facing less competition, employing fewer journalists and charging readers who once enjoyed their content for free is an unpalatable one for many. It may also be a troubled industry’s best hope.

**Top 20 US daily newspapers, average circulation**

	Sep 2008	% change since 1990
USA Today	2,293,310	69.2
Wall Street Journal	2,011,999	6.6
New York Times	1,000,665	-11.3
Los Angeles Times	739,147	-36.3
New York Daily News	632,595	-43.8
New York Post	625,421	25.4
Washington Post	622,714	-22.3
Chicago Tribune	516,032	-29.3
Houston Chronicle	448,271	1.7
Newsday (New York)	377,517	-47.0
Arizona Republic	361,333	3.1
San Francisco Chronicle	339,430	-40.0
Dallas Morning News	338,933	-9.5
Boston Globe	323,983	-37.6
Minneapolis Star Tribune	322,360	-27.1
Newark Star - Ledger	316,280	-33.8
Chicago Sun - Times	313,176	-41.4
Cleveland Plain Dealer	305,529	-29.3
Philadelphia Inquirer	300,674	-41.2
Detroit Free Press	298,243	-53.3

Source: Audit Bureau of Circulations

**US newspaper advertising spend**



Sources: NAA; JPMorgan

2008 = estimate

## JOURNALISM: 'CORE VALUES HAVE TO BE THERE FOR THE PRODUCT TO PERFORM'

In a country where a free press is enshrined by constitutional amendment and newspapers measure success by Pulitzer prizes as well as profits, concern about failing titles is coupled with anxiety about what impact the industry's financial troubles will have on journalism.

American journalism is "under enormous stress", Arthur Sulzberger, chairman of The New York Times, recently told a university audience. Quality reporting, whether on local government or Iraq, was becoming harder to pay for and "the immediate future looks, at minimum, grim".

The damage already done to newsroom resources is spelt out in a report by the Pew Research Center's Project for Excellence in Journalism, released on Monday. By the end of 2009, US dailies will employ 20-25 per cent fewer journalists than in 2001; foreign staff have suffered even deeper cuts; and half of the states in the country no longer have a newspaper covering Congress.

While some online-only newsrooms offered "solid journalism in niche areas of interest", these and the new voices of citizen journalists and bloggers are in aggregate "far from compensating for the losses in coverage in traditional newsrooms". The limited resources of most online news organisations could be finished off by a single lawsuit.

Not everyone is alarmed by the changes. A separate Pew study last week found that only 43 per cent of Americans thought that losing their local newspaper would hurt civic life in their community a lot. A similar number – 42 per cent – said they would not miss their local paper at all if it were to disappear, even though newspapers remain the second largest source of local news after television, well ahead of radio and the internet.

The dilemma for proprietors is that cutting editorial costs, while often a necessary response to falling revenues, risks alienating more customers. "The core journalistic values have to be there for the product to perform," cautions Anthea Stratigos, a publishing consultant. This can still be achieved, other analysts say, if news organisations focus their limited resources well.

Pew offers one piece of positive news for "legacy" news providers, whose online audiences grew far more last year than did those for new media. "The old norms of traditional journalism continue to have value," it concludes.

But it has one further demoralising message: "Journalism, deluded by its profitability and fearful of technology, let others outside the industry steal chance after chance online," it says. Journalists, in other words, do not even have the consolation of being able to blame others for their woes.

## EUROPE: 'FREE NEWSPAPERS ARE IN THE FRONTLINE TRENCHES OF THIS WAR'

Not long ago, freesheets were seen as the nemesis of the paid-for newspaper. Now it seems at least as likely that the free newspaper model will be the first to fail, writes *Ben Fenton*.

Sly Bailey, the chief executive of Trinity Mirror, which publishes more than 100 free titles around the UK, says: "Free newspapers are in the frontline trenches of this war, simply because they only have advertising revenues."

Across Europe, newspaper groups are struggling to cope with advertiser migration to the internet as well as recession. Both represent the most serious threat of their type that the industry has faced in peacetime, Mrs Bailey says.

It is noticeable that companies with the most serious threats to their existence have a strong element of free newspapers in their portfolio. Mecom, the UK-listed publisher with operations in the Netherlands, Germany, Poland and Scandinavia, has postponed talks with its creditors as it struggles to sell off assets. Last month, Metro International, the world's largest publisher of free papers, announced plans for a rights offer after admitting it had breached its debt covenants and did not have sufficient working capital for the next 12 months.

Metro, which is Swedish-controlled and has daily readership of more than 18m from 81 editions in 22 countries, was looking to raise SKr550m (\$65m, £46m, €50m) through its issue to shareholders. But later in February it announced it had received a takeover approach. Metro had already suspended operations of its fully-owned titles in Spain.

In the UK, Trinity Mirror and the rival Johnston Press, which between them publish around 230 freesheets, have both released dismal results in recent months, where the only bright spots were increases in circulation revenue at their paid-for titles.

Simon Baker, analyst for Credit Suisse, says that for regional newspaper groups in Europe, demand is still relatively strong and it is the advertising inventory that is really hurting. "The real solution for newspapers is to increase cover price to a new equilibrium to reflect better the balance between the consumer who really wants to read their content – and they really do – and the declining advertising demand," he says. "Obviously, for a regional newspaper publisher for whom the freesheet was the business model, that is a fundamental challenge."

Free papers were successful against paid-for incumbents because of their cheapness to produce. Nothing, however, that print has so far been able to think of is anything like as nimble as the internet.

*The New York Times*

## **Seattle Paper Shifts Entirely to the Web**

By William Yardley and Richard Perez-Pena

March 17, 2009

SEATTLE — The Seattle Post-Intelligencer will produce its last printed edition on Tuesday and become an Internet-only news source, the Hearst Corporation said on Monday, making it by far the largest American newspaper to take that leap.

But The P-I, as it is called, will resemble a local Huffington Post more than a traditional newspaper, with a news staff of about 20 people rather than the 165 it had, and a site with mostly commentary, advice and links to other news sites, along with some original reporting.

Other newspapers have closed and many more are threatened. But the transition to an all-digital product for The P-I will be especially closely watched in an industry that is fast losing revenue and is casting around for a new economic model.

For one thing, the closing may end up putting greater pressure on the surviving and financially struggling Seattle Times, because of the end of a joint operating agreement between the two papers. It may even bring closer the day when Seattle has no local paper at all.

And the way The P-I is changing might hint at a path for future newspaper closings. To some extent, in shifting its business model, it will enter a new realm of competition. It will compete not just with the print-and-ink Times, but also with an established local news Web site, Crosscut.com, a much smaller nonprofit organization that focuses on the Northwest. The move shows how some newspapers, in the future, may not vanish but move the battle from print to the digital arena.

“The bloodline will live on,” Roger Oglesby, the paper’s publisher and editor, told the employees Monday morning in the newsroom. The Web site will remain at the paper’s address, SeattlePI.com, and assume its new form on Tuesday.

Under the decades-old joint operating agreement, The Times handled all non-newsroom operations for both, like printing, delivery, advertising and marketing. Hearst executives said they were dissolving that agreement, but it was not clear how that would affect the money-losing Times. It will no longer have to share revenue with Hearst, but it will also be unable to share expenses — the same

situation The Denver Post found itself in after its rival, The Rocky Mountain News, folded late last month.

For their part, Times executives said that the end of The P-I was a short-term challenge, but a potential lifeline in the long run. “Had Hearst not made this decision, the survival of The Times was unlikely,” said Jill Mackie, vice president for public affairs at The Times.

The new P-I site has recruited some current and former government officials, including a former mayor, a former police chief and the current head of Seattle schools, to write columns, and it will repackage some material from Hearst’s large stable of magazines. It will keep some of the paper’s popular columnists and bloggers and the large number of unpaid local bloggers whose work appears on the site.

Among those survivors is Monica Guzman, 26, who writes The Big Blog, which she describes as tapping into “the conversation about news in Seattle, whatever stories are getting buzz, whatever people seem to be most interested in talking about.”

Sitting at her desk surrounded by departing reporters who packed boxes quietly or sipped whiskey, Ms. Guzman said it was “more than this hunk of paper” that she would miss, but her colleagues and their encyclopedic knowledge and instincts. “To go on without some of that, it’s a little scary,” she said.

The P-I lost \$14 million in 2008. Hearst announced in January that if it could not find a buyer, it would cease printing. Few people expected a buyer to emerge.

Hearst hopes to capitalize on the healthy Web traffic The P-I already has, about 1.8 million unique visitors a month, according to Nielsen Online. It usually outranks the online readership of The Times, despite much smaller print circulation, 118,000 on weekdays last year, compared with 199,000 for The Times.

“We clearly believe we are in a period of innovation and experimentation, and that’s what this new SeattlePI.com represents,” said Steven R. Swartz, president of Hearst’s newspaper division. “We think we’ll learn a lot, and we think the Seattle market, being so digitally focused, is a great place to try this.”

The new P-I will be led by Michelle Nicolosi, executive producer of the site since 2005, who has been an editor and prize-winning reporter. David McCumber, the managing editor, and Mr. Oglesby will not stay with The P-I, but will remain with Hearst in some capacity, executives said.

Hearst said it would offer severance packages to about 145 employees. Because the newspaper has had no business staff of its own, the new operation plans to hire more than 20 people in areas like ad sales.

Among the new columnists, Hearst said, will be Norm Rice, a former Seattle mayor; Maria L. Goodloe-Johnson, who heads the city's public schools; John McKay, a former United States attorney; and two former governors.

David Brewster, the publisher of Crosscut, praised Hearst for "creating new journalism," rather than completely shutting down The P-I. "There's definitely room," he said. "Seattle will be quite a vital place."

Ruth Teichroeb, an investigative reporter who was among those who lost their jobs, said she worried about what would be lost. "The thing that's always been closest to my heart is The P-I's coverage of the underdog, people who are invisible," she said. "Those people who have the least voice in society are losing access to another part of the mainstream media."

*The New York Times*

## **Buyout Firm Acquires San Diego Paper**

By Richard Perez-Pena

March 19, 2009

A private equity firm has bought The San Diego Union-Tribune, the two sides said Wednesday, ending eight decades of Copley family dominance of that city's news media.

Copley Press and Platinum Equity, based in Beverly Hills, declined to say how much Platinum was paying, but a person briefed on the deal called the price "very low," and said Platinum was the only serious bidder. The sale will close in the second quarter.

The sale, which includes two small weekly papers, will be Copley's exit from a business it entered in 1905, when Ira C. Copley bought a paper in Illinois. He built an extensive Midwest chain, and in 1928 he bought two San Diego papers, which merged in 1992.

As the only daily in a fast-growing market, The Union-Tribune, which had weekday circulation of 270,000 last year, was once considered among the most valuable and sought-after papers in the country, and the sale is further illustration of the industry's steep decline. Mark Barnhill, a principal at Platinum Equity, said, "The newspaper was profitable in 2008, and it is still profitable now, but it is really close to the edge."

Platinum specializes in buying distressed businesses, particularly in high-technology fields; current assets include US Robotics, a maker of modems and related equipment, and Ryerson, a metals processor. It has held some companies for the long term, but others it has sold at a profit after a few years.

It has no publishing experience, but on the San Diego deal, it is working with David H. Black, whose Black Press owns a chain of Canadian papers and The Honolulu Star-Bulletin.

The Platinum chairman and chief executive, Tom Gores, 44, was listed last year by Forbes magazine as the 163rd wealthiest American, with a net worth of \$2.5 billion. His brother, Alec, heads another private equity firm, the Gores Group.

David C. Copley, 57, inherited Copley Press in 2004, on the death of his mother, Helen, and has since sold off most pieces of the company. He had been seen as an unlikely heir — a shy, private man, better known for his arts patronage than for an interest in newspapers.

*CNN.com*

## **Newspapers fold as readers defect and economy sours**

By Stephanie Chen

March 19, 2009

- Story Highlights
- NEW: Charlotte Observer announces it will cut staff by nearly 15 percent
- Ann Arbor (Michigan) News announces it will shut down in July
- After 138 years, the Tucson Citizen will fold if it doesn't find a buyer soon
- Two-newspaper towns may be extinct by the end of this year, some experts say

(CNN) -- The Rocky Mountain News, gone. The Seattle Post-Intelligencer, gone.

The chain that owns the Los Angeles Times and the Chicago Tribune is in bankruptcy. Other papers, large and small, are teetering on the brink.

On Monday, the Ann Arbor (Michigan) News announced that it will publish its last edition in July. Taking its place will be a Web site called AnnArbor.com.

Three other Michigan newspapers announced Monday they are reducing their publications to three days a week. The Flint Journal, The Saginaw News and The Bay City Times will publish print editions on Thursdays, Fridays and Sundays, according to the mlive.com Web site, as research shows those are the highest readership days for newspapers.

And the Charlotte Observer announced Monday it will cut its staff by 14.6 percent and reduce the pay of most of the employees it keeps.

The situation now looks grim for The Tucson Citizen. In the past 25 years, circulation at Arizona's oldest newspaper has dwindled from 65,000 to 17,000. The Gannett Co. paper could fold if a buyer can't be found.

At least 120 newspapers in the U.S. have shut down since January 2008, according to Paper Cuts, a Web site tracking the newspaper industry. More than 21,000 jobs at 67 newspapers have vaporized in that time, according to the site.

More bad news could be coming this week as newspapers struggle to meet challenges posed by changing reader habits, a shifting advertising market, an anemic economy, and the newspaper industry's own early strategic errors.

Amid the decline comes concern over who, if anyone, can assume newspapers' traditional role as a watchdog. For more than 200 years, that role has been an integral part of American democracy.

"I know it sounds somewhat cliché, but when you have competition with [the Arizona] Star, it makes both entities better," said Jennifer Boice, an editor who has devoted more than 25 years of her life to the Tucson Citizen.

Competition naturally breeds better journalism is the credo of many newspaper veterans. And better journalism means an engaged and informed public.

"The winner is the community," Boice said. "They get better information quicker and more of it."

Despite arguments like Boice's, newspapers are losing their relevance in the lives of a majority of Americans, particularly younger readers.

Many industry analysts agree many more papers will soon become extinct. Most two-newspaper towns will likely disappear, perhaps by the end of 2009, some experts say.

Among the next newspapers to go, experts say, are major metropolitan dailies relying on an expensive business model that requires costly newsprint consumption and gas-guzzling deliveries.

The quirky San Francisco Chronicle is reported to be circling the drain. If it were to close, San Francisco would be the first big U.S. city without a major daily paper.

The Atlanta Journal-Constitution and the Boston Globe are bleeding about \$1 million a week, according to a media report issued by the Pew Center for Excellence in Journalism. Experts say more big-city papers are expected to follow the example of Gannett's Detroit Free Press, which started cutting back on print edition delivery in December.

The challenges facing newspapers long predate the worst economic slump since the Great Depression. Daily subscriptions per household began a steady decline in the 1920s, yet the newspaper industry adapted and thrived despite competition from radio and television.

But easily accessible, high-speed Internet connections and smart phones have dramatically shifted the way people get their news. Ironically, news is still in strong demand. It's abundant, accessible and usually free on the Web.

The outlook is so grim that the American Society of Newspaper Editors, a membership organization for daily newspaper editors, canceled its annual convention in April after deciding that "the challenges editors face at their newspapers demand their full attention."

To understand the financial crises plaguing the industry, one need look no further than the Tucson Citizen's parent company, Gannett, which reduced its work force by 10 percent only to see advertising and profits continue to plummet.

Things are no better at competitor McClatchy Co. The company eliminated 1,600 jobs companywide last week. McClatchy stock is trading for less than \$1 a share compared with \$70 a share five years ago. iReport.com: Sad to see Seattle Post-Intelligencer go

The industry's advertising revenue in 2008 was \$38 billion, a staggering 23 percent drop from \$49.5 billion the year before. Print media companies are failing to achieve market expectations each quarter, scaring away investors, venture capitalists and potential buyers in droves.

Still, a few deals have been struck. This week, a private equity firm in California purchased the San Diego Union-Tribune -- where advertising revenue has fallen 40 percent since 2006 -- for an undisclosed price.

"We think that the revenues from newspaper companies have been insufficient to cover their cost," explained Mike Simonton, an analyst at Fitch Ratings, who issued a negative outlook on the industry. "At that point they will need to tap into external financing to continue operations, and we believe external financing will be prohibitively expensive or not even available at all."

Job cuts are keeping many newspapers on life support.

Paul Gillin, a social media consultant, said such losses are to be expected for an industry that has failed to adapt to the influx of online publishing tools and social networking sites.

"Information has become democratized today," said Gillin, who has predicted print newspapers will disappear by 2015. "You get a lot of advice from your friends, blogs and multiple media sources. Who reads just one newspaper?"

Some of the biggest threats to newspaper profits have come from Web sites like Craigslist and Monster.com, online advertising venues that are chipping away at newspapers' classified ad sections.

Newspaper classified ad expenditures tumbled nearly 17 percent in 2007, according to the Newspaper Association of America. The recession is affecting auto dealerships, real estate companies and other local businesses, accelerating the advertising downturn.

Many newspaper experts expect national publications such as the Wall Street Journal, USA Today, The Washington Post and The New York Times to survive. They say the largest papers could even benefit from industry woes and grab market share because of their wide penetration.

In the meantime, these papers are facing a harsh economy. At The Washington Post, owned by Washington Post Co., earnings plunged 77 percent in the fourth quarter of 2008. The newspaper was saved by the parent company's Kaplan educational division, which raked in more than half the company's revenue that year.

The future offers the industry little comfort, with studies showing newspapers have lost a generation of young readers. A Pew Research Center report this month found only one-third of Americans polled say they would "miss" the newspaper a lot if it were no longer around.

*Associated Press*

### **Ann Arbor News to publish its last edition in July**

By Jeff Karoub and Ed White

March 23, 2009

The Ann Arbor News will cease publication in July after 174 years and will be replaced by a Web-focused community news operation built from the ground up.

Although AnnArbor.com plans printed editions twice a week, officials stressed Monday that the new free Web site won't simply be the old newspaper delivered in a new format.

Steve Newhouse, chairman of Advance's Internet arm, said the company decided to build a company and Web site "from the ground up" and will work with readers and residents through community forums next month.

"We felt it was better to invest resources into building a new sustainable product for the community rather than keep cutting back on The Ann Arbor News," Newhouse told The Associated Press.

Employees can apply for positions with the new company, but "job losses will be unavoidable," Publisher Laurel Champion said in a statement Monday. The Ann Arbor News currently has 272 employees at its office and printing plant.

"The Ann Arbor News was struggling as a daily print newspaper, with steep losses in 2008," said Champion, who will be executive vice president of AnnArbor.com LLC. "At the same time the demand for local news and information in a wired community has never been stronger."

AnnArbor.com will distribute a printed edition on Thursdays and Sundays and an advertising supplement once a week.

The end of the News was one of several major changes announced Monday at the eight daily Michigan newspapers owned by the Newhouse family's Advance Publications. The Flint Journal, The Bay City Times and The Saginaw News said they will cut their print editions from seven to three days a week — Thursdays, Fridays and Sundays — starting June 1.

Although the changes primarily affect Advance's Michigan operations, the company will freeze pension plans at most of its 26 newspapers across the country. Advance will instead increase matching contributions to 401(k) retirement plans, an alternative that costs the company less.

Employees at some of the newspapers also must take off 10 days a year without pay. Those at Michigan's Advance publications are not part of the furlough provision, said Dan Gaydou, publisher of The Grand Rapids Press.

Newhouse said the new approach for Ann Arbor is reflected by the demographics and the city that's home to the University of Michigan. The Ann Arbor region typically has the lowest jobless rate among Michigan's 17 labor markets.

"When we looked at Ann Arbor, we saw a very special place. It's unusually tech-savvy and a community that's passionate about everything that's going on," Newhouse said. "At the same time, the daily print format was facing growing losses. We were at a crossroads."

The News has average weekday circulation of 45,147 and Sunday circulation of 59,997, according to the latest figures from the Audit Bureau of Circulations.

The developments came a week after Hearst Corp. ceased printing its Seattle Post-Intelligencer newspaper, turning it into an online-only operation. Michigan's biggest newspaper change starts next Monday when the Detroit Free Press and The Detroit News cut home delivery to three days a week. They will print small editions on other days and encourage people to get information online.

Matt Kraner, formerly chief marketing officer of The Plain Dealer in Cleveland, was named president and chief executive officer of AnnArbor.com, and Tony Dearing, former editor in Flint, was named chief content leader.

"It is the perfect place to embark on a Web-focused news and information strategy," Kraner said. "We will be working with Ann Arbor's residents and advertisers to build a unique and innovative community news and information service."

