

WBR ARTICLE

CST parent company in trouble

By MJ Clark

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DAVENPORT, Iowa — Lee Enterprises, the parent company of the Casper Star-Tribune as well as a variety of other publications, isn't generating enough cash to meet its requirements for 2009 operations according to its annual report, filed on Dec. 31.

The problems "raise significant uncertainty about the company's ability to continue as a going concern," according to the annual report.

For FY 2008 (which ended Sept. 28), Lee reported a loss of \$879.9 million, compared with FY 2007 profit of nearly \$81 million.

Adding to Lee's woes, on Dec. 31, the company was put on notice by the New York Stock Exchange for falling below the NYSE's continued listing standard. The NYSE requires a minimum average closing price of \$1 per share over 30 consecutive trading days. Lee shares, which topped \$14 a year ago, were \$2.50 a share on Nov. 2, and closed on Jan. 2 at 41 cents.

The NYSE also noted that Lee was nearing non-compliance with its market capitalization standard, which requires a 30-trading-day average of \$25 million.

In a letter to shareholders on Oct. 30, Lee Chair, President and CEO Mary Junck explained that the company was suspending its quarterly dividend. "Like others in our industry, we have taken these actions as a result of some of the worst economic conditions in our lifetimes," she wrote. "The continued housing and credit turmoil, coupled with rising unemployment and tight consumer spending, have inflicted a prolonged toll on advertising revenue and earnings."

"As you would expect, we have made significant expense reductions in all areas of our business," she continued. "Actions have included staff reductions, consolidated or outsourced production and printing, aggressive newsprint conservation and reduced capital spending."

Readers of the Casper Star Tribune have noticed the belt-tightening effort at work, as late last year the paper underwent a significant format change, shrinking the size of the paper, and dropping some special sections.