Three of the other four Advance dailies in Michigan also will see significant changes. Page design and production work at The Grand Rapids Press, the Kalamazoo Gazette and The Muskegon Chronicle will be consolidated in Grand Rapids this summer.

The fourth, The Jackson Citizen Patriot, will handle copy editing, page design, ad production and other functions of the AnnArbor.com print newspaper.

The newspapers have gone through a recent wave of employee buyouts. In Grand Rapids, many of the most experienced reporters will be gone by summer.

Nicola Rooney, who owns Nicola's Books in Ann Arbor, said customers have noticed the Ann Arbor News becoming thinner, and she has seen a "slow decline" in sales.

"This is not good news for me because we rely on The Ann Arbor News to get the word out," she said.

Rooney said she advertises several days a week in the newspaper but doesn't believe it would have the same effect in the new twice-weekly publication by AnnArbor.com.

"Unfortunately, from my experience with advertising, advertising has to be in something that is every day. ... If it's not in front of people on a regular basis, then I think they can kind of get out of the habit of reading it."

*The New York Times*

## **Newspapers Keep Cutting Costs, Print Editions**

By The Associated Press

March 23, 2009

The pall looming over U.S. newspapers grew even darker Monday as Gannett Co. informed most of its employees that they will have to take another week of unpaid leave this spring, while a Michigan daily unveiled plans to close its print edition after 174 years.

And The Plain Dealer, Ohio's largest newspaper, also ordered pay cuts and 10-day furloughs for nonunion employees Monday to cut costs as advertising revenue drops.

The moves were just the latest sign of the distress afflicting newspapers across the country as they try to cope with a dramatic shift in advertising that is forcing publishers to figure out how to survive with substantially less revenue.

Signaling it doesn't see an upturn anytime soon, Gannett wants virtually all of its U.S. employees to stay at home and forgo at least one week's pay before July. About 6,600 workers outside the United States won't be affected by the furloughs.

Executives and many workers making more than \$90,000 annually will sacrifice two weeks pay in hopes that Gannett — the owner of USA Today and more than 80 daily newspapers — will be able to avoid more layoffs after jettisoning 4,000 jobs last year.

This will mark Gannett's second round of furloughs this year. The company, which employs about 41,500 people, saved about \$20 million by imposing one-week furloughs during the first three months of this year.

"We are about to begin the second quarter without any real relief in sight from this unprecedented economic downturn and its challenge to our company," Gannett Chief Executive Craig Dubow wrote in a staff memo. "Despite all of your truly remarkable efforts to reverse the trend, our revenue numbers continue their downward slide and we have been faced with more difficult decisions."

Based on his annual salary of \$1 million, Dubow will lose more than \$38,000 of his pay in the second quarter.

The Star-Ledger of Newark, N.J., owned by the Newhouse family's Advance Publications, also told its 530 full-time workers they will have to make a similar sacrifice by taking 10 unpaid days off this year.

On the other side of the country, The Oregonian in Portland is reducing employee wages by up to 10 percent and requiring full-time workers to take four unpaid days off between May and September as its publisher tries to reverse a 2008 operating loss of more than \$10 million.

Other newspapers are simply concluding that daily editions no longer make financial sense in some markets.

That's why privately held Advance Publications plans to replace The Ann Arbor News with an online-focused operation that will publish only on Thursdays and Sundays beginning in July. The publisher is betting a more Web-centric newspaper will thrive in Ann Arbor, a college town that has a more tech-savvy population than many other parts of Michigan.

"We felt it was better to invest resources into building a new sustainable product for the community rather than keep cutting back on The Ann Arbor News," Steve Newhouse, chairman of Advance's Internet arm, told The Associated Press.

Without providing specifics, The Ann Arbor News' management warned that the shift from print will trigger significant job cuts. The newspaper, which has an average weekday circulation of about 45,000, currently employs 272 employees.

The transformation of the News was the most significant of the cost-cutting measures announced at Advance Publications' eight daily Michigan newspapers.

The Flint Journal, The Bay City Times and The Saginaw News will go from daily publication to three days a week — Thursdays, Fridays and Sundays — starting June 1. It's similar to a move that the Detroit Free Press and The Detroit News will make next week when they curtail the home delivery schedule for their print editions to the same three days.

Advance Publications also plans to combine page design and production jobs at The Grand Rapids Press, the Kalamazoo Gazette and The Muskegon Chronicle so more of the work can be handled in Grand Rapids. The Jackson Citizen Patriot will take on copy editing, page design, ad production and other functions of the AnnArbor.com print newspaper.

Terrance C.Z. Egger, publisher and president of Advance Publications' The Plain Dealer, said Monday the newspaper has no plans to cut publication dates or change to a Web-only product. But the newspaper, which previously reduced staffing by layoffs and buyouts, did order pay cuts of 8 percent of full- and part-time employees' first \$50,000 and 10-day furloughs for nonunion full-time workers in an effort to cut costs.

The paper said its ad revenue fell twice as much as expected in the first quarter.

Meanwhile, the Lexington (Ky.) Herald-Leader and The Charlotte (N.C.) Observer separately disclosed plans to lay off more than 130 employees between

them. The purge is part of 1,600 job cuts disclosed earlier by the newspapers' owner, McClatchy Co.

Like most businesses, newspapers have been hard hit by the deepest recession since the early 1980s. But the blow has been especially devastating for newspapers because they were already losing readers and revenue to the Internet, where news can be easily found for free and the advertising rates are substantially lower.

The Internet's allure, coupled with the punishing recession, have caused annual advertising revenue to shrivel by 20 percent to 30 percent at some newspaper publishers since 2006.

The double whammy resulted in the closure of the 149-year-old Rocky Mountain News in Denver last month and prompted the Seattle Post-Intelligencer to go online-only last week.

*The New York Times*

#### **4 Michigan Markets Will Lose Daily Newspapers, as Ailing Industry Tries to Cope**

By Richard Perez-Pena

March 24, 2009

Daily newspapers will become a thing of the past for readers in four Michigan markets, with issues being printed only three days a week in Flint, Saginaw and Bay City, and twice weekly in Ann Arbor. Advance Publications said it would close the 174-year-old Ann Arbor News in late July, and replace it with two new corporate entities: a primarily Web-based news operation, AnnArbor.com; and a printing company that will publish two days a week.

All 272 employees at The News, which has weekday circulation of 45,000, will be laid off and invited to apply for jobs at the two new companies. Their staff size has not been determined, but “there will be by far fewer positions,” said Laurel Champion, publisher of The Ann Arbor News.

AnnArbor.com will have some original reporting, and an emphasis on reader input and community forums. “This will be a new company built from the ground up,” said Steven Newhouse, chairman of Advance.net, the Internet arm of the company.

The changes at The Flint Journal, The Saginaw News and The Bay City Times will be less sweeping, reducing daily publication to Thursdays, Fridays and Sundays only. Executives said those days account for about 80 percent of advertising revenue. The papers, which have combined circulation of 141,000 on weekdays and 176,000 on Sundays, plan to lay off 35 percent of their employees.

Advance, which is owned by the Newhouse family, announced several other cost-cutting moves, including mandatory unpaid two-week furloughs for employees at most of its newspapers, including The Times-Picayune of New Orleans, The Plain Dealer of Cleveland and The Star-Ledger of Newark (employees at The Oregonian of Portland will be subject to four days of unpaid furlough). Some employees’ pay will be cut.

Advance also owns Condé Nast, the magazine publisher, which has also been cutting costs, and Bright House Networks, one of the nation’s largest cable television providers.

A small but growing number of papers have reduced printing days in recent months, while preserving the late-week and weekend days that attract the most readers and advertisers. The industry has been hunting for ways to counter a

crippling decline in advertising. Among the hardest-hit states has been Michigan, whose economy depends heavily on the wounded auto industry.

No newspapers in large cities have dropped publishing days yet, but on Monday, The Detroit Free Press and The Detroit News will end home delivery four days a week. Both will deliver on Thursdays and Fridays, and The Free Press will do so on Sundays, when The News does not publish.

*The Seattle Times*

**Maryland senator has a solution failing newspapers: make them nonprofits**

By Larry Margasak

March 24, 2009

Struggling newspapers should be allowed to operate as nonprofits similar to public broadcasting stations, Sen. Benjamin Cardin, D-Md., proposed Tuesday.

Cardin introduced a bill that would allow newspapers to choose tax-exempt status. They would no longer be able to make political endorsements, but could report on all issues including political campaigns.

Advertising and subscription revenue would be tax-exempt, and contributions to support coverage could be tax deductible.

Cardin said in a statement that the bill is aimed at preserving local newspapers, not large newspaper conglomerates.

"We are losing our newspaper industry," said Cardin. "The economy has caused an immediate problem, but the business model for newspapers, based on circulation and advertising revenue, is broken, and that is a real tragedy for communities across the nation and for our democracy."

Cardin said his proposal may not be the best choice for some major newspapers, but "should be an option for many newspapers that are struggling to stay afloat."

Speaking on the Senate floor, Cardin added, "As local papers are closing, we're losing a valuable tradition in America — critically important to our communities, critically important to our democracy."

The head of the newspaper industry's trade group called the bill a positive step.

John Sturm, president and chief executive officer of the Newspaper Association of America, said the proposal "recognizes changes in the law might be necessary to provide a boost to newspapers trying to weather this difficult economic period."

He agreed with Cardin that his approach may not work for all newspapers, but said the legislation is a starting point for discussions already under way on ideas to help the industry.

The association is a nonprofit organization representing the \$47 billion newspaper industry and more than 2,000 newspapers in the United States and Canada.

Reports of layoffs and furloughs at newspapers around the country have become common in recent months. Gannett Co., which publishes 85 daily newspapers, announced Monday that it was asking most of its 41,500 employees to give up a week's pay for the second time this year. The same day, Advance Publications, which publishes daily papers in nearly two dozen cities, said it was ordering 10-day furloughs and a pension freeze at nearly all its daily newspapers.

*Bloomberg.com*

### **New York Times's Globe Newspaper May Need More Cuts (Update3)**

By Greg Bensinger

March 25, 2009

March 25 (Bloomberg) -- New York Times Co. may need further job cuts at the Boston Globe as the newspaper loses advertising revenue and circulation more quickly than its flagship publication.

Newsroom employees have until the end of the week to decide whether to take buyout offers that would help the Globe eliminate as many as 50 positions, or 12 percent of newsroom staff, according to Robert Powers, a newspaper spokesman.

The Globe, harder hit by an industrywide slump, is weighing on Times Co.'s results as more readers get their news online and marketers cut spending in the recession. The New York Times newspaper's average weekday circulation dropped 3.1 percent last year to 1.03 million, while the Globe's slumped 11 percent, according to Times Co.'s annual report.

"They'll have no choice but to lay more people off," said Larry Grimes, who buys and sells media companies for investment bank W.B. Grimes & Co. in Gaithersburg, Maryland. "You don't want to sell a newspaper in this environment."

The buyouts are one way Times Co. is trying to save money as print sales decline. The publisher has halted its dividend, put its minority stake in the Boston Red Sox baseball team up for sale and agreed to sell the space it occupies in its Manhattan headquarters for \$225 million to pay down debt. The company also trimmed the Globe's advertising sales team.

#### **Ongoing Cuts**

"Our cost-cutting efforts are ongoing, and that's true across all of our properties," said Catherine Mathis, a Times Co. spokeswoman. "It's simply the environment we're in, and the Globe would certainly not be immune to that."

The publisher hasn't announced any plan to sell the Globe, Mathis said. Globe Editor Martin Baron declined to comment on the buyouts.

The Globe has lost daily circulation every year since 2004, a 28 percent drop over the period, according to the Audit Bureau of Circulations.

Revenue for New England Media Group, which includes the Globe, Worcester Telegram & Gazette and their Web sites, fell 12 percent last year. Sales at New York Times Media Group, including the newspaper and nytimes.com, declined 6.2 percent.

The New England unit made up about 18 percent of Times Co.'s media revenue last year, down from 19 percent in 2007 and 23 percent in 2001.

#### 'Get Some Concessions'

Times Co. said yesterday it agreed to sell TimesDaily, a newspaper with a daily circulation of 27,800 in Florence, Alabama. It didn't disclose the price.

In addressing a potential sale of the Globe, New York Times Chief Executive Officer Janet Robinson said in March 2008 that the company is constantly evaluating its portfolio "for both strategic fit and financial performance." She cited the declining newspaper market and the low tax base of assets, such as the Globe.

The Globe will need to consider further cost-saving measures, including job cuts, said Barry Lucas, an analyst at Rye, New York-based Gabelli & Co.

"The Times will have to negotiate this out with their unions, get some concessions because it's going to be very difficult to find a buyer" for the Globe, Lucas said. "And it could be very expensive to shut it down."

To cope with a decline in classified ad sales, the Globe this month reduced by about half, or 32, the number of employees who take those orders by telephone. The newspaper will close a printing plant in Billerica, Massachusetts, in the second half because it no longer needs the capacity.

Times Co. has fallen 78 percent in the past 12 months, while the Standard & Poor's 500 Index dropped 40 percent and the S&P 500 publishing and printing index declined 58 percent. The stock rose 2 cents to \$4.57 at 4:15 p.m. in New York Stock Exchange composite trading.

#### Industrywide Slump

The publisher, controlled by the Ochs-Sulzberger family, bought the company that controlled the Globe for about \$1 billion in 1993. It may get \$156 million after taxes from a sale of the newspaper, Craig Huber, a Barclays Capital analyst who rates Times Co. shares "underweight," said in a Jan. 29 note.

Other companies are scaling back their newspaper holdings. The Seattle Post-Intelligencer, which lost \$14 million last year, halted its printed edition March 17 and cut about 90 percent of newsroom jobs after owner Hearst Corp. failed to find a buyer for it. Hearst may also try to sell or close the San Francisco Chronicle if it can't agree to sufficient job cuts with its unions.

E.W. Scripps Co. shuttered the Rocky Mountain News last month after no buyer emerged. Gannett Co. is in talks with at least two buyers for the Tucson Citizen and Copley Press Inc. agreed to sell the San Diego Union-Tribune for an undisclosed sum to Platinum Equity LLC.

Emile Courtney, a Standard & Poor's credit analyst, said in an interview March 19 that the Globe may benefit if it can lure some of the readers of its smaller rival, Herald Media Inc.'s Boston Herald. The Herald's circulation fell 9.9 percent to 167,500 in the six months through September compared with the year-earlier period.

*The New York Times*

## **Times Co. Announces Temporary Salary Cuts**

By Richard Perez-Pena

March 27, 2009

The New York Times Company budget plans announced Thursday, including a temporary 5 percent pay cut for most employees, should avert newsroom staff cuts at the flagship Times newspaper this year, the executive editor, Bill Keller, said.

Bill Keller, the executive editor of The New York Times, announced a temporary 5 percent pay cut and furloughs for most employees in a meeting with the news staff Thursday afternoon.

The cuts were mandated for management and nonunion employees, and the Newspaper Guild has been asked to agree to them for those it represents on the newsroom staff. If the union does not agree, Mr. Keller said during a meeting of hundreds of staff members in the paper's main newsroom, "we will face layoffs, probably on the order of 60 to 70 people," out of almost 1,300 on the news staff.

Also on Thursday, The Times laid off 100 people in its business operations, and Mr. Keller said it would make other cuts, like reducing spending on freelancers by 10 to 15 percent and possibly consolidating some sections.

The planned 5 percent pay cut for nine months, coupled with an additional 10 days of leave, would apply to most employees at the largest units, including The Times and the corporate offices, and to most nonunion employees at The Boston Globe.

Across the company, advertising revenue fell 13.1 percent in 2008, and 17.6 percent in the fourth quarter. Executives declined to provide any 2009 figures, but said that so far the year has been worse than expected. In a message to employees, Arthur Sulzberger Jr., the chairman, and Janet L. Robinson, the chief executive, wrote, "The environment we are in is the toughest we have seen in our years in business."

The Washington Post announced on Thursday that it will offer buyouts to selected employees, including some in the newsroom, but did not say how many jobs it wants to eliminate. The Post has gone through three rounds of broader buyouts in the last six years, including one last year that drew more than 100 newsroom employees and more than 200 workers over all.

The Times Company's pay reductions will be in effect from April through December, and staff members will revert to their previous salary level in 2010 unless economic conditions fail to improve, company officials said.

The Guild, which is the largest union at The Times and the only one the company asked for concessions, represents most newsroom employees, and a smaller number in other departments. The company declined to say whether it would seek any concessions from union employees at The Globe.

Mr. Keller said Times management was to meet with the Guild Thursday afternoon to discuss the requested cuts. Calls to Guild officers were not returned.

At smaller parts of the company, including About.com and a chain of small papers, wages will be cut 2.5 percent and employees will get five days off.

The layoffs announced Thursday represent almost 5 percent of the more than 2,000 employees in the business operations of The Times newspaper. The company laid off 27 people in The Times's advertising department last month, and about 500 people in January, with the closing of City and Suburban, a newspaper and magazine distribution subsidiary. At the end of 2008, the company had 9,346 employees, down from 10,710 working in the same operations two years ago.

Last fall, Times executives said they did not anticipate any news staff reductions in 2009. Similarly, Mr. Keller said on Thursday that with a pay cut, management expects "that the newsroom will get through the year without a round of layoffs."

"I wish I could make that a promise," he added. "I can't."

In 2008, The Times eliminated 100 newsroom jobs through buyouts and layoffs. But with hiring for new positions, the net reduction was about half that. It has the largest news staff of any paper in the country, and one of few that has not contracted sharply.

Newspaper companies have been drastically shrinking payrolls in the last two years. And in recent months, several have resorted to mandatory unpaid leave, or furloughs, to reduce the number of layoffs.

The Times Company is characterizing its move with nonunion employees as a pay cut rather than a mandatory leave — though in practice, there may be little difference — to avoid strict federal rules governing furloughed employees. Other companies that have used furloughs have told workers, for instance, that they cannot make work-related phone calls or check work e-mail messages while on leave. Whether a cut for union employees is called a furlough will be subject to negotiation.

Separately, The Times newspaper will do away with the expanded index to its articles, created last year, that appears on the second and third pages, returning to

something like the smaller guide that used to appear on the second page, saving several millions dollars annually on newsprint.

*Editor & Publisher*

**Print Newspaper Ad Revenues Plunged Record 17.7% In 2008, NAA Says**

By Mark Fitzgerald

March 27, 2009

CHICAGO Print newspaper ad revenue plunged 17.7% in 2008 compared to the year before, falling for an unprecedented third consecutive year.

New figures released without fanfare from the Newspaper Association of America (NAA) show print ad revenue in 2008 totaled \$34.74 billion, the worst performance since 1994, when the total was \$34.1 billion.

For the first time since NAA began tracking advertising in 1950, revenue declined for the third consecutive year. The 17.7% year-over-year decline was the steepest NAA has ever recorded.

Online revenue, which had been growing by double digits in the years since NAA began to measure it, slipped 1.8% in 2008 to \$3.109 billion.

"The industry has shed nearly \$11.6 billion in sales since achieving its all-time peak of \$49.4 billion in 2005," media consultant Alan Mutter noted in his blog "Reflections of a Newsosaur," which was the first to publicize the figures. "Thus, 23.2% of its revenue base was vaporized in just three years."

The destruction of classified advertising was well documented with every quarterly report of newspaper publishers in 2008 -- but the NAA figures nonetheless make startling reading.

Real estate classified ad revenue, NAA said, plunged 37.8% in the year to \$2.48 billion.

Automotive classified fell 29.1% to \$2.316 billion.

Help-wanted ad revenue fell off the cliff, diving 42.5% to \$2.186 billion.

Overall, and including all categories, classified plummeted 29.7% to \$9.975 billion.

Retail ad revenues declined 10.7% to \$18.769 billion. National was down 14.4%

to 5.996 billion, NAA said.

Mutter noted that "sales declined at an accelerating pace in each quarter of 2008, tumbling nearly 20% in the last three months of the worst year in the history of the industry."

*Editor & Publisher*

**Detroit Papers: First Monday Without a New Edition**

Associated Press

March 29, 2009

DETROIT Missing from the doorsteps and driveways of many Michigan homes Monday morning: newspapers.

In a bold but risky move aimed at ensuring their survival in the digital age, The Detroit News and the Detroit Free Press are reducing home delivery to the three days a week most popular with advertisers — Thursdays, Fridays and Sundays. Slimmed-down newspapers, sold at regular prices, will be available in news racks and convenience stores the other four days.

The Detroit publishers hope to cut costs significantly, without sacrificing newsroom staff, to survive a recession that has exacerbated losses from ads shifting to the Internet. Millions of dollars in advertising have eroded over the past year in a city and state being hammered by foreclosures, high unemployment and the near-collapse of the auto industry.

More than 80 newspapers in the country, in smaller markets, have dropped at least one publication day since last year. The Christian Science Monitor printed its final daily edition last week. Other newspapers in Maryland, Michigan, Oregon, Tennessee and Wisconsin are on the verge of similar reductions in frequency. A few have gone online-only.

Detroit is trying a hybrid: keeping daily publication, but cutting back on its commitment to serve homes every day.

The newspapers hope that by nurturing their ink-stained legacy, and reaping only partial savings in production and delivery, they can keep enough revenue and staff to grow beyond print and become profitable on the Internet, cell phones and other mobile gadgets.

"They are accelerating greatly the print-to-digital transformation, and they are taking a great chance there," said Ken Doctor, media analyst with Outsell Inc.

The biggest risk is in breaking readers' newspaper habits, he said. If readers realize they can get by without a newspaper at the doorstep four days of the week, they might conclude they don't need it delivered on the other three days.

Circulation could drop, and with it, ad revenue.

The Detroit newspapers will still print on the four days they don't deliver to homes. They will sell copies at the same coin-operated locations and retail stores that now carry the newspapers. The newspapers are also arranging to sell them at nursing homes and by mail.

But the News and the Free Press on those four days will be stripped down to about 32 pages. Although some full-size editions currently aren't that much larger, the newspapers will have room for fewer articles, comic strips, stock listings and sports box scores. The Free Press will keep stories short by shunning "jumps," or continuations onto an inside page.

To lure readers, both newspapers have designed new features, including a personal finance page in the News on Mondays.

Jonathan Wolman, editor and publisher of the News, acknowledged the risks in changing readers' relationship to the newspaper. But he said the moves are needed to preserve a vibrant newsroom that can produce compelling stories and attract audiences in print and online.

"No one's done this before, and in that sense, I do believe there's a lot to prove here," he said.

For \$12 a month, or \$1 to \$2 less than the previous monthly rates, home subscribers will be able to get the Free Press delivered Thursdays, Fridays and Sundays. Or they can get the News on Thursdays and Fridays and the Free Press on Sundays, because the News does not publish on Sunday.

Those rates come with access to electronic editions, laid out like a regular printed newspaper, for all seven days. Everyone else will be able to see the Detroit newspapers' stories for free online, but not in this format.

Gannett Co. and MediaNews Group Inc. — the two newspaper companies that work in partnership to publish the Detroit newspapers — never considered pulling the plug entirely on print. Even in a recession, many printed editions make money, and the Web sites threatening to replace them generate far less revenue.

"You simply could not support a newspaper newsroom on Internet ad rates today," Wolman said.

Dave Hunke, publisher of the Free Press and head of the Detroit partnership, would not discuss the newspapers' finances in detail. But, he said the Free Press and the News could have cut costs by about 40 percent by dropping print entirely — a percentage in line with what analysts say other newspapers could also save.

However, that would have cost the newspapers far more in revenue from print circulation and ads, which together represent more than 85 percent of total revenue. Deep staff cuts would follow if such a strategy was pursued.

Instead, not delivering to homes every day will cut costs by about 20 percent. Although the presses will still have to roll, the newspapers will save on paper and ink by printing fewer pages and copies — Detroit officials say they expect circulation to be cut in half on non-delivery days. The newspapers also won't have to pay as much for fuel and delivery staff.

In other words, the newspapers will save only half as much in production and delivery costs as they would have had they stopped printing, but they will keep the bulk of their revenue, as less than 15 percent now comes from online ads.

The newspapers will cut about 215 jobs, or about 10 percent of their work force. But Hunke noted that the moves will avoid "hundreds upon hundreds" of additional layoffs that would have come if the newspapers had done nothing to address their financial woes — or if the publications had stopped printing. Neither newspaper is cutting newsroom staff.

By contrast, the Seattle Post-Intelligencer, which became an online-only operation this month, is cutting its editorial staff by more than 85 percent and relying heavily on reader contributions.

Hunke said Thursdays, Fridays and Sundays accounted for 82 percent of advertising revenue in Detroit. And he estimates that the newspapers will keep more than 90 percent of their ad revenue as advertisers shift some ads from the four days that won't have home delivery to the three days that will. New ones might even come on board for the four limited-edition days, when ad rates will be lower because circulation will be halved.

"Online may allow you more dynamic, deeper levels of interaction and a way for customers to engage immediately ... but the high impact of a full-page print ad cannot be overstated," said Jim Weber, chief marketing officer for Comerica Inc., a bank that plans to keep advertising heavily in the Detroit newspapers.

Amy Shanler, a spokeswoman for Staples Inc., said the office-supplies retailer isn't worried about the cutbacks and plans to continue advertising in Detroit and other markets where newspapers have scaled back. Staples is especially interested in Sunday newspapers, in which it inserts circulars, "and we anticipate papers will still keep this edition due to its traditionally high circulation," Shanler said.

The Gannett-owned Free Press is the nation's 20th largest-selling newspaper on weekdays and sixth-largest on Sundays. Weekday circulation there dropped 7 percent year-over-year to 298,243 in the latest reporting period, while Sunday circulation fell nearly 4 percent to 605,369. Weekday circulation at the News,

which is owned by MediaNews, fell 10 percent to 178,280.

Hunke said the newspapers are "prepared to lose some very longtime loyal readers who are just disappointed, angry or this doesn't work for them." But the newspapers add that cancellations over the delivery cuts have been minimal.

Mindful that subscribers, particularly older ones uncomfortable with the Internet, might need help maintaining their news habits on the days the newspapers won't be delivered to homes, the Free Press and the News have been holding Web training sessions for novices.

Bill Foster, 73, attended a session with his wife, Karen, in Van Buren Township. The longtime Free Press subscriber was a bit unsure at first as he navigated a digital edition laid out like a regular printed newspaper. Eventually he managed to search for and find stories about the Detroit Tigers.

Foster acknowledged he will "just have to get used to it."

*chron.com*

**List: Newspapers that have cut publication days**

By the Associated Press

March 29, 2009

— Some of the daily newspapers that have reduced publication days since last year:

**ARIZONA:**

\_ Douglas Dispatch — Formerly The Daily Dispatch, went from five to three days a week in August.

\_ East Valley Tribune — In January, suburban Phoenix newspaper scaled back from seven days to Wednesdays, Fridays, Saturdays and Sundays. It also became a free publication delivered to four growing communities, Mesa, Chandler, Gilbert and Queen Creek; Scottsdale and Tempe dropped from delivery zone.

**ARKANSAS:**

\_ Blytheville Courier News — Dropped Mondays.

\_ The Daily World, Helena-West Helena — Dropped Thursdays.

**CALIFORNIA:**

\_ The Davis Enterprise — Dropped Mondays.

\_ The Gilroy Dispatch — Scaled back last year to Tuesdays and Fridays, instead of five days a week.

\_ Hollister Free Lance — Scaled back last year to Tuesdays and Fridays, instead of five days a week. Dropped Fridays later in the year.

\_ Palo Alto Daily News — Free newspaper dropped Mondays last year.

\_ The Examiner, San Francisco — Reduced home delivery to Thursdays and Sundays, although free newspaper available in news racks on other days.

\_ San Mateo Daily News — Free newspaper dropped Tuesdays last year.

\_ Daily Sound, Santa Barbara — Free newspaper dropped Mondays in February.

\_ Sierra Sun, Truckee — Scaled back in January to Wednesdays, Fridays and Saturdays. It had largely been a weekly until it expanded to twice weekly in 2003 and to five days a week in 2006.

\_ Tahoe Daily Tribune, South Lake Tahoe — Scaled back in February to Wednesdays, Fridays and Saturdays, instead of Monday through Friday.

\_ Register-Pajaronian, Watsonville — Scaled back in February to Tuesdays, Thursdays and Saturdays, from six times a week.

#### COLORADO:

\_ The Aspen Times — Dropped Sundays in January.

#### DISTRICT OF COLUMBIA:

\_ The Washington Examiner — Reduced home delivery to Thursdays and Sundays, although free newspaper available in news racks on other days.

\_ The Washington Times — Dropped Saturdays last year.

#### GEORGIA:

\_ Statesboro Herald — After becoming a seven-day daily in 1982, dropped Mondays in January.

#### IDAHO:

\_ Post Register, Idaho Falls — Dropped Mondays in March.

\_ Standard Journal, Rexburg — Scaled back in March to Tuesdays, Wednesdays and Saturdays, dropping Thursdays and Fridays.

#### ILLINOIS:

\_ Benton Evening News — Dropped Saturdays in February.

\_ The Carmi Times — Dropped Wednesdays in March.

\_ Du Quoin Evening Call — Dropped Saturdays in February.

\_ Eldorado Daily Journal — Dropped Saturdays in February.

\_ The Courier News, Elgin — Dropped Saturdays and switched to tabloid format in January.

\_ The Journal-Standard, Freeport — Dropped Mondays in February.

\_ Kane County Chronicle, Geneva — Dropped Mondays and switched to tabloid format in March.

\_ The Daily Register, Harrisburg — Dropped Saturdays in February.

- \_ Star Courier, Kewanee — Dropped Mondays last year.
- \_ Macomb Journal — Dropped Mondays in January.
- \_ The Marion Daily Republican — Dropped Saturdays in October.
- \_ Daily Review Atlas, Monmouth — Dropped Mondays last summer.
- \_ The Daily Leader, Pontiac — Dropped Fridays.
- \_ The Daily American, West Frankford — Dropped Saturdays in February.

#### INDIANA:

- \_ The Brazil Times — Dropped Tuesdays in January.
- \_ Banner Graphic, Greencastle — Dropped Tuesdays in January.
- \_ Daily Reporter, Greenfield — Dropped Fridays in December.
- \_ Rushville Republican — Dropped Mondays last year.

#### IOWA:

- \_ The Daily Nonpareil, Council Bluffs — Dropped Mondays in February.
- \_ The Courier, Waterloo-Cedar Falls — Dropped Saturdays in January.

#### KANSAS:

- \_ Kansas City Kansan — Went entirely online in January after scaling back to two editions a week, from five, last year.
- \_ The Southwest Times, Liberal — Formerly the Southwest Daily Times, scaled back early last year to Wednesdays, Fridays and Sundays, dropping Tuesdays and Thursdays. The publisher and many employees left in protest and began the High Plains Daily Leader, printing Sunday through Friday.
- \_ McPherson Sentinel — Dropped Mondays late last year.
- \_ The Ottawa Herald — Dropped Fridays in February.
- \_ Parsons Sun — Dropped Mondays in July.

#### KENTUCKY:

- \_ Georgetown News-Graphic — Scaled back in February to Tuesdays, Thursdays and Saturdays, instead of Tuesday through Friday and Sunday. The newspaper had increased from three to five days a week in August 2006.
- \_ Appalachian News-Express, Pikeville — Dropped from five days a week to three days a week in March.

## MARYLAND:

\_ The Frederick News-Post — Will drop Mondays after this week.

## MASSACHUSETTS

\_ The Christian Science Monitor — The Boston-based national newspaper's final issue as a daily was Friday. Subscribers should receive the first weekly newspaper as early as this Friday. The Monitor also is starting a daily e-mail newsletter for a separate paid subscription, while maintaining its free Web site.

## MICHIGAN:

\_ The Ann Arbor News — Ceasing operations in July after 174 years, replaced by a Web-focused AnnArbor.com, which plans printed newspaper on Thursdays and Sundays.

\_ The Bay City Times — Will print only on Thursdays, Fridays and Sundays, instead of seven days, beginning June 1.

\_ The Detroit News and Detroit Free Press — Beginning Monday, both papers will reduce home delivery to Thursdays, Fridays and Sundays and produce slimmer editions for sale at newsstands on the other days. Because The News does not publish on Sundays, subscribers will get the Free Press that day.

\_ The Flint Journal — Will print only on Thursdays, Fridays and Sundays, instead of seven days, beginning June 1.

\_ The Daily Tribune, Royal Oak — Scaled back late last year to Wednesdays, Thursdays, Fridays and Sundays, dropping Mondays and Tuesdays.

\_ The Saginaw News — Will print only on Thursdays, Fridays and Sundays, instead of seven days, beginning June 1.

## MINNESOTA:

\_ The Minnesota Daily, Minneapolis — The University of Minnesota newspaper dropped Fridays in January.

## MISSOURI:

\_ Columbia Missourian. Dropped Mondays and Saturdays in March.

\_ The Hannibal Courier-Post — Dropped Mondays.

\_ The Examiner, Independence — Dropped Mondays in January.

## NEBRASKA:

\_ McCook Daily Gazette — Dropped Saturdays in January.

## NEVADA:

\_ Lahontan Valley News and Fallon Eagle Standard — Scaled back in October to Wednesdays, Fridays and Sundays, instead of Tuesday through Sunday.

NEW JERSEY:

\_ Burlington County Times, Willingboro — Dropped Saturdays in February.

NEW MEXICO:

\_ Las Vegas Optic — Scaled back in March to Mondays, Wednesdays and Fridays, dropping Tuesday and Thursday editions.

NEW YORK:

\_ The Daily Mail, Catskill — Dropped Sundays and Mondays in March.

\_ Register-Star, Hudson — Dropped Sundays and Mondays in March.

\_ Hoy, New York — The five-day-a-week Spanish-language newspaper went online-only Dec. 31.

\_ Salamanca Press — Scaled back in January to weekly, from five days a week.

NORTH CAROLINA:

\_ The Dispatch, Lexington — Dropped Mondays in September.

\_ Washington Daily News — Dropped Mondays.

OHIO:

\_ Bellevue Gazette — Dropped Mondays in January.

\_ Fairborn Daily Herald — Dropped Mondays in November.

\_ The Galion Inquirer — Dropped Mondays in September.

\_ Greenville Daily Advocate — Dropped Mondays and Tuesdays in January.

\_ Times-Gazette, Hillsboro — Dropped Mondays in November.

\_ The Madison Press, London — Dropped Mondays in November.

\_ Piqua Daily Call — Dropped Tuesdays in February.

\_ The Sidney Daily News — Dropped Tuesdays in February.

\_ Troy Daily News — Dropped Tuesdays in February.

\_ Van Wert Times-Bulletin — Dropped Mondays last fall.

\_ Wilmington News Journal — Dropped Mondays in September.

\_ The Xenia Daily Gazette — Dropped Mondays in November.

#### OREGON:

\_ Herald and News, Klamath Falls — Dropped Mondays in January.

\_ Argus Observer, Ontario — Will drop Mondays after this week.

#### PENNSYLVANIA:

\_ Beaver County Times, Beaver — Dropped Saturdays in February.

\_ The Intelligencer, Doylestown — Dropped Saturdays in February.

\_ Bucks County Courier Times, Levittown — Dropped Saturdays in February.

\_ Herald-Standard, Uniontown — Dropped Saturdays in February.

#### SOUTH CAROLINA:

\_ The Item, Sumter — Dropped Mondays last summer.

\_ The Union Daily Times — Dropped Mondays.

#### TENNESSEE:

\_ State Gazette, Dyersburg — Dropped Mondays in February.

\_ The Newport Plain Talk — Will scale back to Sundays, Tuesdays and Thursdays after this Thursday's edition. Newspaper had expanded from three days to five in 1999.

\_ Shelbyville Times-Gazette — Dropped Mondays in March.

#### TEXAS:

\_ Mexia News — Formerly The Mexia Daily News, went from five to three days a week in January.

#### WASHINGTON:

\_ Seattle Post-Intelligencer — Ended print publication in March; converted to Internet-only operation with much smaller staff.

#### WISCONSIN:

\_ The Capital Times, Madison — Became a free publication distributed with its larger rival, Wisconsin State Journal, and given away separately at newspaper racks. Scaled back last year from six days a week to twice weekly — a news and opinion edition on Wednesdays and an arts, entertainment and culture edition on Thursdays.

\_ Superior Telegram — Formerly The Daily Telegram, scaled back last year to Wednesdays and Fridays, instead of six days.

\_ The Freeman, Waukesha — Will drop Mondays after this week.

\_ Daily News, West Bend — Will drop Mondays after this week.

**VIRGINIA:**

\_ The Southwest Times, Pulaski — Dropped Mondays in October.

*AFP*

### **Chicago Sun-Times owner files for bankruptcy**

March 31, 2009

WASHINGTON (AFP) — The Sun-Times Media Group Inc., owner of the Chicago Sun-Times and other newspapers, filed for bankruptcy protection on Tuesday, the latest victim of the crisis gripping the US newspaper industry.

Chief executive Jeremy Halbreich, in a letter to readers, said the Sun-Times had filed for bankruptcy under Chapter 11, which protects a company from its creditors while it restructures.

"Like many US companies today and like many other newspaper companies across the country, Sun-Times Media Group has faced significant declines in revenue," Halbreich said.

"Please be assured that this action does not mean the company or our newspapers or online sites are going out of business," he added. "We will continue to publish and operate our newspapers and corresponding online sites."

Besides the Sun-Times, the company owns a string of weeklies and suburban papers including the SouthtownStar, Beacon News (Aurora), Courier-News (Elgin), Herald News (Joliet), Lake County News-Sun (Waukegan) and Naperville Sun.

Its top creditor is the US government. According to the newspaper, the Sun-Times Media Group owes up to 608 million dollars in back taxes and penalties from past business practices by its former owner, Conrad Black, who is currently serving a six-and-a-half-year jail term for fraud.

The newspaper quoted Halbreich as saying the Sun-Times was looking for a buyer and had hired Rothschild Inc. to field offers. "We're very confident that there's going to be some interest here," he said.

The Sun-Times, which has a weekday circulation of more than 300,000 and a Sunday circulation of 250,000, is the latest US newspaper group to declare bankruptcy.

Tribune Co., owner of Chicago's other major daily, the Chicago Tribune, and seven other newspapers including the Los Angeles Times, filed for bankruptcy in December.

The Minneapolis Star Tribune declared bankruptcy in January and Philadelphia Newspapers, owner of the city's two major dailies, the Inquirer and the Daily

News, filed for bankruptcy protection in February as did the Journal Register Co., publisher of 20 daily newspapers and more than 180 non-daily publications.

The US newspaper industry has been reeling from a steep drop in print advertising revenue, steadily declining circulation and the migration of readers to free news online.

The Rocky Mountain News of Denver, Colorado, shut down in February and the Seattle Post-Intelligencer ended its print edition on March 17 and reemerged as an online-only publication with a greatly reduced staff.

Hearst Corp., owner of the Post-Intelligencer, has also threatened to shut down the San Francisco Chronicle if its unions do not accept significant job cuts.

On Monday, Detroit's two struggling newspapers, the Detroit Free Press, owned by Gannett Corp., the largest US newspaper chain, and the Detroit News, owned by MediaNews Group, cut back home delivery to just three days a week.

Detroit is the first major US city to halt seven-day-a-week home delivery.

*Associated Press*

### **Sun-Times Media Group files for Bankruptcy**

March 31, 2009

NEW YORK (AP) -- The Sun-Times Media Group, owner of the Chicago Sun-Times and dozens of suburban newspapers, filed for Chapter 11 bankruptcy Tuesday, making it the fifth newspaper publisher to seek protection from creditors in recent months.

The step, brought on by a precipitous decline in advertising revenue, means both of Chicago's major daily newspapers are operating under bankruptcy protection. Tribune Co., the parent company of the Chicago Tribune, Los Angeles Times and other newspapers, filed for Chapter 11 in December.

The Sun-Times Media Group, which filed in a Delaware court, said it will continue to operate its print and online properties. The company listed \$479 million in assets and \$801 million in debt. The largest unsecured creditors are newsprint vendors. Three are owed more than \$1 million each.

The company has retained Rothschild Inc. to help with a possible sale of assets.

"We firmly believe that filing for Chapter 11 protection and exploring the potential sale of assets or new investment in the company offers us the best opportunity to protect our respected media properties for the long-term," Jeremy Halbreich, the company's interim chief executive, said in a statement.

The Sun-Times, the company's flagship newspaper, had a paid weekday circulation of about 313,000 as of September, ranking it 17th in the U.S.

The dire financial condition of Chicago's newspapers mirrors the situation in Philadelphia, where the publisher of The Philadelphia Inquirer and Philadelphia Daily News filed for bankruptcy protection in February.

Other cities with two daily newspapers have seen the industry's crisis whittle away competition this year. The Rocky Mountain News closed, leaving The Denver Post, while the Seattle Post-Intelligencer went online only, leaving The Seattle Times without a mainstream daily print rival.

*WSJ.com*

## **Sun-Times Media Files for Bankruptcy Protection**

By Tess Stynes

Marcy 31, 2009

Sun-Times Media Group Inc. (SUTM) has filed for bankruptcy protection, the latest casualty of an extended advertising slump that is reshaping the newspaper industry.

It joins other media companies such as Tribune Co. (TRBCQ), the Chicago-based publisher of the Los Angeles Times and Chicago Tribune, which filed under Chapter 11 late last year after it was unable to cover interest on bank debt it picked up as part of Sam Zell's takeover of the company.

The newspaper industry has seen bankruptcy filings, asset sales, layoffs and other cost-cutting moves this year as the economic downturn worsened already-declining ad sales. The ad slump has deepened since late last year, spreading to television broadcasters and Internet media sites.

Sun-Times Media operates 59 newspapers and related Web sites, including the Chicago Sun-Times.

Chairman and interim Chief Executive Jeremy L. Halbreich said the company is exploring the potential sale of some assets or seeking new investment. The company said it has sufficient financial resources to continue operating through the restructuring and expects to complete the bankruptcy process this year.

The company's biggest shareholder is Hollinger Inc., which owns a 20.6% stake in Sun-Times Media, according to court papers.

Hollinger and the Chicago Sun-Times were at one time part of the publishing empire of Conrad Black, the Canadian-born British lord convicted of fraud and obstruction of justice in connection with the fleecing of companies he once dominated. Black is serving a 6 1/2-year sentence at a federal prison in Florida.

Sun-Times' shares, which have lost 93% of their value in the past 52 weeks, closed at 5 cents Monday and didn't trade premarket.

*Editor & Publisher*

## **Bankrupt 'Sun-Times' Parent Says Losses Doubled in '08**

By Mark Fitzgerald

April 1, 2009

CHICAGO Just a day after filing for Chapter 11 bankruptcy protection, Sun-Times Media Group on Wednesday disclosed that its operating loss more than doubled in 2008 to \$309.4 million, while revenue skidded 13%.

The disclosure came in a filing with the U.S. Securities and Exchange Commission (SEC) explaining that it would be late filing its required annual financial report.

The reasons are myriad, the filing says: The cratering of its market capitalization as its stock price eviscerated; a huge impairment charge; an adverse legal arbitration and a subsequent settlement resulting in a \$10.5 million charge; and the bankruptcy filing.

Most of the financial disclosures, while subject to later adjustments, were already known. Others could be guessed: STMG said that the auditor's report on its consolidated financial statements for 2008 will include a so-called "'Going Concern' modification," indicating the auditor has doubts that the publisher can continue as a business, given its financial straits.

Operating revenue for 2008 decreased to \$323.9 from \$372.3 million in 2007, STMG said, and its operating loss increased \$169.2 million to \$309.4 million in 2008 from \$140.2 million in 2007.

Much of that loss came from a non-cash impairment charge of \$209.3 million on goodwill and other intangible assets of its Chicago newspaper operations that was taken during the third quarter, and already disclosed.

But STMG said it is still "finalizing" the impairment testing related to its long-lived assets -- such as plant, equipment and real estate -- that had a book value as of September of \$151.9 million.

*Reuters*

## **New York Times threatens to shut Boston Globe**

By Jason Szep and Robert MacMillan

April 3, 2009

BOSTON/NEW YORK, April 3 (Reuters) - The New York Times Co has threatened to shut The Boston Globe unless the newspaper's unions quickly agree to \$20 million in concessions, the Globe reported on Friday, quoting union leaders.

The union officials said executives from the Globe and the Times, which owns the Boston newspaper, made the demands on Thursday morning in a meeting with leaders of the newspaper's 13 unions, the Globe reported.

If the Globe closed, it would join a growing list of big city dailies that have shut down this year, including EW Scripps Co's Rocky Mountain News and the print edition of Hearst Corp's Seattle Post-Intelligencer. Hearst's San Francisco Chronicle might join that list.

Possible concessions at the Globe, the 14th-largest U.S. daily paper by weekday circulation, include pay cuts, the end of pension contributions by the company and the elimination of lifetime job guarantees for some veteran staff, the paper said, quoting Boston Newspaper Guild president Daniel Totten.

The guild is the Globe's biggest union, representing more than 700 editorial, advertising and business office employees, the report said.

"Management told union leaders Thursday that the Globe will lose \$85 million in 2009, unless serious cutbacks are made, according to a Globe employee briefed on the discussions," the Globe report said. That compares with an estimated \$50 million loss last year, the newspaper quoted the employee as saying.

"The ad revenues have fallen off the cliff," the Globe quoted Ralph Giallanella, secretary-treasurer of the Teamsters Local 259, as saying. "Just based on everything that's going on around the country, they're serious." His union represents about 200 drivers who deliver the paper.

Giallanella and Globe executives could not be reached by Reuters. A Times spokeswoman declined to comment. Totten was not immediately available for comment.

The Times sought the concessions because it can no longer subsidize the Globe's losses, the report said, quoting the Globe employee, who requested anonymity because the person was not authorized to speak publicly.

The threat comes as a host of U.S. newspaper publishers have reduced staff, declared bankruptcy or shuttered newspapers to cope with a recession that has squeezed advertising revenues and with a new era in which readers seek news online.

Many U.S. newspapers have lost 20 percent or more of their advertising revenue as more people get news online for free.

Earlier this week, the Boston Globe completed cutting the equivalent of 50 full-time newsroom jobs.

Separate media reports have said that the Times may try to sell the Globe to drum up cash to pay off debt. As recently as two years ago, the Globe was considered to be worth more than \$500 million. The Times bought it in 1993 for \$1.1 billion.

A report late last year by Barclays Capital pegged its value as low as \$20 million.

Boston and the surrounding area has not proven to be a good investment for the Times. The Telegram-Gazette in Worcester, which the Times also owns, has been dealing with falling ad revenue like most U.S. papers.

The Times also is trying to sell its stake in the holding company that owns the Boston Red Sox Major League Baseball team as a way to raise money to pay off debt.

It has taken other measures including selling its stake in its New York headquarters and borrowing from Mexican billionaire Carlos Slim, who owns a large stake in the Times.

The company also is awash in widespread media speculation that the Ochs-Sulzberger family, which has controlled it for more than a century, could sell the Times.

The Boston Globe, the most widely circulated daily in Boston and New England, was founded in 1872 and privately owned until 1973, when it went public as Affiliated Publications.

On March 26, The New York Times and the Washington Post, two of the most respected U.S. newspapers, said they were cutting costs further in the face of dramatic declines in advertising revenue.

The Times said it laid off 100 workers and is cutting non-union salaries. It is also asking unionized employees to accept similar concessions to avoid layoffs in the newsroom.

Non-union employees at the New York Times and the Boston Globe would get a 5 percent pay cut for nine months, along with 10 days off, the Times said. At other units, including the company's Worcester, Massachusetts, newspaper, the amounts would be a 2.5 percent pay cut and five days off. (Reporting by Jason Szep in Boston and Grant McCool and Robert MacMillan in New York; Editing by Doina Chiacu, Gary Hill)

*Boston.com*

**Times Co. threatens to shut Globe; seeks \$20m in cuts from unions**

By Robert Gavin and Robert Weisman

April 4, 2009

The New York Times Co. has threatened to shut The Boston Globe unless the newspaper's unions swiftly agree to \$20 million in concessions, union leaders said yesterday.

Executives from the Times Co. and Globe made the demands Thursday morning in an approximately 90-minute meeting with leaders of the newspaper's 13 unions, union officials said. The possible concessions include pay cuts, the end of pension contributions by the company, and the elimination of lifetime job guarantees now enjoyed by some veteran employees, said Daniel Totten, president of the Boston Newspaper Guild, the Globe's biggest union, which represents more than 700 editorial, advertising, and business office employees.

The concessions will be negotiated individually with each of the unions, said Totten and Ralph Giallanella, secretary-treasurer of Teamsters Local 259, which represents about 200 drivers who deliver the newspaper.

"We all know the newspaper industry is going through great transition and loss," said Giallanella. "The ad revenues have fallen off the cliff. Just based on everything that's going on around the country, they're serious."

Totten said the Times Co. officials wanted the concessions within 30 days or else the paper would be shuttered, but Giallanella said officials did not mention a specific timetable.

Catherine Mathis, a Times Co. spokeswoman, declined to comment last night. Globe publisher P. Steven Ainsley also declined to comment.

The newspaper industry, which had already been struggling as readers and advertisers moved to the Internet, has been hard hit by the recession, and the Globe is no exception. The newspaper's advertising revenues have declined sharply in recent years; once robustly profitable, it is now losing money.

This week, the Globe newsroom completed cutting the equivalent of 50 full-time jobs. But the deteriorating economy has made the Globe's financial outlook much worse. Management told union leaders Thursday that the Globe will lose \$85 million in 2009 unless serious cutbacks are made, according to a Globe employee

briefed on the discussions. Last year the paper lost an estimated \$50 million, the employee said.

The Times Co. is seeking concessions from the unions because the New York company, which is also suffering from the recession, can no longer subsidize the Globe's losses, said the Globe employee who is not authorized to speak publicly and requested anonymity. The Times Co. posted a net loss of \$57.8 million in 2008.

In recent months, the Times Co. has taken steps to raise cash. It has been shopping its stake in the Red Sox, and recently sold most of its headquarters in New York, while leasing back the office space. It received \$250 million from Mexican billionaire Carlos Slim, agreeing to pay 14 percent interest. It also suspended shareholder dividends to save about \$130 million. New York Times shares closed at \$5.05 yesterday, up 1.8 percent, but have fallen 74 percent in 12 months.

Several major newspaper companies have filed for bankruptcy reorganization in recent months, and several have threatened to shut down operations unless they receive major concessions from workers. Hearst Corp. of New York in February threatened to shut or sell the San Francisco Chronicle if it could not cut costs. Last year, Advance Publications, controlled by the Newhouse family, threatened to shut the Star-Ledger of Newark if enough employees did not accept buyouts. Enough did.

Last year, Blethen Maine Newspapers said in a court filing it might have to close the Portland Press Herald and two Central Maine newspapers if it wasn't able to sell them, but no timetable was given. The company has still not concluded a sale.

Some companies have already closed unprofitable publications. Hearst recently shut down the Seattle Post-Intelligencer after it failed to find a buyer, and E.W. Scripps Co. shuttered the Rocky Mountain News in Denver.

Lou Ureneck, chairman of the journalism department at Boston University's College of Communications, said he believed the Times Co. is hoping to get the concessions and keep publishing the Globe. But he said the Times Co. management seems to have decided that the flagship New York Times newspaper is its top priority and it will no longer subsidize its New England newspaper group, which has underperformed the company as a whole.

"The New York Times Co. has its back up against the wall, and it's looking at ways to survive," Ureneck said. "The Globe has become a drag on earnings at The New York Times Co. at a time when it can't afford it."

Ureneck said a shutdown of the Globe would be a catastrophe for the community. "It's a crucial part of life in Boston," he said. "This city would be diminished by the loss of The Boston Globe. I can't even imagine it."

The Globe is the 14th-largest paper in the country and by far the region's circulation leader.

Local leaders yesterday expressed shock at the possibility of the Globe's closure and trepidation over a future without it.

"I believe in good government, and I believe good government depends on a strong paper, and the Globe has served that role in Massachusetts for a long time," said Governor Deval Patrick, who had a Globe paper route while a student at Milton Academy. "It's hard to imagine starting the day or doing this current job without the Globe."

Mayor Thomas M. Menino of Boston said the city would lose a vital institution.

"The Globe helped build Boston," Menino said last night. "The Globe holds people accountable on the issues, and that's important. We might not like it sometimes. Sometimes we don't agree. But they ask the tough questions - backed up with real data."

The Boston Globe began publishing in 1872 when a half-dozen local businessmen, led by Jordan Marsh department store founder Eben Jordan, pooled \$150,000 to launch the newspaper, according to a company history. The first issue, appearing March 4, 1872, cost four cents.

In August 1873, Jordan hired General Charles H. Taylor, a 27-year-old newspaperman and Civil War veteran, as a temporary business manager. Taylor helped pull the paper out of financial trouble and became a partner with Jordan, the only remaining investor. Taylor was later named publisher, and members of the Taylor family continued publishing the paper for over a century - during which it became the dominant newspaper in New England - until 1999. It was sold to The New York Times Co. on Oct. 1, 1993, for \$1.1 billion.

The Globe has won 20 Pulitzer Prizes, including eight under the Times Co. ownership.

In recent years, the Globe, like papers throughout the country, has cut jobs in both newsroom and business operations as print circulation and advertising have declined. Even though many papers, including the Globe, reach more readers than ever through the Internet, newspaper websites are not generating enough advertising revenues to make up for the decline in print advertising.

A number of newspaper companies, weighed down by debt, have filed for bankruptcy protection in recent months. They include the Tribune Co., which publishes the Chicago Tribune, the Los Angeles Times, and the Hartford Courant; Philadelphia Newspapers, which publishes the Philadelphia Inquirer; Star Tribune Holdings, which publishes the Minneapolis Star Tribune; Journal Register Co., which publishes the New Haven Register in Connecticut; and, this week, Sun-Times Media Group, which publishes the Chicago Sun-Times.

Stephen Burgard, director of the School of Journalism at Northeastern University in Boston, said cost-cutting newspapers are moving from job freezes, buyouts, and layoffs to pay cuts and suspension of pension contributions. He said some benefits, such as lifetime employment guarantees, are unusual in the current environment.

"The newspaper is telling the unions that radical changes have to be made or the newspaper is no longer viable," said Burgard. "The question is whether it's a negotiating ploy. In this situation, the request on the part of the management is not unusual or out of the ordinary."

Union leaders said they are taking the threat seriously.

In addition to pay cuts, the Times Co. is also asking to cut its contributions to healthcare and 401(k) plans, according to the employee briefed on the discussions.

Totten, president of the Boston Newspaper Guild, said management should lead by example and take additional cuts in pay and jobs. The Times Co. recently said nonunion managers would take a 5 percent pay cut through December, but receive an additional 10 vacation days this year.

Giallanella, of the Teamsters Local 259, said it will be easier to sell concessions to his members if they see management sharing the burden.

"I don't think we have any choice but to make these serious decisions and do our best to work through this," he said. "Hundreds of jobs are at stake, and the future of The Boston Globe."

*BostonHerald.com*

### **Globe forced to cut \$20M ... or else**

By Christine McConville and Jessica Heslam

April 4, 2009

The New York Times Company has threatened to shut down the Boston Globe if the paper doesn't come up with \$20 million in cuts within 30 days in a dramatic act of brinksmanship at the beleaguered broadsheet.

The new draconian demands come just days after the latest round of layoffs at the Globe.

A boston.com report and two sources with direct knowledge said the Globe's out-of-town corporate masters have presented the unions with a stark and painful choice: Agree to massive cuts within a month or face closure.

After a 90-minute meeting Thursday between Times and Globe executives and officials from the paper's 13 unions, Daniel Totten, president of the Boston Newspaper Guild, wrote members that, "They are looking for financial concessions from all unions."

Totten said the concessions could include pay cuts, elimination of lifetime job guarantees given to some employees and an end to pension contributions by the company, boston.com reported.

A union official briefed on the meeting said the concessions include salary and overtime cuts - and furloughs were also brought up in the meeting.

Catherine Mathis, spokeswoman for the fiscally troubled Times, and Globe spokesman Bob Powers declined to comment.

Other sources said word of the meeting and its dire message sent a shockwave through a newspaper that has been battered by bad news and decimated by layoffs - including the loss of the equivalent of 50 editorial staffers through buyouts and layoffs during the past week.

The Globe lost some \$50 million last year and stands to lose \$85 million this year without "serious cutbacks," boston.com reported, quoting a Globe source. That same source said the Times can no longer subsidize the Globe's losses.

The Globe's declining circulation and ad revenue have been a huge drag on the Times Co. books as the New York parent faces more than a billion dollars in debt, not including significant pension obligations.

Prior to page cutbacks last fall, a 5 percent salary cut for managers and the most recent layoffs, the Globe was reportedly losing \$1 million a week.

In New York, Times unions facing cuts are fighting back.

The union representing Times editorial employees is set to ask the newspaper's publisher to guarantee executives and other nonunion workers won't get bonuses if it accepts pay cuts this year.

The Newspaper Guild of New York said in a memo Thursday it may also seek assurances that the salary reductions of as much as 5 percent will prevent job cuts. The Times asked the union to agree to reductions to help save about \$4.5 million this year, the Guild said.

The Times Co. enforced wage cuts of 2.5 percent to 5 percent for all nonunion employees and eliminated 100 positions at its namesake newspaper after advertising sales continued to drop this year after a 13 percent decline in 2008.

The New York guild said the publisher has threatened to eliminate as many as 80 jobs, including 70 newsroom positions, if the guild doesn't agree to its demands.

But the Boston unions may be even tougher to crack.

Totten, a few days before the Thursday meeting, told Globe management in a letter, "The BNG has lost some 78 members to layoffs or buyouts in the last three weeks.

"In the last few years, some 400 members have been laid off or taken buyout packages. We have done our share. We can spare no more members," he added.

In a memo to guild members after Thursday's meeting, Totten said he told company executives "now is the time for NYT/Globe management to show leadership and take the necessary cuts from among their own ranks."

*Los Angeles Times*

**Boston Globe's owner reportedly gives unions an ultimatum**

Associated Press

April 4, 2009

Boston — New York Times Co. executives have threatened to shut down the Boston Globe if the newspaper's employees don't agree quickly to \$20 million in concessions, union leaders said Friday.

Executives from the New York company, which owns the Globe, met this week with leaders of the newspaper's 13 unions, the Globe reported.

Boston Newspaper Guild President Daniel Totten said the concessions could include pay cuts, the end of company pension contributions and the elimination of lifetime job guarantees. The Guild is the Globe's biggest union, representing more than 700 employees.

Globe Publisher Steve Ainsley and a Times Co. spokeswoman declined to comment.

"We all know the newspaper industry is going through great transition and loss," said Ralph Giallanella, secretary-treasurer of Teamsters Local 259, which represents about 200 drivers who deliver the Globe. "The ad revenues have fallen off the cliff. Just based on everything that's going on around the country, they're serious."

In recent months, several papers have shut down or moved to online-only operations. Some newspaper companies have filed for bankruptcy protection, including Chicago-based Tribune Co., publisher of the Los Angeles Times, the Chicago Tribune and other papers.

The Globe has had several rounds of layoffs and buyouts and reportedly lost tens of millions of dollars last year.

*The New York Times*

## **Times Co. Said to Consider Closing Boston Globe**

By Richard Perez-Pena

April 4, 2009

The New York Times Company has threatened to close The Boston Globe unless labor unions agree to concessions like pay cuts and the cessation of pension contributions, according to a person briefed on the talks.

The company is looking for \$20 million in savings from The Globe, which has already gone through several rounds of deep cost-cutting and staff reductions. The company does not report figures by newspaper, but executives have acknowledged that the Globe lost tens of millions of dollars last year.

The threat to close The Globe was first reported by The Globe on Friday evening on its Web site, Boston.com. The site quoted the leaders of two of the unions describing a meeting Thursday at which the company delivered the ultimatum.

It quoted an unnamed person saying that in the meeting, management said that without the concessions, The Globe would lose \$85 million in 2009.

The Times Company chairman, Arthur Sulzberger Jr., and Catherine J. Mathis, chief spokeswoman for the company, each declined to comment or confirm the article.

The company paid \$1.1 billion for The Globe in 1993, the highest price ever paid for a single American newspaper, and it was highly profitable through that decade. But in recent years, the erosion of advertising and newspaper circulation has been more severe in the Boston area than in most of the country.

Advertising revenue for the industry fell 16.6 percent in 2008, according to the Newspaper Association of America.

The Times Company also wants to end a provision in The Globe's contracts that gives certain employees lifetime job guarantees.

The company recently revealed that it was asking most of its employees, including the bulk of those at the flagship New York Times newspaper, to take a 5 percent pay cut for the remainder of this year. The company has recently scrambled to borrow money and sell assets to raise cash to weather the downturn.

The Globe last year reported weekday circulation of 324,000, the 14th highest in the country, and Sunday circulation of 504,000, the 11th highest.

*BostonHerald.com*

### **Details of threat to close Globe emerge**

By Christine McConville

April 5, 2009

There's a mutinous mood on Morrissey Boulevard, as Boston Globe staffers lash out over a stunning ultimatum from parent company The New York Times Co.

"They're nickel-and-diming people," said a Globe union official who spoke on condition of anonymity, adding that top executives at The New York Times Co., which owns the Globe, "have ruined" the sagging broadsheet.

On Thursday, Times executives told representatives from the Boston paper's 13 unions that they must trim \$20 million from their budgets by May 1 or the Times would shut the paper down.

The move came days after the Globe reduced its newsroom work force by about 70 employees, full and part time, through a mix of voluntary buyouts and layoffs.

"We're going to go through the same thing three months later," said a frustrated union boss.

Other outraged Globe staffers and area union leaders yesterday accused the Times of bullying tactics designed to make the money losing Morrissey Boulevard paper more attractive to a potential buyer, or just strongarm long-sought concessions from unions.

"They are trying to strip it down to the bare bones, and then they are either going to sell it or go all digital," said a Globe union official.

"If you are a business owner, and you are looking to squeeze costs, this is the perfect time," said another local union honcho.

Other Globe staffers grieved and worried for their paper. They spoke on condition of anonymity, citing the climate at the newspaper.

"A lot of people are really sad," said one Globe reporter.

Times management declined to comment again yesterday.

Sources yesterday described an heated and acrimonious mood in the meeting between representatives of 13 Globe unions and Times and Globe executives who

presented the deadline threat. They spoke on condition of anonymity, citing the climate at the newspaper.

“They were crying poormouth,” a union member said, “saying there’s no advertising revenues. Of course there’s no revenue. They just fired about 50 advertising solicitors three months ago.”

One union official pointed out to the Globe brass that company managers received bonuses earlier this year. “That set them back,” a union source said.

Boston Newspaper Guild President Daniel Totten, who represents the paper’s largest union, issued a memo Friday to members saying the unions have already given up more than their fair share in recent years.

But newspaper analysts say the guild is likely to give in to management demands, which include proposals for pay cuts, the end of pension contributions and the elimination of lifetime job guarantees for longtime staffers.

“They will give in, right away,” said Douglas McIntyre, editor of 24/7 Wall Street, a New York financial media company. “A 20 percent cut is better than a 100 percent job loss.”

The Globe — which was bought in 1993 in a \$1.1 billion New England media package — reportedly is on track to lose \$85 million this year without the concessions. The Times Company lost almost \$58 million last year.

Those losses come amid an unforgiving climate for print media: In the past month, the revenue-losing Rocky Mountain News closed, the Chicago Sun-Times declared bankruptcy, and the Seattle Post-Intelligencer laid off almost its entire staff and went online.

“The New York Times Company can’t afford to keep the Boston Globe open,” McIntyre said. “The Globe lost \$50 million last year, and that could keep going up.”

*Boston.com*

## **Union employees open to concessions, but demand management cuts as well**

By Robert Gavin

April 5, 2009

Some Boston Globe union workers were stunned to learn of the newspaper's threatened shutdown. To others, it was not a complete surprise, given the industry's mounting troubles. Some viewed it as a negotiating ploy, others as a serious threat.

But all of those interviewed said they are willing to accept pay cuts and other concessions to save New England's largest newspaper - as long as executives and managers make the same sacrifices.

"If management is willing to lead us, to take pay cuts and concessions, I'm sure the union would be willing," said Bob Sullivan, 56, who has worked as a mailer for 38 years. "We all want to keep our jobs. We all want to keep the Globe publishing."

Officials from the Globe's owner, The New York Times Co., and the Globe declined to comment yesterday.

Last week, the Times Co. threatened to quickly shutter the money-losing newspaper unless its 13 unions agree to \$20 million in concessions, including pay cuts, reduced company contributions to retirement and healthcare, and the elimination of lifetime job guarantees now enjoyed by some 430 workers, according to union officials and others familiar with the matter. Management told union leaders last week that without serious cutbacks, the Globe is projected to lose \$85 million this year, after a \$50 million loss in 2008, according to a Globe employee who was briefed on the discussion.

The Globe and newspapers across the country have been hard hit by the recession, accelerating declines that began years ago as readers and advertisers migrated to the Internet.

The concessions will be negotiated separately with each union, according to union officials. Globe management will meet with individual unions this week to detail the concessions they are seeking from each one, said Ralph Giallanella, secretary treasurer of Teamsters Local 259, which represents about 200 drivers who deliver the newspaper.

The Globe has about 1,400 union employees. The Boston Newspaper Guild is the largest, representing more than 700 editorial, advertising, and business office employees. It is unclear how swiftly the unions will need to reach an agreement to prevent closing the Globe, but one union leader has said concessions need to be made within 30 days.

The Globe completed cutting the equivalent of 50 full-time positions in its newsroom through buyouts and layoffs last week. Jenifer McKim, a business reporter who joined the paper in August, said she was just breathing easier after surviving the last round of job cuts. Now, she said, the situation is "bigger and sadder."

"Last week I was worrying about me, but now it's not just my job, but this great paper," said McKim, 42, who grew up in Brookline. "I've been reading it since I was a little girl, and I always wanted to work for the Globe."

McKim, who worked for the Orange County Register in California before the Globe, said she supports making concessions. "We have to change," she said. "I want to be part of the transition to multimedia. I imagine we'll always be telling stories and a watchdog in the community."

Scott Allen, 47, a reporter and editor for 17 years, said he understands the need to make concessions, even on the lifetime job guarantees. Allen is among those with a guaranteed job.

"It's not sacrosanct," he said. "It's protection that I value, but other things are more important."

Union workers said management must share in the pain. Many have already gone years without raises in the face of continued declines in revenues.

Dan Pushee, 56, a machinist for 30 years, said executives have received bonuses even as workers have been laid off.

"We'll give back," Pushee said, "but they've got to give back their bonuses and take pay cuts."

Several managers who declined to be named because they are not authorized to speak publicly said they are willing to make sacrifices. In fact, they fully expect the Times Co. to impose more cuts on management's pay and benefits. Last week, the Times Co. instituted a temporary 5 percent pay cut for nonunion managers at the Globe and other properties in exchange for 10 additional paid days off.

In January, the company cut pension benefits for existing nonunion managers, and managers hired after Jan. 1 no longer receive a pension plan but rather an enhanced 401(k). And last month, the company eliminated retiree health benefits for nonunion employees.

James McLaughlin, a mailer for 38 years, said workers have been making concessions for years, giving up raises and paying more for healthcare. Last year, the pressmen and union drivers agreed to concessions, including a 5 percent wage cut that will result in annualized savings of \$10.5 million, according to a person briefed on the deals.

"It's tough," said McLaughlin, 58. "We never thought we'd have to worry about the demise of the newspaper. We've given up so much. I think I can give a little more."

*Boston Business Journal*

### **Focus shifts to potential Globe buyers**

By Mary Moore

April 6, 2009

Negotiations between the Boston Globe's unions and New York Times Co. management could pave the way for an outsider to buy the newspaper -- and failure to reach an agreement, given the severity of the financial problems the Globe faces, could lead to an actual shutdown just as the owner has threatened, newspaper analysts and other industry observers said.

One scenario that began to unfold Sunday with a flurry of phone calls has the powerful Boston Foundation convening a group of individuals who would discuss the paper's plight and possible solutions.

The plan is to assemble a group of "civic leaders and innovators to talk about the bigger issue here," said David Trueblood, spokesman for the foundation. Details were to be worked out Monday, he said.

"It's really to have the broadest conversation about what the Globe means and envisioning the future," Trueblood said. "This was telephone call to telephone call as we were registering the headlines and looking ahead."

Trueblood said that, from this upcoming meeting, ideas about how to save the Globe could emerge. While financing the Globe might be part of the conversation, he said, it likely would not be the only topic.

"The conversation is unrestricted. It will be whatever," he said. "But it's really about just taking the measure of how important the Globe is in the life of the community."

Trueblood repeated several times that "no one thinks this is happening (to the Globe) because management has failed." The situation, he said, is happening because the world and the model of the daily newspaper is changing.

A radically different scenario has Rupert Murdoch once again diving into the Boston newspaper scene.

Any sale would be more doable if the stumbling blocks represented by pricey union-negotiated employment benefits were eliminated. A significant one:

Lifetime job guarantees for employees who were on board when the Taylor family sold the paper to the Times in 1993.

“If the Times want to sell it, in their mind it will be a more valuable asset if they can say, ‘Don’t worry about the collective bargaining agreements. We just modified them,’” said Doug Louison, a labor attorney with Louison, Costello, Condon & Pfaff, LLP.

At the same time, few observers doubt The Times is serious about shutting the Globe, especially if several factors converge.

“If there’s no buyer, no (union) concessions and it becomes about saving the New York Times,” said Lauren Rich Fine, director of research at ContentNext Media in New York. “If it comes down to saving one newspaper or the other, you know which one they will shut down.”

But if there is a buyer, Fine said, the Times is likely to sell.

“If you had a buyer at any price, it has to be better than shutting it down,” she said. “Of all the newspapers out there, they’re trying the most to hold onto quality journalism”

Fine and other analysts characterized the Globe’s financial situation as in “dire straights,” and one speculated the newspaper might be “on the verge of not being salvageable.”

The Globe was hit harder and earlier than most others by the slowdown in print advertising, Fine explained. The city boasts youthful demographics and a high-tech sensibility that quickly made it Internet savvy, she said, taking a deep bite out of the Globe’s classified advertising revenue. That means any potential buyer would need the right deal.

One name that emerged even before the Times Co.’s Friday move was that of Patrick J. Purcell, the owner of the rival Boston Herald for the past 16 years and who, for years, has worked closely with Murdoch. In a move that brought Purcell further into the fold, Murdoch last December named Purcell executive chairman of Ottaway Newspapers, Inc.

Ottaway is the local news subsidiary of Dow Jones & Company – and both are subsidiaries of Murdoch’s News Corporation.

The Federal Communications Commission could stop Murdoch from buying the Globe while, at the same time, owning his Boston-based television station, WFXT-TV. (That restriction forced him to sell the Herald to Purcell back in 1994 after a waiver was nullified.) However, some serious FCC observers say the federal agency today is easing up, likely to consider multiple media ownerships in the same market as daily newspapers are in financial freefall across the country.

Murdoch is known to have ink in his blood. His News Corp. paid \$5 billion in 2007 to acquire Dow Jones. And in 2008, he made a \$500 million-plus bid to buy Newsday from Tribune Co., although he lost the deal to Cablevision, which bought the Long Island paper for \$650 million.

“Murdoch loves the newspaper business,” said Edward Atorino, analyst with Benchmark Company LLC, who follows the New York Times and News Corporation. “He might ‘save’ the Globe at the right price.”

Purcell, for his part, declined through a spokeswoman to comment Sunday afternoon. A spokesman for News Corporation also declined comment.

He might be a scribe at heart, but Murdoch has endured a backlash from his shareholders since buying Dow Jones, and that firestorm is precisely what might stop him from buying the Boston Globe.

“It was never an economic investment and his shareholders rightly were not happy,” Fine said, though acknowledging that Murdoch seems to run News Corp. with the mindset of a private company owner. “If I were a News Corp. shareholder, it would really piss me off. It’s not good for shareholders. Newspapers are not a good public company.”

Another name that surfaced a few years ago in the buyer’s market for the Globe is advertising mogul and Boston philanthropist Jack Connors, who was named as part of an investment group interested in buying the newspaper. Connors, whose name resurfaced again late last year, could not be reached for comment for this story, and publicly he has denied interest in acquiring the Globe.

However, a trophy asset like the Globe would seem to hold appeal for wealthy Bostonians who love the city and treasure its landmarks, including a hometown newspaper. A local deal might taste even sweeter if the Times threw in its minority share of the Boston Red Sox, which the company recently put up for sale.

Fine pointed out that the possibility that Connors – or any other Boston-based philanthropist – would buy the Globe fits the most positive trend in journalism today: the philanthropy-funded news operation. The launch in 2007 of ProPublica is one such example, the online investigative news organization supported by Herb Sandler, who founded Golden West Financial Corp., through his family foundation. In addition, billionaire Eli Broad is re-surfacing in discussions about buyouts for the bankrupt Los Angeles Times.

As the speculation swirls since the Times’ announcement of a possible Globe closure, so too does the list of other possible buyers. Among them: Larry Moulter, who ran the Boston Garden and now runs Boston Coach; Stephen Taylor, whose family owned the Globe and sold it to the New York Times in 1993; and, Mike Barnicle, former Boston Globe columnist.

Who, if anyone, buys the Globe may well be a decision that ends up in the hands – and in the interpretation – of the very unions sitting across the negotiating table

from the New York Times. Skeptics question whether the Times is bluffing about the closure.

One veteran newspaper executive with strong management sympathies nevertheless decried the company's threat as "blatant management posturing".

"I'm sure the unions will respond by saying, 'Prove it. We're not going to unilaterally take your word for it. Show us the financials.'," said Louison, the labor attorney. "And what will you give the unions? If we help you get healthier, how are you going to repay us?"

Negotiating tactic or not, the Time's threat is one that is becoming "fairly common", said Bob Giles, curator of the Neiman Foundation for Journalism at Harvard, former editor and publisher of the Detroit News. Giles pointed out that the Newhouse family made a similar ultimatum last year about its the failing Star-Ledger of Newark, N.J., promising the paper would be sold or closed in part if the union did not budge.

Concessions were made, the Star-Ledger is still printing, and the newspaper has not been sold.

"These are concessions in a competitive world that you never would have considered possible," Giles said. "The life and death of the newspaper is at stake here."

*The New York Times*

## **Boston Globe Surprised by Size of Demand for Cuts**

By Richard Perez-Pena

April 9, 2009

Boston Globe employees reacted with a mix of resignation and anger Wednesday on learning of the pay and benefit cuts and the lost job security that The New York Times Company wants them to accept as the price of keeping the money-losing Globe in business.

Members of the Boston Newspaper Guild, hearing the company's proposals for the first time, said they accepted the need for cuts, but were shocked at how much the company was asking. And they said the company had refused to provide details of The Globe's finances.

Leaders of the guild, which represents more than 700 employees and is the largest labor group at The Globe, first heard the proposals Tuesday and called a membership meeting Wednesday night.

"The company's demands are outrageous," said Daniel Totten, the union's president. "We're willing to consider some concessions but not the draconian amount they put forth."

Guild members learned Wednesday that their union was expected to account for \$10 million, or half the company's targeted cost savings, and that the company had given them a range of options for reaching that figure. Those include a pay cut, the end of retirement plan contributions, lower company contributions to health care plans, a longer workday and lower severance pay.

The guild is one of 13 unions being asked to make concessions. The other 12 unions are being asked for givebacks that would account for the other \$10 million. The company also demanded greater freedom in future layoffs. Management wants the power to dismiss employees without regard to seniority order and to abolish the lifetime job guarantees held by 430 Globe employees, including about 170 in the guild, since the early 1990s.

Employees learned last Friday that the company had given the unions an ultimatum: agree to the concessions or the company will either sell the paper or shut it down.

Executives of the Times Company and the paper have refused to discuss the matter, but union leaders say the company has told them The Globe lost \$50 million last year and is on a pace to lose \$85 million this year.

“They want us to accept those figures without offering any observation of the books,” said Julie Dalton, a copy editor. “People feel like The Times is willing to throw us overboard.”

Mr. Totten singled out the company’s proposal to be allowed to lay people off without regard to seniority as “a nonstarter.”

Scott Allen, a Globe reporter, said his colleagues understood that some cuts were needed, but were frustrated at how the matter had been handled. Just days ago, 50 newsroom jobs were eliminated; workers did not expect more sacrifice so soon. “Now, nobody thinks that if we make these concessions, there won’t be more cuts in a few months,” he said.

The company paid \$1.1 billion for The Globe in 1993, the highest price ever paid for a single American newspaper, and it was highly profitable through that decade. But in recent years, the erosion of advertising and newspaper circulation has been more severe in the Boston area than in most of the country.

Advertising revenue for the industry fell 16.6 percent in 2008, according to the Newspaper Association of America.

The Globe last year reported weekday circulation of 324,000, the 14th-highest in the country, and Sunday circulation of 504,000, the 11th-highest.

The Times Company is seeking a 5 percent pay cut from most employees in its corporate offices and at the flagship Times newspaper.

*Boston.com*

## **200 Globe managers won't get '09 bonuses; Guild starts talks on concessions**

By Robert Gavin

April 15, 2009

The Boston Globe said last night that it will eliminate bonuses this year for more than 200 Globe managers and executives, including publisher P. Steven Ainsley, as part of efforts to cut costs at the money-losing newspaper.

In addition, the newspaper said, it will rescind the 10 extra days off it had initially granted to nonunion management in exchange for a 5 percent pay cut. The pay cut will remain in place through December.

The reductions come as the Globe and its owner, the New York Times Co., seek \$20 million of concessions from 13 unions under the threat of shuttering the newspaper. The unions have criticized the bonuses paid to managers early this year for their 2008 performance and called on managers to lead by example by taking their fair share of cuts.

The cost-cutting move applies to 2009 bonuses, which would have been paid in early 2010. Globe spokesman Robert Powers declined to disclose how much the company pays in bonuses. The bonuses are based on individual performances as well as the overall performance of the company.

In 2008, Ainsley, the publisher, received about \$113,000 in bonus pay, down from more than \$314,000 in 2007, according to financial filings. Public companies like the Times Co. must disclose the compensation only of their top executives, under government regulations.

The elimination of 2009 bonuses does not apply to managers at the Times Co. or at its other New England newspaper, the Worcester Telegram & Gazette.

Meanwhile, company officials yesterday began negotiating concessions with the Globe's biggest union, the Boston Newspaper Guild, which represents about 700 editorial, advertising, and business office employees. The Globe, like many other newspapers, has been hurt by the migration of readers and advertisers to the Internet, and the recession has only exacerbated the financial woes. The Globe has reported that the paper is on track to lose about \$85 million this year.

In a statement, the union said it will negotiate concessions such as wage and benefit cuts, but rejected talks on issues that are not directly related to cutting costs. Those issues likely include the elimination of lifetime job guarantees for

about 190 veteran Guild workers and the end of seniority rules in layoffs, both proposed by the Times Co.

Last week, Guild president Daniel Totten called such issues "nonstarters." Guild officials have suggested the Times Co. is focusing on those provisions to get the struggling paper ready for sale.

"If the purpose of the Globe's current initiative is to 'streamline' the enterprise for sale, the Guild proposes to deal directly with potential buyer(s) as identified by the Times Co. and Globe management," the union said in its statement yesterday.

The Guild also called for negotiations to be held in public. "The long-term stability and financial health of the Boston Globe is a matter of significant public interest," it said.

Times Co. spokeswoman Catherine Mathis declined to comment. Globe spokesman Powers said, "Our employee relations team will respond to proposals brought to them as part of our current negotiations with the Boston Newspaper Guild."

The Times Co. has asked for half of the concessions, or \$10 million, from the Guild, which represents about half of the 1,400 union workers at the Globe.

The Guild laid out its negotiating positions the day after it sent out a survey to members seeking their views on concessions proposed by the Times Co. The union asked that the surveys be returned by Friday.

The Times Co. has asked for deep cuts in pay and benefits, including millions of dollars in reductions in company contributions to healthcare and retirement plans, according to union officials.

The Guild also called on the company to give the union a direct say in the policy and business decisions at the Globe in exchange for making concessions.

*WSJ.com*

## **Gannett's First-Quarter Online Newspaper Revenue Down 20%**

By Nat Worden

April 16, 2009

Gracia Martore, chief financial officer with Gannett Co. (GCI), said Thursday that the publishing company's U.S. newspapers, excluding USA Today, posted a 20% decline in online revenue in the first quarter.

On a conference call with analysts following Gannett's first-quarter earnings release, Martore said the division posted an increase in online revenue at a percentage rate in the low single digits excluding declines in online employment classified advertising.

Newspaper publishers have touted their online ad businesses as a growth engine that can offset the industry's print declines over time, but that growth has largely disappeared amid the global economic crisis.

*Reuters.com*

## **Gannett profit tumbles on ad declines, shares up**

By Robert MacMillan

April 16, 2009

NEW YORK (Reuters) - Gannett Co Inc posted a 60 percent drop in quarterly profit because of lower advertising revenue, but cost cuts helped it beat some downtrodden expectations for struggling U.S. newspapers.

Shares of Gannett, which have fallen 87 percent in the past 12 months, were up 2 percent in early afternoon trading.

Gannett reported a 34 percent drop in publishing ad revenue. U.S. publishing ad revenue, which includes the country's top selling newspaper USA Today, fell 28 percent.

Those declines are some of the steepest yet for the U.S. newspaper industry as the recession prompts advertisers to slash their budgets. Other publishers that will report in the coming weeks, include Media General Inc, McClatchy Co and The New York Times Co.

Gannett reported net income of \$77.7 million, or 34 cents a share, down from \$191.8 million, or 84 cents a share, a year ago. Revenue fell almost 18 percent to \$1.38 billion.

"It wasn't a total disaster," said Benchmark Co analyst Ed Atorino. "They're not going out of business."

Excluding gains relating to a union pension plan and a charge for layoffs and consolidation costs, Gannett's profit was 25 cents a share, beating average analyst estimates by a penny according to Reuters Estimates.

Gannett cut expenses 10 percent to \$1.2 billion. It has been working on a number of ways to modernize its news-gathering and adapt to the Internet. In the meantime it has been laying off and furloughing employees.

Gannett also is experimenting in other ways, including cutting the number of days it home-delivers print editions at the Detroit Free Press.

Chief Executive Craig Dubow, during a conference call with Wall Street analysts on Thursday, declined to say how much of the company's advertising decline is permanent and how much is because of the financial crisis.

He offered a rare ray of hope, however, for the newspaper business. "Our belief is, if things are leveling a bit hopefully some time the end of the year... we may begin to see some advertisers poking back into this in some pretty significant ways," he said.

## BET ON GANNETT

One of the biggest problems Gannett is facing is a drop-off

in classified ad revenue, which is flowing to free websites. First-quarter classified ad revenue fell 46.5 percent, and included a 62 percent drop in job classified revenue.

At USA Today, total ad sales fell 33.5 percent. USA Today's paid circulation also likely will fall after Marriott International said this week that it would no longer automatically deliver the paper to its guests.

Gannett continues to work with Marriott, and executives said on Thursday that the publisher signed a contract with a hotel chain that they would not name. They said the chain has a larger USA Today circulation than Marriott.

Gannett, which owns local TV stations, said broadcasting revenue fell to \$143.5 million from \$170.2 million last year because of lower automotive and retail ad sales. TV revenue likely will fall in the second quarter too, the company said.

TV ad sales benefited a year earlier from \$5 million in political ads, which were virtually nonexistent this year, Gannett said. But Gannett's NBC stations benefited from Super Bowl advertising this year.

Shares of the company have risen and fallen in dramatic arcs in the past few days.

Last week, Ariel Investments, a major investor, boosted its stake, contributing to a 40 percent share rise in one day. Many investors also began covering their bets that Gannett's stock would fall, causing further gains.

The market also welcomed Gannett's news that it plans to swap some of its debt for new debt with payments due later than 2012. Most of the company's debt was due in 2012. The company plans to offer more information about the offer next week.

It also said it will use most of its free cash flow this quarter to pay debt. Gannett cut its dividend by 90 percent in February to use that money to pay debt.

Gannett also said that newsprint prices -- a key expense for the business -- likely will decline through the second quarter, and possibly beyond. The company said it is not clear how Thursday's bankruptcy filing by North America's largest newsprint maker, AbitibiBowater Inc will affect it.

Analysts worry that a bankruptcy court judge might order AbitibiBowater to keep its mills running to generate cash. That would flood an already over-supplied market with yet more newsprint, and lead to a collapse in already weakened prices.

Gannett shares were up 7 cents to \$3.56 on the New York Stock Exchange after climbing as high as \$4.20 earlier in the session.

*Editor & Publisher*

## **Newsroom Employment Drops to Lowest Level Since 1978 – But Online Jobs Up**

By Jennifer Saba

April 16, 2009

NEW YORK Newsroom employment at newspapers has plunged 11.3% in 2008, with the industry losing some 5,900 jobs, according to the American Society of News Editors (ASNE). It's the biggest drop the organization has recorded since it first started conducting its newsroom employment survey in 1978.

The number of jobs losses more than doubled in 2008 compared with 2007 when the industry shed 2,400 jobs.

The number of newsroom jobs is now at a level last seen during the early 1980s.

However, other findings from the survey include a 21% rise year-over-year in online-only journalists to 2,300, of which 19.6% were minorities.

"The loss of journalists is a loss for democracy," Charlotte Hall, president of ANSE and editor of the Orlando Sentinel, said in a statement.

For the 2009 census, 931 dailies out of 1,405 responded to the survey.

The survey revealed that the number of minorities employed in newsrooms is stagnant and that minorities represent 13.4% of the 46,700 positions.

ASNE said there has been a net increase in Latino, Asian and Native American journalists in this decade but that African American journalists are on the decline.

"The loss of people of color from our newsrooms is especially disturbing because our future depends on our ability to serve multicultural audiences," Hall said in a statement. "ASNE is committed to keeping newsroom diversity on the front burner even in tough times."

Women account for 37% of all full-time newsroom jobs.

Minorities represented 16% of journalists hired for their first full-time job, down from 17.6% in 2007.

The number of minority supervisors remained unchanged in 2008; they represent 11.2% of all newsroom supervisors.

More than 450 newspapers reported no minorities on their full-time staff -- the majority of these dailies have circulations of 10,000 or less.

*Yahoo! Finance*

## **Gannett 1Q profit drops 60 pct as ad slump worsens**

By Michael Liedtke

April 16, 2009

SAN FRANCISCO (AP) -- Gannett Co.'s first-quarter profit plummeted 60 percent as the recession and Internet competition hammered the advertising revenue that buttresses its newspapers, including USA Today.

As gloomy as Thursday's report was, investors were braced for an even worse showing from the largest U.S. newspaper publisher.

Gannett shares gained 11 cents, 3.15 percent, to close at \$3.60. The stock is down about 90 percent from the same time last year.

Investors might have been encouraged by Gannett's pledge to use most of its cash flow to whittle its debt, which stood at \$3.7 billion at the end of March. The company's next big repayment, of \$500 million, isn't due until 2011.

With its debt apparently under control and operations still profitable, Gannett is less likely to sink into the kind of financial despair that has driven five other U.S. newspaper publishers into bankruptcy protection since December.

The McLean, Va.-based company earned \$77.4 million, or 34 cents per share, in the three-month period that ended March 29. That compared with \$191.8 million, or 84 cents per share, in the same three months of 2008.

If not for several one-time gains and costs, Gannett said it would have made 25 cents per share. On that basis, Gannett's earnings were a penny above the average estimate among analysts polled by Thomson Reuters.

Total revenue in the period fell 18 percent to \$1.38 billion.

Gannett's first-quarter results offered a sobering glimpse at what other newspaper publishers are likely to report during the next two weeks. Much of the industry has been fighting a precipitous drop in revenue because of an advertising downturn that is now in its third year.

Not surprisingly, Gannett's erosion was concentrated in its publishing operations, which include more than 80 U.S. daily newspapers. Ad revenue in this segment plunged 34 percent to \$723 million in the first quarter, the biggest drop yet during nine consecutive quarters of decline in the division.

Classified advertising, historically one of newspapers' biggest revenue sources, dropped by more than 46 percent. Newspapers have been having more trouble selling classified ads because of free or less expensive Internet alternatives like Craigslist. More recently, the recession has compounded the problem as fewer ads are purchased for job openings, automobiles and homes.

USA Today, the nation's largest weekday newspaper, sold 36 percent fewer pages of advertising during the quarter. The biggest declines occurred in entertainment, travel and financial services marketing.

Gannett Chief Executive Craig Dubow offered some hope, saying he sees "a bit of leveling" in the newspaper advertising downturn. Without making specific projections, Dubow acknowledged much of the advertising revenue that has evaporated during the past two-plus years may not return even after the recession ends.

The trouble with newspapers isn't limited to advertising. Readers also have been dropping their subscriptions, partly because most newspapers, including Gannett's, give away most of the same information on their Web sites.

Total weekday circulation at Gannett's newspapers fell about 10 percent from a year ago to roughly 6.6 million in the first quarter, according to Gracia Martore, the company's chief financial officer. She blamed some of the readership losses on price increases that Gannett imposed to bring in more money. Even with the higher newspaper prices, Gannett's circulation revenue dipped 3 percent to \$300 million in the quarter.

Newspapers have been counting on a surge in online advertising to rescue them, but revenue from the Internet hasn't been nearly enough to offset losses in the print medium.

And now even online advertising is sagging. Excluding USA Today, Gannett's newspaper Web sites suffered a roughly 20 percent decline in first-quarter advertising, Martore told analysts in a Thursday conference call.

The advertising miseries also are spreading to Gannett's 23 television stations. The company's broadcast revenue fell 16 percent to \$143.5 million, and a decline in the "high teens" during the second quarter appears likely, Dubow told analysts in the conference call.

To shore up its profits, Gannett has been slashing its expenses through layoffs and furloughs. It also has been combining some of its newspapers' printing and distribution tasks or farming them out to publications owned by other companies. Excluding one-time gains and costs, Gannett said expenses in its publishing division fell 18 percent in the first quarter.

The company saved about \$20 million by requiring most of its U.S. employees to take one week of unpaid leave during the first quarter. Gannett expects to save another \$20 million or so under a similar furlough program in the current quarter.

Martore didn't rule out more furloughs during the second half of the year, saying the decision would hinge on the condition of the economy.

In Colorado, Gannett owns the Fort Collins Coloradoan, and KUSA-TV and KTVD-TV in Denver.

*WashingtonTimes.com*

## **Newspapers cut 5,900 jobs in 2008**

By Jennifer Harper

April 16, 2009

Almost 6,000 newspaper journalists lost their jobs last year -- the biggest one-year drop in history -- according to an official account released Thursday by the American Society of News Editors (ASNE), which has conducted annual newsroom surveys for more than three decades.

"Newspapers shed 5,900 newsroom jobs last year, reducing their employment of journalists by 11.3 percent to the levels of the early 1980s," the ASNE said.

Not only were the job losses the largest annual decline in the history of the ASNE census, they follow a drop of 2,400 jobs a year ago. Jobs doing print journalism now stand at 46,700, compared to 56,900 in 1990, when the numbers were the highest on record.

Some industry estimates of job losses in recent years have placed the number as high as 15,000, with only 6 percent of the newly jobless able to get another job in journalism.

Charlotte Hall, president of the Reston-based ASNE, which represents about 600 newspaper editors around the country, decried the decline in employment, saying that "the loss of journalists is a loss for democracy."

The once-elite Washington press corps has not been immune, raising concerns in the industry that "watchdog" journalism on Capitol Hill had been compromised.

In February, a study by the Pew Project for Excellence in Journalism found that in the past 20 years, the number of American news organizations accredited to cover Congress had fallen by two-thirds -- from 564 in 1985 to 160 in early 2007. More cutbacks have been made since then, the report said.

In the mid-1980s, 71 newspapers had Washington bureaus; now there are 32. Anticipated cutbacks would further shrink that number to 25.

Policy-influencing, special-interest publications and foreign newspapers, however, have multiplied. For example, in 1968, there were 160 foreign journalists in Washington. Now there are 796, with the largest share of the influx hailing from Asia -- particularly China -- the Middle East and Africa.

"The picture they are sending abroad of the country is a far different one than the world received when the information came mainly via American-based wire services and cable news," the study said.

Traditional newspapers, meanwhile, are struggling to regain their footing amid consistent losses of ad revenue and the challenges for audiences from other broadcast, online and electronic sources.

ASNE itself is a showcase of industry woes. The group recently was forced to cancel its annual meeting to save money, and it acted to distance itself from its longstanding ties in print earlier this month. Three-fourths of the membership voted to drop "newspaper" from the group's name, replacing it with just plain "news."

The change allowed ASNE "to reflect the fact that we serve editors who are leaders in delivering news on multiple platforms in addition to newsprint," Ms. Hall said.

Dailies are now part of often alarmist coverage.

The exact phrase "death of newspapers" was used to headline or anchor more than 300 separate news stories in the past year, according to a Nexis search -- that's about 25 stories per month that have pronounced the death of the genre. "Death of print" is another favorite.

The reality?

Of the 1,437 daily newspapers across the nation, 10 have ceased publication since 2007. Claims that the once-proud newspaper was dead are, perhaps, greatly exaggerated.

"We should not be yelling 'fire' in a crowded theater," said Robert Steele, media ethicist for the Poynter Institute in St. Petersburg, Fla.

*Editor & Publisher*

**Media General Reports Wider 1Q loss, Cuts Hundreds of Jobs**

Associated Press

April 17, 2009

NEW YORK Newspaper publisher and TV station owner Media General is reporting a wider first-quarter loss on a deepening slide in advertising revenue.

The Richmond, Va., company also says it cut its work force by nearly 300 jobs in the week of March 31 and plans to freeze its pension plan as of the end of May.

The publisher of the Richmond Times-Dispatch and The Tampa Tribune says it lost \$21.3 million, or 96 cents per share, in January-March period. That compares with a loss of \$20.3 million, or 92 cents per share, a year earlier.

The company says its loss included \$4.5 million, or 20 cents per share, in severance costs.

It says revenue fell 18 percent to \$159 million.

Media General operates more than 20 daily newspapers and 19 television stations.

*The New York Times*

### **Gannett's Quarterly Earnings Fall 60%**

Associated Press

April 17, 2009

The Gannett Company, the largest newspaper publisher in the nation, reported a 60 percent decline in first-quarter profit Thursday and said its advertising revenue was continuing to fall.

Gannett, which publishes USA Today and dozens of other daily newspapers, earned \$77.4 million, or 34 cents a share, in the first three months of the year. In the same quarter in 2008, Gannett earned \$192 million, or 84 cents a share.

Revenue fell 18 percent, to \$1.38 billion from \$1.68 billion.

Adjusting for one-time losses and gains, earnings came to 25 cents a share, 1 cent better than the 24 cents expected by analysts surveyed by Thomson Reuters. Sales fell short of the \$1.44 billion analysts had forecast

Stock in Gannett, which is based in McLean, Va., rose 11 cents, to \$3.60 a share.

Ad revenue is falling throughout the industry. Big advertisers facing financial crises — especially in real estate, retail and automobiles — have pulled back, and the Internet has increased competition for many ads, especially classifieds.

Ad sales in the company's publishing unit, which includes newspapers, fell 34 percent to \$723 million. That was the ninth consecutive quarter of ad declines for the unit and the sharpest fall in the last two years.

At USA Today, the country's highest-circulation daily newspaper, ad revenue shrank by 33.5 percent. USA Today's total number of paid ad pages in the quarter fell to 527, from 826 a year ago.

Gannett said it had offset some of the revenue declines by cutting costs. Operating expenses in its publishing segment slid 21 percent to about \$955 million.

Interest payments on debt cost the company \$48.9 million during the quarter, up slightly from \$48.5 million in the same period of 2008.

*The New York Times*

### **Media General Reports Loss as Classified Ads Plunge**

Associated Press

April 18, 2009

The newspaper publisher and TV station owner Media General reported a wider first-quarter loss on a deepening slide in advertising revenue. The company, based in Richmond, Va., said it cut its work force by nearly 300 jobs in the week of March 31 and planned to freeze its pension plan at the end of May.

The company, which publishes The Richmond Times-Dispatch and The Tampa Tribune, lost \$21.3 million, or 96 cents a share, in the quarter, compared with a loss of \$20.3 million, or 92 cents a share, a year earlier. It said its recent loss included severance costs of \$4.5 million, or 20 cents a share. Revenue fell 18 percent, to \$159 million, from \$194.5 million a year ago. Classified advertising in Media General's publishing unit was the worst hit, plunging 39 percent.

*Bloomberg.com*

## **New York Times Falls Most Since 1987 on Declining Ad Revenue**

By Greg Bensinger

April 21, 2009

(Bloomberg) -- New York Times Co. fell the most in almost 22 years in U.S. trading after reporting a 27 percent drop in first-quarter advertising revenue and saying that the rate of decline won't slow until at least the second half.

The net loss expanded to \$74.5 million, or 52 cents a share, from \$335,000 a year earlier, the newspaper publisher said today in a statement. Sales fell 19 percent to \$609 million, trailing the \$634.3 million average of four analysts' estimates compiled by Bloomberg.

Times Co. cut jobs, slashed pay, halted its dividend and sold assets to help preserve cash after ad revenue slipped 13 percent last year. It's seeking to sell its minority stake in the Boston Red Sox baseball team and is negotiating additional pay and job cuts with unions.

"It's clear from these results that it's a very, very bad environment for newspapers," Edward Atorino, a New York-based analyst at Benchmark Co., said in an interview. "There's no sign of relief."

Atorino, who recommends holding the shares, estimated ad sales may fall 18 percent in the second quarter.

Excluding a 7-cent loss on leases and 11 cents for severance costs, Times Co. posted a loss of 34 cents per share, compared with the average analysts' estimate of a 3-cent loss.

The New York-based publisher dropped 91 cents, or 16 percent, to \$4.94 at 4:04 p.m. in New York Stock Exchange composite trading, the biggest drop since Oct. 19, 1987, the so-called Black Monday crash. The shares have fallen 33 percent this year, while the Standard & Poor's 500 Media Index slipped 8 percent.

### **Red Sox Stake**

Chief Executive Officer Janet Robinson said the company was "progressing" in its discussions to sell the Red Sox stake and is considering new methods for building revenue at its Web site, including charging for some content.

Industrywide advertising sales may plummet 22 percent this year, Barclays Capital has estimated. Last year, they dropped 17 percent, according to the Newspaper Association of America. Gannett Co., the largest U.S. newspaper

publisher, last week reported a 60 percent decline in first-quarter profit as total revenue fell 18 percent.

Ad sales will decline in the second quarter at a similar pace as in the first, New York Times said.

“Advertisers as the economy improves will understand that they have a strong need to advertise,” Robinson said on the conference call. “That bodes well for a stronger third and fourth quarter.”

‘Saving Dollars’

Advertisers may be “saving dollars in the first half to do possibly more in the second half,” she said.

Ad sales at the New England Media Group, which includes the Globe and the Worcester Telegram & Gazette, fell 32 percent, the most among Times Co.’s units. Revenue at the division declined 21 percent to \$104.5 million.

Times Co. has said it may close the Boston Globe if the newspaper can’t agree with unions on \$20 million in savings, according to the Boston Newspaper Guild.

Ad revenue at the New York Times Media Group, which publishes the namesake newspaper and the International Herald Tribune, dropped 27 percent to \$201.2 million. The New York Times won five Pulitzer Prizes yesterday for reporting, photography and criticism, the most for any newspaper this year.

The ad decline will probably bottom out this year, said Thyra Zerhusen, managing director at Optimum Investment Advisors, which held 4.7 million Times Co. shares on Dec. 31.

“They have to do a better job monetizing their online revenues,” she said in an interview on Bloomberg Television.

Circulation revenue rose in all of Times Co.’s divisions.

Times Co. trimmed operating expenses 9.5 percent to \$654.3 million, helped by the closing of a newspaper distributing unit.

To contact the reporter on this story: Greg Bensinger in New York at [gbensinger1@bloomberg.net](mailto:gbensinger1@bloomberg.net)

*The New York Times*

## **Times Co. Reports Loss of \$74 Million**

By Richard Perez-Pena

April 22, 2009

The New York Times Company reported a first-quarter loss of \$74.5 million on Tuesday, compared with a loss of \$335,000 in the period a year ago, as it joined the roster of newspaper companies recording the steepest advertising declines in generations.

Advertising revenue at the company's publishing segment fell 28.4 percent in the quarter, including an 8 percent decline in Internet advertising at the News Media Group.

The worst drop, 31.6 percent, occurred in the New England Media Group, which consists primarily of The Boston Globe and its site, Boston.com. The company has told unions at The Globe that the paper was on track to lose \$85 million this year, and that unless deep cuts were made, the paper would be sold or closed. Internet businesses accounted for 12.8 percent of the company's revenue compared with 11.1 percent in the first quarter a year ago.

Other publishers have had similar declines in newspaper ad revenue in the first quarter, the sharpest drop since the Depression, and far worse than analysts predicted just a few months ago.

The Times Company's total revenue of \$609 million, down 18.6 percent from \$747.9 million in the first quarter a year ago, fell more than \$20 million short of analysts' projections.

Newspaper circulation revenue recorded a slight gain, in the wake of price increases. And revenue at the company's About Group, a collection of Internet businesses that includes About.com, fell 4.7 percent.

Shares in the company fell 91 cents after the earnings report, closing at \$4.94, down 15.6 percent.

In a conference call with analysts, Janet L. Robinson, the chief executive, said that in the second quarter, ad revenue was "trending similar to what we're seeing in the first quarter," but will not fall as quickly after that. In talking to advertisers, she said, it seemed that "they are saving dollars in the first half to do possibly more in the second half."

Despite continuing revenue declines, the bottom line for the rest of 2009 will be better than the first quarter's, she said, because of aggressive cost-cutting. The company recently closed its City and Suburban distribution subsidiary, in addition to making cuts in its continuing operations and suspending its quarterly dividend.

"This quarter our operating costs declined 9.5 percent," Ms. Robinson said. Excluding noncash items and special charges like severance costs, she said, operating profit for the rest of the year "will improve relative to this quarter."

The company is far ahead of the goal it set last year of cutting \$230 million in annual expenses over the course of 2008 and 2009. It cut well over \$100 million last year, Ms. Robinson said, adding that "this year we plan to save more than \$330 million in operating expenses."

The first quarter is traditionally weaker than the second for newspaper advertising, and this year the pre-Easter advertising fell in the second quarter; last year it was in the first quarter.

Executives at the Times Company, who have not publicly acknowledged The Globe's losses or the ultimatum given to its unions, declined on Tuesday to discuss the situation there in any detail.

The company has taken several steps in recent months to shore up its position, including cutbacks at The Globe and other properties. It raised \$225 million from a sale-leaseback of part of its headquarters building, and \$250 million in a loan from Carlos Slim Helú, a Mexican telecommunications billionaire who is a major shareholder.

The company is also seeking to sell its stake in the Boston Red Sox baseball team and related businesses. "We are pleased by the response we have seen from prospective buyers," Ms. Robinson said. As part of the cost cutting, The Times recently announced plans to eliminate several weekly sections of the paper. In addition, the salaries of nonunion managers were cut 5 percent for the rest of the year, and members of the Newspaper Guild were asked to accept a similar cut.

On a per-share basis, the company's first-quarter loss was 52 cents a share. Excluding one-time special items, the loss was 35 cents. That number was skewed somewhat by a tax anomaly and other factors, but was much worse than the average analysts' prediction of 4 cents on a comparable basis.

*The Associated Press*

## **McClatchy 1Q loss widens amid advertising meltdown**

By Michael Liedtke

April 23, 2009

SAN JOSE, Calif. (AP) - The McClatchy Co.'s losses widened in the first quarter amid an advertising meltdown that is increasing pressure on the publisher to meet commitments to lenders.

The report released Thursday was far worse than analysts had anticipated, raising questions about whether the owner of The Miami Herald, The Sacramento Bee and 28 other daily newspapers will be able to generate enough cash to keep its lenders happy through the rest of the year.

"We are definitely concerned," said Fitch Ratings analyst Mike Simonton. "A lot of their financial flexibility has been exhausted."

In a Thursday conference call with analysts, McClatchy executives repeatedly expressed confidence that they will remain in compliance with two key measures that lenders require the company to meet. The company has debt of roughly \$2 billion.

But both Simonton and Benchmark Co. analyst Edward Atorino are worried McClatchy will violate those requirements in the second half of the year unless the advertising market improves. The main fear is McClatchy's cash flow will drop if the slump drags on, causing the company to miss the lender-imposed financial targets, which hinge on cash flow.

Falling out of compliance could force McClatchy to enter prickly negotiations with its lenders, as it had to do last fall to win greater flexibility at the cost of higher interest rates and requirements for more collateral. Simonton said those lenders might be reluctant to give the publisher much more leeway because of the widespread decay decimating the newspaper industry.

Debt problems already have played a key role in the bankruptcy filings of five newspaper publishers since December.

Newspapers have been staggered by a one-two punch of a recession-related decline in advertising just as more marketing budgets are shifting to less expensive options on the Internet.

McClatchy ranked among the hardest-hit publishers during the first three months of the year.

The Sacramento-based company lost \$37.5 million, or 45 cents per share, partly because of a nearly \$20 million charge for severance pay and other costs incurred with 1,600 layoffs announced last month. With the latest round of job cuts, McClatchy has trimmed its payroll by about one-third, or more than 4,000 workers, in less than a year.

McClatchy lost \$849,000, or a penny per share, at the same time last year.

Even without this year's one-time charges, McClatchy still would have lost \$22.9 million, or 28 cents per share. That was much higher than the average loss estimate of 11 cents per share among analysts polled by Thomson Reuters.

McClatchy shares fell 2 cents to close Thursday at 54 cents. The company's puny market value has threatened its continued listing on the New York Stock Exchange. Management said Thursday that it believes it can prevent the stock from being de-listed.

The first-quarter setback would have been even deeper if McClatchy hadn't slashed its compensation expenses by 18 percent in the first quarter.

The company's first-quarter revenue fell even more, a 25 percent decline to \$366 million. That, too, was below the average analyst estimate of \$391 million.

In another disturbing sign, the advertising revenue at McClatchy's newspapers dropped at a more dramatic rate than the amount of space devoted to advertising. The company's print advertising volume plunged 33 percent to \$241 million while total advertising lineage fell 24 percent.

"That shows their pricing power is evaporating," Simonton said.

And the bad news didn't stop there: Total circulation at McClatchy's newspapers fell 9 percent from the same time last year to end March at just under 2.5 million. Despite the decline, the company boosted its circulation revenue 1 percent to \$68.5 million by raising prices.

In an unsettling change from earlier quarters, McClatchy's online advertising slipped nearly 5 percent to \$43.4 million even though traffic to the company's Web sites climbed. Like its industry peers, McClatchy has been counting on Internet advertising growth to help offset the sharp downturn on the print side.

McClatchy said the revenue slide has continued during the first few weeks of the current quarter.

The erosion threatens to tighten lenders' financial clamps on McClatchy, although the company ended the first quarter with ample wiggle room.

Its leverage ratio \_ the company's debt divided by its cash flow \_ stood at 5.9 for the quarter, below the permitted ceiling of 7.0. Its interest coverage ratio \_ the ratio of cash flow to its interest payments \_ was at 2.8, above the minimum requirement of 2.0.

McClatchy ended the quarter with \$36 million in cash and available credit of \$145 million.

McClatchy doesn't have any debt maturing until June 2011, though it plans to continue pay down loans. Debt, net of cash on hand, stood at \$2.02 billion at the end of the quarter, compared with \$2.03 billion at the end of 2008. Much of the debt came from McClatchy's 2006 purchase of the Knight Ridder chain.

If ad revenue keeps falling at recent rates, the company will likely "have to go back to the well and cut costs even more," Atorino said.

Gary Pruitt, McClatchy's chief executive, didn't announce any new plans to reduce expenses, but said the company will "remain focused on realigning our cost structure."

Simonton said he doesn't know how much more McClatchy can afford to cut without alienating readers and advertisers.

"At some point, you cut to a level where you are left with a product no one wants to buy," Simonton said.

*MarketWatch.com*

**Newspaper circulation declines 7% in last six months**

**USA Today retains top spot in Monday-through-Friday circulation**

By David B. Wilkerson

Apr 27, 2009

CHICAGO (MarketWatch) -- The average daily circulation of U.S. newspapers declined 7% in the six-month period ending March 31, according to the latest data from the Audit Bureau of Circulations, reflecting an increased rate of decline over the last two measured periods.

The data indicate that in the midst of a shift in consumer behavior that has led more people to get their news and information online, a depressed economy has induced still more readers to cancel their newspaper subscriptions.

Among 395 daily U.S. newspapers, the average circulation totaled 34.4 million, compared with a total of 37.1 million in the March 2008 reporting period, according to preliminary figures, the ABC said.

In the six months ended Sept. 30, daily circulation was down 4.6% from the same period a year earlier. In the March 2008 period, daily circulation fell 3.6%.

With 557 U.S. newspapers reporting their Sunday numbers, average circulation fell 5.4% in the March 2009 period, to 42.1 million.

USA Today, owned by Gannett Co. (GCI 4.93, -0.42, -7.85%) , maintained its long-held title as the No. 1 daily newspaper in America, with a total paid circulation of 2.11 million, though that figure represents a decline of 7.5% from the same six-month period a year earlier.

The Wall Street Journal, acquired in 2007 by News Corp. (NWSA 8.96, -0.24, -2.61%) (NWS 10.66, -0.06, -0.56%) (AU:NWS 13.79, -0.56, -3.90%) , was second in daily circulation at 2.08 million, presenting a 0.6% improvement over the year-earlier period. News Corp. also owns MarketWatch, the publisher of this report.

The New York Times (NYT 6.99, +0.18, +2.64%) was third at 1.04 million, down 3.6%; Tribune Co.'s Los Angeles Times came in fourth at 723,181, a decline of

6.6%; and the Washington Post (WPO 364.11, -5.62, -1.52%) was the fifth-largest daily at 665,383.

Also in the top 10 were the New York Daily News, the New York Post, the Chicago Tribune, the Houston Chronicle and the Arizona Republic.

The most spectacular year-over-year declines in daily circulation were seen at the New York Post, down 21%; the Atlanta Journal Constitution, down 20%; the Newark Star-Ledger, off 17%; the San Francisco Chronicle, down nearly 16%; and the Boston Globe, where circulation dropped 14%.

Hearst Corp. has threatened to shut down the San Francisco Chronicle unless it can make drastic cost cuts, and Boston Globe parent New York Times Co. has reportedly warned that paper's unions that it could close unless major concessions are made.

On Sundays, the New York Times held on to its top spot, with paid circulation of 1.45 million, representing a 1.7% decline from its Sunday total a year earlier. The Los Angeles Times was second at 1.02 million, a drop-off of 7.5%; the Washington Post took third with almost 869,000 paid subscriptions, down 2.4%; the Chicago Tribune was fourth at just over 858,000, down 4.2%; and the New York Daily News was fifth, with just under 645,000, an 8.4% decline from the March period in 2008.

The last six months have been nightmarish for the newspaper industry.

In March, Hearst Corp. opted to shut down print operations of the Seattle Post-Intelligencer, turning it into a Web-only publication with a small editorial staff.

Also in February, E.W. Scripps & Co. (SSP 1.90, -0.06, -3.06%) shut down Denver's Rocky Mountain News, while Philadelphia Newspapers LLC and Journal Register Co. filed for Chapter 11 bankruptcy protection.

Last December, Tribune Co., publisher of the Chicago Tribune, the Los Angeles Times, the Baltimore Sun and other major dailies, filed for Chapter 11 bankruptcy protection. The parent of the Minneapolis Star-Tribune followed suit a month later.

*Forbes.com*

## **US newspaper circulation sees biggest decline yet**

By MICHAEL LIEDTKE , Associated Press

April 27, 2009

U.S. newspapers are losing circulation faster than ever, compounding the pain of an industry reeling from even larger drops in the advertising revenue that pays most of the bills.

The Audit Bureau of Circulations said Monday that average sales of newspapers declined 7.1 percent in the October-March period from the same six-month span in 2007-2008. The comparison is drawn from 395 daily U.S. newspapers that reported in both periods.

It's the most severe downturn since newspaper circulation began to crumble in the early 1990s. The erosion has been accelerating during the recession of the past 16 months: U.S. newspaper circulation decreased 4.6 percent in the April-September period of 2008 after falling 3.6 percent in the October 2007-March 2008 span.

In the most recent report, 11 of the 25 largest newspapers sustained double-digit declines in average weekday circulation. The New York Post was hit hardest, with its weekday circulation plunging more than 20 percent, or about 144,000 copies, to 558,140.

Major newspapers typically get anywhere from 15 percent to 30 percent of their revenue from subscriptions and copies sold at newsstands. Advertising remains newspapers' main money maker, but that revenue source has been disintegrating. While many newspapers have intentionally whittled their circulation by curtailing deliveries in far-flung areas to save money, they also are losing readers who are simply choosing not to buy copies.

Some readers instead are shifting to the free versions of newspapers that most publishers post on their Web sites. That trend helped increase the traffic on newspaper Web sites by 10.5 percent during the first three months of the year, according to a Nielsen Online analysis conducted for the Newspaper Association of America.

But the bigger online audience isn't generating enough ad sales to overcome the huge losses in print advertising. Several major publishers reported their print ad sales plunged by 25 percent to 35 percent during the first quarter. To make

matters worse, online ad revenue also fell at major newspaper publishers such as Gannett Co. ( GCI - news - people ), The New York Times Co. ( NYT - news - people ) and McClatchy ( MNI - news - people ) Co.

With their revenue shriveling, many newspapers have been laying off significant numbers of reporters, photographers and editors. Some analysts fear the cost-cutting could cause circulation to fall even further, if readers feel newspapers aren't as useful as they were when more people were gathering and packaging the information. That in turn would probably exacerbate the decline in ad sales.

Some publishers have raised newspaper prices to help offset some of the advertising sales that have evaporated during the past two years.

The New York Post attributed its dramatic decline to a May 2008 increase that doubled the newsstand price to 50 cents. USA Today, the nation's largest newspaper, falls into this category. It raised its per-copy price by a quarter to \$1 in December, contributing to a 7.5 percent circulation decline - by far the largest in the publication's 26-year history.

The recession also stung USA Today because many of its sales are made in airports and hotels, both of which have been quieter because business and leisure travel has dwindled.

USA Today, owned by Gannett, also suffered a big decline after the September 2001 terrorist attacks and then quickly rebounded, raising hopes circulation will come back once the economy recovers, said Susan Lavington, the newspaper's senior vice president of marketing.

"Hopefully, we will come roaring back this time just like we did after 9/11," she said.

Even with the sharp decline, USA Today finished the period with average weekday circulation of 2.11 million.

That was slightly ahead of The Wall Street Journal, one of only two newspapers among the 25 largest to avoid a decline in weekday circulation. Boosted by online subscriptions - which count in the ABC numbers if the Internet readers are paying - and a push to supplement its financial coverage with more general-interest news, The Wall Street Journal's weekday circulation averaged 2.08 million - a 0.6 percent increase.

The New York Times ranked third in weekday circulation at 1.04 million after a 3.6 percent decrease. It boasted the largest Sunday circulation at 1.45 million, down 1.7 percent. Neither USA Today nor The Wall Street Journal publish Sunday editions.

Other than The Wall Street Journal, the only newspaper in the top 25 not to post a decline in circulation was The Denver Post. It gained by picking up the subscriber list of the Rocky Mountain News, which closed in February after its owner, E.W. Scripps Co. ( SSP - news - people ), couldn't find a buyer for the unprofitable newspaper. The Post's average weekday circulation was 371,328 for the period from Feb. 28 to March 31. The Post's average until the News' Feb. 27 closing was 202,589, down 10 percent from the entire six-month period a year ago.

Two newspapers in the top 25 posted Sunday increases, but both gains were less than 1 percent. Sunday circulation rose to 516,562 at The Arizona Republic and hit 415,815 at the St. Louis Post-Dispatch.

At least one major newspaper, the New York Daily News, blamed its circulation drop-off on an adjustment made in advance of an October 2010 change in the way that the ABC counts sales. The revision will exclude certain bulk sales, such as those made to schools.

The Daily News started to phase out bulk sales in the latest reporting period, accounting for virtually all of its 14 percent decline in weekday circulation to 602,857, said newspaper spokesman Robert Leonard.

Had those bulk sales been included, the Daily News' circulation would have dipped by less than 1 percent, Leonard estimated.

*The Associated Press*

### **Newspaper group files for bankruptcy protection**

April 29, 2009

DALLAS - American Community Newspapers Inc., which operates smaller newspapers in four major U.S. markets, has filed for bankruptcy protection, citing "an unprecedented and severe decline in advertising revenue."

The company filed its Chapter 11 petition Tuesday in U.S. Bankruptcy Court in Delaware, becoming the sixth publisher of daily newspapers to file for bankruptcy protection.

The company said its secured creditors will provide a \$5 million debtor-in-possession credit facility. In its filing, the company lists assets in the range of \$50 million to \$100 million and debts totaling about \$107 million.

The Dallas-based newspaper group has 86 newspapers, including three dailies, and 14 niche publications in the Dallas, Minneapolis, Columbus, Ohio, and northern Virginia areas. According to the filing, the chain has a combined circulation of about 1.3 million and earned \$63.8 million in revenue in fiscal year 2008.

Minnesota holdings include the weekly Sun Newspapers in the metro area and the daily Stillwater Gazette.

The company said in a news release that it planned to continue normal business operations.

"Our readers and advertisers are our most important assets, and we are committed to providing them with outstanding service in the months and years ahead," said Chairman and Chief Executive Gene Carr.

In the filing, the company said it stopped making quarterly debt payments in September and was running out of cash "without any prospect of obtaining additional funding."

The filing indicated that ACN planned to sell its assets, without providing additional details. A company spokesman didn't immediately return a phone call seeking comment.

Carr said ACN didn't have the cash flow to support its capital structure and planned to sell assets to reduce debt.

"This will place us in a better position to execute our business plan and serve our communities," Carr said.

*Editor & Publisher*

**Another Newspaper Bankruptcy: Columbia, Washington**

By The Associated Press

May 3, 2009

COLUMBIA, WA. The company that publishes The Columbian newspaper in Vancouver, Wash., has filed for Chapter 11 bankruptcy protection in an effort to resolve credit issues involving a building project.

The Columbian Publishing Co. made the filing Friday in U.S. Bankruptcy Court in Tacoma.

The Columbian reports the case involves credit issues with Bank of America, the primary lender on a \$40 million building project Columbian Publishing completed last year in downtown Vancouver.

Columbian Publisher Scott Campbell said operations will not be affected and he predicted the company will emerge in a few months "with renewed vigor."

Campbell said the economy's recent severe downturn contributed to the need to make the bankruptcy filing. It shows The Columbian owes approximately \$17 million to the Bank of America and a variety of unsecured creditors.

Columbian Publishing is a family owned company with 259 employees that operates The Columbian newspaper and the Web site [www.columbian.com](http://www.columbian.com). The newspaper serves Clark County and other parts of southwest Washington.

*Editor & Publisher*

**‘New York Times’ Guild Approves 5% Pay Cut**

By E&P Staff

May 5, 2009

NEW YORK Newspaper Guild members at The New York Times approved a 5% pay cut on Monday night, which is part of a cost-cutting plan that also includes 10 furlough days during 2009, the New York Post reported.

The Post reported that the union representing 1,200 workers at the paper "strongly voted" for the pay cut, but offered no specific details. The reduction takes effect today.

The salary reduction also matches a pay cut that occurred April 1 for management and non-union workers. The Times says the approval saves \$4.5 million.

The paper would have had to cut 80 jobs if the salary reduction was not accepted, the Post reported. But Times officials have said layoffs may still occur.

*Editor & Publisher*

## **Boston Newspaper Guild to Meet with Union Members Tonight**

By Denise Lavoie, The Associated Press

May 7, 2009

BOSTON Members of The Boston Globe's largest union were expected to have a spirited, emotional meeting Thursday night over a proposal that calls for deep wage and benefit cuts.

Leaders of the Boston Newspaper Guild were set to meet with union members to review the proposal hammered out during tense negotiations with the Globe's owner, The New York Times Co.

The proposal calls for an 8.3 percent wage cut and a five-day unpaid furlough. Other cutbacks include a freeze on pension contributions for many employees and the elimination of lifetime job guarantees for about 190 Guild members. The Guild represents about 700 editorial, business and advertising employees.

Several reporters said they are angry about the depth of the proposed cuts and worried about the future of the 137-year-old newspaper.

Last month, the Times Co. threatened to shut down the Globe unless its unions agreed to cut \$20 million in annual costs. The Guild was asked to cut \$10 million, while the newspaper's other unions were asked to pare the remaining \$10 million.

"I think people are still deciding — 'Can I live with this? Do I have to live with this? Do I have a choice?'" said Globe reporter Scott Allen. "This strikes very close to home for people, their ability to pay their mortgages, to send their kids to college."

Union leaders agreed to present the Times Co.'s final offer to its members for a vote, but do not plan to recommend for or against its ratification. No vote has been scheduled yet.

Guild President Daniel Totten did not immediately return a call seeking comment Thursday.

Like many newspapers across the country, the Globe has struggled as readers have migrated to the Internet, advertising revenues have declined drastically and circulation has fallen. The Globe had \$50 million in operating losses in 2008 and

had been projected to lose \$85 million this year.

Several employees said they are concerned that even if they approve the proposal for wage and benefit cuts, the newspaper will still face large layoffs.

"This is one step. We know that there is more coming after this," said reporter Shelley Murphy.

"I think the concern is how to figure out a way — and quickly — on how to turn the paper around."

*The New York Times*

## **Deal Reached to Keep Boston Globe in Print**

By Richard Perez-Pena

May 7, 2009

The stare-down between The New York Times Company and workers at The Boston Globe reached its crucial moment Wednesday when the newspaper's largest union agreed to vote on a package of painful wage, benefit and job security concessions that would head off the threatened closure of one of America's premier newspapers, but could also presage significant layoffs.

The potential deal by no means resolves The Globe's — or the company's — problems. Globe workers said it was not clear to them that their colleagues would approve the givebacks, and even with concessions tentatively made by all the company's unions, the paper would still be losing tens of millions of dollars a year and the company would still be struggling.

The Boston Newspaper Guild said Wednesday that it would put the deal before its members for a vote at an undetermined date, but people briefed on the union's plans said it would not make a recommendation on how its members should vote.

The concessions would make it easier for the Times Company to sell The Globe, a prospect that has been discussed with a handful of potential buyers and their intermediaries, according to people briefed on those discussions, some of whom said the company had been actively shopping the paper around. The company declined comment, but executives have said that the company is open to selling The Globe for a small fraction of the \$1.1 billion it paid for the paper in 1993.

But this tentative deal appears to forestall the imminent death of a civic institution that, even after years of cutbacks, remains the dominant news organization in New England and a local fixture as central to Boston's self-image as white chowder and the Green Monster.

“My reaction is pure relief,” said Alex S. Jones, director of the Joan Shorenstein Center on the Press, Politics and Public Policy at Harvard University. “The Globe is essential to Boston and New England and it would have been a catastrophic thing for it to have shut down.”

For the more than 600 Guild members at The Globe, whose pay has already been frozen for several years, the price of survival is steep, as described by several people briefed on the possible deal, who were given anonymity because they were not authorized to discuss it publicly. The company and the Guild, which represents workers in the newsroom, the advertising department and some other offices, said Wednesday that they would not discuss the details until a union membership meeting to be held Thursday night.

But the people briefed on the deal said the package included a pay cut of at least 8 percent — as much as 8.5 percent by some accounts — and an unpaid, one-week furlough this year, equivalent to an additional 2 percent pay cut. Company contributions to retirement plans would be eliminated, with limited exceptions for older employees.

Perhaps more important to the company — and to a potential buyer — the Guild would agree to end lifetime job guarantees for employees who started working at The Globe before 1992, in return for improved severance packages for those workers. That would make it easier to lay people off. Union leaders have said the company has made it clear that more layoffs are on the way.

The Globe's other unions tentatively made similar concessions in all-night talks that wrapped up Monday morning. The immediate concessions on pay and benefits would cut operating costs by \$20 million — half of that coming from the Guild — while the end of job guarantees could save millions more, depending on the extent of any downsizing. But that would merely lessen the red ink at a paper that company executives say lost \$50 million in 2008, and is on track to lose \$85 million this year on less than \$500 million in revenue.

“I think everyone understands that no one would buy The Globe with the lifetime job guarantees in place, and everyone understands that there will be downsizing,” said Dan Kennedy, an assistant professor of journalism at Northeastern University. “I’m certainly relieved that the worst didn’t happen, but the alternative is pretty ugly, as well.”

Ken Doctor, an industry analyst with Outsell, a research company, said, “there’s not much prospect of getting The Boston Globe into the black in the short run,” but it made sense to minimize losses, whether the company planned to sell or not. “As I look out 12 to 18 months, the economy will rebound, advertising for real estate and cars will rebound and the fortunes of the surviving, downsized newspapers will look somewhat better.”

When the Times Company bought The Globe, it was the highest price ever put on an American newspaper. Analysts said at the time that the price was excessive, but The Globe was highly profitable for several years. Boston benefited from the

dot-com boom and so did The Globe, which swelled with help-wanted ads, until the paper was hit hard when that bubble burst.

The Globe also has a relatively high cost structure, experts say, in part because of the lifetime job guarantees for some of the paper's unions before the Times Company takeover, and still enjoyed by about 430 employees, including about 190 Guild members. While most major cities have just one newspaper, The Globe competes for readers and ads with The Boston Herald.

The Globe has a paid circulation of 303,000 on weekdays and 466,000 on Sundays. Those figures rank 17th and 13th in the country, but they are down more than a third since 2000. The Herald is at 151,000 on weekdays, and 95,000 on Sundays.

Like nearly all of the nation's top regional newspapers, The Globe has shut bureaus, closed sections, focused more on local news, stopped delivering to far-flung areas and shrunk its news and business staffs — including a round of newsroom layoffs completed barely a month ago. The newsroom has about 340 people, still one of the largest in the country, but down from more than 500 earlier in this decade.

But all the cutting by the Times Company and the industry as a whole has not kept pace with collapsing revenue. The company's newspaper ad revenue fell 28.4 percent in the first quarter and 31.6 percent in its New England segment, dominated by The Globe. Other newspapers and publishing companies have reported similar declines.

Despite cutting thousands of jobs in the last few years, the Times Company reported a net loss of \$57.8 million for all of 2008, and \$74.5 million for the first quarter of 2009.

*Editor & Publisher*

## **New Owners of San Diego Paper Quickly Axe 192 Jobs**

By E&P Staff

May 8, 2009

NEW YORK The San Diego Union-Tribune, under new owners now, conducted layoffs in all departments Thursday.

The move came just three days after Platinum Equity completed its purchase of the paper from the Copley Press Inc.

Here's how the U-T itself described it.

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A total of 192 positions will be eliminated, effective July 6, the company said in a statement. Senior managers told the affected employees Thursday in meetings organized by department. The company said employees will receive transition assistance and termination benefits.

The number of cuts in each department, including the newsroom, were not disclosed.

The 60-day notice is required under federal law for a company the size of the Union-Tribune when conducting more than 50 layoffs.

“These are tough times for the entire newspaper industry, and a time of transition for the Union-Tribune,” said Drew Schlosberg, the company's director of community and public relations. “Any decision to reduce staff is difficult.

“We will be working diligently to make the transition for those affected as easy as possible.”

The company, which has had several rounds of buyouts and layoffs in recent years, will have about about 850 employees once the staff cuts become effective.

*Editor & Publisher*

## **Boston Guild Meets Over Proposal on Wage, Other Cuts**

By The Associated Press

May 8, 2009

BOSTON Members of The Boston Globe's largest union have met to debate a proposal for deep wage and benefit cuts.

The newspaper's parent company, The New York Times Co., says the concessions are needed to keep the 137-year-old daily from closing.

Boston Newspaper Guild president Daniel Totten said there were a lot of "upset members" during the approximately 90 minute meeting Thursday night. He said what had been placed before the union was "unconscionable."

The proposal, hammered out during tense negotiations with management, calls for an 8.3 percent wage cut and a five-day unpaid furlough.

Other cutbacks include a freeze on pension contributions for many employees and the elimination of lifetime job guarantees for about 190 Guild members.

Totten said a union vote on the proposal was likely in early June.

*Editor & Publisher*

## **Worldwide Study Finds Newspapers Do Have Future – and Here's How**

By Jennifer Saba

May 11, 2009

NEW YORK While every week brings fresh news of the demise of the newspaper industry -- metro shutdowns, severe cuts, government curiosity -- a new study suggests that newspapers do have a long-term future.

Pricewaterhouse Coopers (PWC), along with the World Association of Newspapers, released a new report on the global outlook of the newspaper industry. After surveying 4,900 consumers, 30 newspaper publishers and 10 advertisers and media agencies across the world, the research found that access to capital and a willingness to try many experiments is key to survival.

"I was pleasantly surprised with how well the senior executives we interviewed understood the problems and how well they could articulate them," said David Moss, director of entertainment and media at PWC. "There is a universal understanding you have to have a successful digital play and still realize that print is where they are still making money."

Moss noticed a change noting that in past surveys publishers were not as focused on digital treating it as secondary initiative. The dramatic decline in circulation and the brutal recession forced publishers to push digital to the front of their priorities, he said.

Those newspaper companies with the best long-term viability are those companies that can invest in several digital strategies at once. "What became apparent to me is those with money are trying to be agile in digital and mobile while those without money are making bets in one area -- which is risky," Moss said.

Surprisingly, Moss said that PWC did not find many executives who wanted to move toward a paid online content model. Moss, who spoke mainly to U.S. newspaper publishers in the survey, conducted his interviews a few months ago. "I think where we found more interest was in moving toward niche content where there are higher CPMs (cost per thousand) paid for advertising," he said. "Putting things behind the pay wall was not a trend in many publishers' mind in their outlook."

The report also took the pulse of consumers and their news habits. PWC found people have a willingness to pay for 62% for general online news content compared to 100% for general print news content. However PWC warns that does not mean that consumers would actually buy online content: When given the choice, consumers would choose free content when the quality was comparable or sufficient for their purpose.

New devices didn't make the cut for pay either. "On average, respondents expressed no willingness to pay for general news and background information on e-paper or mobile devices, and they do not see them as alternatives for full newspapers," according to research findings.

People are more likely to shell out for financial content -- a maximum of 97% as much on average for high quality online newspapers with a focus on finance compared to general news on traditional paper. Likewise, consumers would be prepared to pay as much as 77% of what they would pay for a high quality traditional paper with general news for an online newspaper with a focus on sports, the study said.

With regards to advertisers, PWC said they still turn to major newspaper brands with loyal customer bases to reach mass markets. But the shift to digital will continue and advertisers are looking for innovative packages combining both print and online.

That said, according to some advertisers, "newspaper publishers have neither adapted to nor invested enough in new technologies," the report said.

PWC forecasts that the global newspaper market will decline by 10.2% this year and average a 2% compound annual decrease to 2013. Publishers surveyed said they do not anticipate the recovery to begin before 2011.

*Forbes.com*

## **Can A News Cabal Save Newspapers?**

By Evan Hessel

May 11, 2009

LOS ANGELES -- These are dark days for the newspaper industry.

Advertising revenue is projected to plummet 27% this year, following a 23% decline during the previous two years. Tribune Co., the owner of the *Los Angeles Times*, *Chicago Tribune* and eight other big-city papers, is struggling to emerge from bankruptcy proceedings. Once-proud rags like the *Rocky Mountain News* and *Seattle Post-Intelligencer* have already shut down.

The New York Times Co., awash in losses, threatens to close *The Boston Globe*. Rupert Murdoch's vaunted portfolio of newspapers, including *The Times* in London and *The Wall Street Journal*, earned News Corp. a paltry \$7 million in the first quarter of the year.

The business of selling ads on printed paper has gotten so bad that folks in the newspaper industry are looking into one of the more old fashioned, desperate tactics available to restore pricing power: Collusion.

*Dallas Morning News* publisher James Moroney told a Senate panel this week that Congress should relax antitrust laws to allow newspapers to work together to develop new business models. Brian Tierney, chief executive of Philadelphia Newspapers, made a similar call for antitrust flexibility during a House hearing in March.

So far the pleas have received support in some critical corners of Washington. House Speaker Nancy Pelosi, D-Calif., concerned about the demise of her hometown *San Francisco Chronicle*, has said she favors allowing publishers to cooperate. Attorney General Eric Holder, the regulator charged with enforcing antitrust law, said he is willing to consider relaxing existing rules about publisher partnerships.

Much of the public discussion regarding antitrust laws has focused on allowing publishers to share resources, which could lead to costs savings, and to tie up with local broadcasters.

Neither is likely to save an industry that is so quickly losing offline readers and ad revenue. Rather, newspaper executives will likely soon focus their attention on

winning clearance to build powerful regional cooperatives for selling ads on the Web.

Such cooperation would allow papers large and small to share ad sales resources, marginally lowering labor costs. Regional ad sales partnerships would allow papers to aggregate much larger online audiences, which could then be segmented into desirable niches and sold to advertisers at a premium rate.

Newspapers desperately need a new strategy for wringing ad sales out of the Web, which accounted for less than 10% of all publisher revenue in 2008. With vastly larger audiences and pooled resources for technology investments, newspapers could experiment with selling ads tailored to individual readers based on demographics, personal interests and prior Web activities.

The hope is that by using more sophisticated ads and selling as a group, papers would likely be able to raise prices, even while they face competition for marketing dollars from Web companies ranging from giant portals like Yahoo! to directory service Yelp to tiny hyperlocal blogs.

In an interview last week, Newspaper Association of America President John Sturm said that his organization is looking at ways to build regional ad sales partnerships.

There is some legal precedent for publisher cooperation. The newspaper industry convinced Congress in 1970 to pass the Newspaper Preservation Act, which allowed morning and afternoon papers in the same cities to form Joint Operating Agreements for sharing printing operations. The thinking was that reduced operating costs would help multiple papers coexist, thereby allowing for a variety of editorial viewpoints to reach newspaper readers.

Online ad cooperatives, unlike joint operating agreements, would likely go beyond facilitating cost savings to allow elements of price-fixing.

Antitrust regulators would have to scrutinize the collective efforts, almost certainly causing some competing Web ventures and advertisers to complain that newspapers were receiving preferential legal treatment.

Robert Pringle, an antitrust attorney in San Francisco office of Winston & Strawn, said papers would have to convince the Justice Department that ad sales cooperatives facilitated competition in the online ad market by introducing a challenger to other Web ad sellers.

Publishers would likely have to form separate legal entities and apply in advance to the Justice Department for approval of their business plans.

"One might argue that they could never exercise any market power, that there are a lot of alternatives, and the barriers to entry are not that great," Pringle says. At this point it couldn't hurt, right?

*Editor & Publisher*

## **Advance Announces Company-wide Furloughs**

By Joe Strupp

Published: March 23, 2009

NEW YORK Advance Publications is instituting mandatory 10-day furloughs and a pension freeze at nearly all of its daily papers outside Michigan, according to Steve Newhouse, chairman of Advance.net and a company spokesman.

Those Michigan dailies, meanwhile, are undergoing a string of changes that include cutbacks in frequency for some and consolidation of operations for others.

Word of the furloughs began to spread last week, but formal announcements were going out today at most of the company's Newhouse Newspapers, including The Star-Ledger in Newark, N.J.; The Plain Dealer in Cleveland; The Oregonian in Portland; The Times-Picayune in New Orleans; and The Staten Island (N.Y.) Advance, as well as the chain's dailies in Syracuse, N.Y.; Birmingham, Ala.; and Harrisburg, Pa.

"Most of our papers will have two measures," Newhouse said. "One is a freeze of our defined benefit plan, or pension, that will be paired with an increase in our 401 (k) match. The other is a mandatory 10-day furlough, unpaid furlough."

He did not cite newspapers that would not be affected by the furloughs, other than The Jersey Journal in Jersey City, N.J., which is threatened with closure next month if cutbacks cannot be instituted.

Newhouse said the furloughs would likely be required within the next 12 months or by the end of 2009, he was not sure. He also did not have specific figures on the 401 (k) increase.

"It is certainly a difficult day. We are facing unprecedented economic challenges," he said. "Especially in Michigan and the ever-growing challenges to the newspaper business have been documented."

The Oregonian posted a story today stating its furloughs would only be for four days, but salary reductions of five to 10 percent would also be instituted.

In Michigan, several changes -- some already reported today by E&P -- are occurring. The first is the shutdown of the Ann Arbor (Mich.) News and the launching of a new, local Web site there. Newhouse said some current News

employees may be involved, but stressed, "I don't want to sugarcoat this, it is a significant reduction."

Elsewhere in Michigan, four newspapers -- in Grand Rapids, Jackson, Kalamazoo and Muskegon -- will consolidate some functions, but remain seven-day papers. But three other dailies -- in Flint, Bay City and Saginaw -- will consolidate further and be reduced to three days per week print publication.

"Our publishers and we have been deciding particular responses for different markets, trying to make smart choices," Newhouse added. "Our overall objective is to build our local franchises in a sustainable way, and keep up the good journalism we do. These are responses to the changing events and the problems in newspapers."

Newhouse had no specifics on losses sustained by the newspapers in recent months or the past year, or advertising revenue details.

*businessinsurance.com*

### **Media General freezes pension plan**

Jerry Geisel

April 17, 2009

RICHMOND, Va.—Media General Inc. said Friday it will freeze its defined benefit pension plan, finalizing a process the newspaper, television and online company began more than two years ago.

At the start of 2007, Richmond, Va.-based Media General closed the plan to new employees and stopped service accruals for current plan participants, with their retirement benefits based on final average salary when the participants terminated employment or retired.

On Friday, however, Media General said retirement benefits for current participants will be based on their final average salary as of May 31.

The freeze is Media General's second retirement plan cutback this year. In January, it said it would suspend, effective April 1, its 401(k) plan matching contribution through the end of this year. It had been matching 100% of employees' salary deferrals up to 5% of pay.

The cutbacks come amid deteriorating financial results. In 2008, Media General reported a net loss of \$631.8 million—due largely to a write-down of asset values—compared with net income of \$10.7 million in 2007.

During the first quarter of 2009, the company reported a net loss of \$21.3 million, up from a net loss of \$20.3 million during the comparable period in 2008.

Media General owns 22 daily newspapers, 250 weekly newspapers, 19 television stations and several online ventures, primarily in the Southeast.

*Editor & Publisher*

**'Boston Globe' Union Sets Vote Date for Wage, Other Cuts**

Associated Press

May 12, 2009

BOSTON Members of The Boston Globe's largest union will vote on June 8 whether to ratify wage and benefit cuts that the newspaper's parent company, The New York Times Co., is demanding to keep the 137-year-old daily from closing.

The Globe on Monday reported that members of the Boston Newspaper Guild will vote on proposals for an 8.3% wage cut and a 5-day unpaid furlough, for a total pay cut of roughly 10%.

Other cutbacks include a freeze on pension contributions for many employees and the elimination of lifetime job guarantees for about 190 Guild members.

Times Co. has threatened to shut down the Globe unless its unions agree to cut annual expenses by \$20 million.

*Boston.com*

## **Globe mailers' union to vote on cuts May 26**

By Keith O'Brien

May 16, 2009

A union representing 245 staffers at The Boston Globe will vote May 26 on \$5 million in concessions, an official said, possibly becoming the first major Globe union to decide whether to accept cuts sought by The New York Times Co.

Full-time mailroom employees, who help prepare the newspaper for delivery, face a 5 percent wage cut, a pension freeze, deep cuts to overtime shifts, and modifications to lifetime job guarantees, union president Mary White said yesterday, releasing details of the tentative agreement for the first time.

The cuts hurt, she said, especially for part-time employees, who face steeper wage cuts. However, White said union leaders did their best to protect employees. For example, under the proposal, no employee with a lifetime job guarantee can be laid off, White said, until part-timers are let go. White believes most employees will be able to keep their jobs for some time to come.

"Under the circumstances, I think we did well in protecting job security," she said.

Six weeks ago, the Times Co. threatened to shut down the Globe if its 13 unions did not agree to a total of \$20 million in concessions. All-night negotiations early this month produced several proposals that are now awaiting ratification from union members. The drivers' and pressmen's unions have yet to set a date for ratification while members of the Globe's largest union, the Boston Newspaper Guild, will vote June 8.

Like the Guild's leaders, the leadership of the mailers' union offered no recommendation on whether members should vote to approve the proposal. White said she is voting for the cuts, but she's not sure how members will respond.

"There's some level of fear from our members," White said. "There's some level of doubt that The New York Times would shut us down, and there's also some level of resignation and acceptance. So it's a mixed bag. And I can't predict what's going to happen."

The outcome of the various union votes will help decide the fate of a newspaper that lost \$50 million last year and is projected to lose even more in 2009. And from the pressroom to the newsroom, no one is quite sure which way the unions will go.

"We'll find out during the vote," said Bobby Gott, vice chairman in the mailroom who declined to say how he plans to vote. "Everyone's been presented with it, and everyone has their own opinions on it."

Despite the consequences, voting "no" is a serious option.

"People are still stunned because somehow, in a month of negotiations, the deal got worse," said Guild delegate and reporter Beth Daley, speaking of the proposed 10 percent pay cut and lifetime job guarantee elimination facing Guild members. "It seems impossible, but we wound up with a worse deal than the one The New York Times first presented to us. And frankly, I hear a lot of people saying they're going to vote no."

Daley might be one of them. While still weighing her decision, Daley said she's leaning toward voting no. Many staffers, she explained, "can't pay their mortgage with a pay cut of that size."

But Globe employees also understand the new fiscal realities, hammered home again this week when publisher P. Steven Ainsley told subscribers that financial pressures were forcing the newspaper to raise subscription rates.

"Given the major changes in the newspaper business," Ainsley wrote in a letter to readers, "we need to ask all our readers to lend us increased financial support to help ensure that we can continue to publish meaningful and original reporting every day."

The new rates, effective June 1, come shortly after the Globe announced increased newsstand prices. The price of a seven-day subscription will be \$12.25 per week, a 32 percent increase. The price for home delivery Thursday through Sunday will be \$8 - a 23 percent increase - while the cost of a Sunday-only subscription will remain \$3.50.

Such increases have become commonplace at newspapers in the last year, said Tom Corbett, an industry analyst for Chicago-based Morningstar Inc. They are an effective way to offset losses from declining ad revenues and circulation numbers, Corbett explained. But they are also a "calculated risk," he cautioned.

"The question is, what's the breaking point?" Corbett said. "Because if you raise circulation rates too much, you start to lose core subscribers. And once a news organization loses a subscriber, it's very, very hard to get that person back."

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