Columbia Equity Trust, Inc.
Form DEFA14A
February 22, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K
CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934
Date of Report (Date of Earliest Event Reported): February 22, 2007 (February 21, 2007)
COLUMBIA EQUITY TRUST, INC.
(Exact name of registrant as specified in its charter)

Maryland	**001-32536**	**20-1978579**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1750 H Street, N.W., Suite 500
Washington, D.C. 20006
(Address and zip code of
principal executive offices)

Registrant s telephone number, including area code: **(202) 303-3080**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2.):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

þ Soliciting materials pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

On February 21, 2007, Columbia Equity Trust, Inc. (Columbia) announced that it had amended the Agreement and Plan of Merger dated November 5, 2006, among SSPF/CET Operating Company LLC, SSPF/CET OP Holding Company LLC, SSPF/CET OP Holding Company Subsidiary L.P., Columbia Equity, L.P. and Columbia Equity Trust, Inc. to increase the cash consideration payable to holders of the Company s common stock from $19.00 per share to $19.50 per share. As a result of the amendment, the cash consideration to be paid to holders of limited partnership interests and LTIP units in Columbia s operating partnership electing cash consideration in the transaction will be $19.50 per unit.

Item 8.01 Other Events.

On February 21, 2007, the Company issued a press release announcing (i) the amendment to the Merger Agreement to increase the cash merger consideration per share from $19.00 to $19.50 (ii) that the special meeting of stockholders to vote on the merger remains scheduled to be convened on February 27, 2007 and (iii) assuming the requisite stockholder approval is obtained at the meeting, closing of the merger is expected to close on March 1, 2007. A copy of this press release is being filed as Exhibit 99.1 to this Current Report on Form 8-K and incorporated herein by reference.

Item 9.01(d). Financial Statements and Exhibits.

(d) Exhibits

2.1 Amendment No. 1 to the Agreement and Plan of Merger among SSPF/CET Operating Company LLC, SSPF/CET OP Holding Company LLC, SSPF/CET OP Holding Company Subsidiary L.P., Columbia Equity, L.P. and Columbia Equity Trust, Inc. dated as of February 21, 2007.

99.1 Press Release, dated February 21, 2007 of Columbia Equity Trust, Inc.

Additional Information About the Merger and Where to Find It

In connection with the proposed merger, Columbia has filed with the United States Securities and Exchange Commission (the SEC) a definitive proxy statement. INVESTORS AND SECURITY HOLDERS OF COLUMBIA ARE URGED TO READ THE DEFINITIVE PROXY STATEMENT AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC, BECAUSE THEY CONTAIN IMPORTANT INFORMATION ABOUT COLUMBIA, JPMORGAN AND THE PROPOSED MERGER. Investors can obtain the definitive proxy statement and all other relevant documents filed by Columbia with the SEC free of charge at the SEC s website at www.sec.gov. In addition, investors and security holders may obtain free copies of the documents filed with the SEC by Columbia by contacting Columbia s Investor Relations liaison at (202) 303-3080 or accessing Columbia s investor relations website at www.columbiareit.com. Investors and security holders are urged to read the definitive proxy statement and the other relevant materials when they become available before making any voting or investment decision with respect to the merger.

Columbia and JPMorgan and their respective executive officers, directors, and employees may be deemed to be participating in the solicitation of proxies from the security holders of Columbia in connection with the merger. Information about the executive officers and directors of Columbia and the number of shares of Columbia common stock beneficially owned by such persons is set forth in the proxy statement for Columbia s 2006 Annual Meeting of Shareholders, which was filed with the SEC on April 10, 2006, and Columbia s Annual Report on Form 10-K for the year ended December 31, 2005, which was filed with the SEC on March 31, 2006. Investors and security holders may obtain additional information regarding the direct and indirect interests of Columbia and JPMorgan and their respective executive officers, directors and employees in the merger by reading the definitive proxy statement regarding the merger.

Cautionary Note Regarding Forward Looking Statements

Certain statements in this Current Report on Form 8-K that are not historical fact may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Numerous risks, uncertainties and other factors may cause actual results to differ materially from those expressed in any forward-looking statements. These factors include, but are not limited to, (i) the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement; (ii) the outcome of any legal proceedings that may be instituted against Columbia and others following announcement of the merger agreement; (iii) the inability to complete the merger due to the failure to obtain stockholder approval or the failure to satisfy other conditions to completion of the merger; (iv) risks that the proposed transaction disrupts current plans and operations and the potential difficulties in employee retention as a result of the merger; (v) the ability to recognize the benefits of the merger; and (vi) the amount of the costs, fees, expenses and charges related to the merger. Although Columbia believes the expectations reflected in any forward-looking statements are based on reasonable assumptions, it can give no assurance that its expectations will be attained. For a further discussion of these and other factors that could impact Columbia s future results, performance, achievements or transactions, see the documents filed by Columbia from time to time with the SEC, and in particular the section titled Risk Factors in Columbia s Annual Report on Form 10-K for the year ended December 31, 2005 filed on March 31, 2006. Columbia undertakes no obligation to revise or update any forward-looking statements, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COLUMBIA EQUITY TRUST, INC.

Date: February 21, 2007

By: /s/ John A. Schissel
John A. Schissel
Executive Vice President, Chief Financial Officer, Secretary and Treasurer

EXHIBIT INDEX

Exhibit No.	Description
2.1	Amendment No. 1 to the Agreement and Plan of Merger among SSPF/CET Operating Company LLC, SSPF/CET OP Holding Company LLC, SSPF/CET OP Holding Company Subsidiary L.P., Columbia Equity, L.P. and Columbia Equity Trust, Inc. dated as of February21, 2007.
99.1	Press Release, dated February 20, 2007 of Columbia Equity Trust, Inc.

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Diluted average common shares
44,759

44,405

Earnings (loss) per common share:

Basic:

Continuing operations
0.63

(1.10
)

Discontinued operations

—

—

0.63

(1.10
)

Diluted:

Continuing operations
0.62

(1.10
)

Discontinued operations
—

—

0.62

(1.10
)

For the 13 weeks ended December 27, 2009 and December 28, 2008, we have 204,000 and 259,000 weighted average shares, respectively, subject to issuance under our stock option plan that have no intrinsic value and are not considered in the computation of diluted earnings per common share.

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9 STOCK OWNERSHIP PLANS

Stock Options

A summary of activity related to our stock option plan is as follows:

(Thousands of Dollars and Shares, Except Per Share Data)	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding, September 27, 2009	1,009	9.40		
Cancelled	(22)	35.99		
Outstanding, December 27, 2009	987	8.79	8.7	1,096
Exercisable, December 27, 2009	204	34.62	5.3	—

Total unrecognized compensation expense for unvested stock options as of December 27, 2009 is $1,010,000, which will be recognized over a weighted average period of 2.6 years.

Restricted Common Stock

The following table summarizes restricted Common Stock activity during the 13 weeks ended December 27, 2009:

(Thousands of Shares, Except Per Share Data)	Shares	Weighted Average Grant Date Fair Value
Outstanding, September 27, 2009	453	19.35
Vested	(142)	28.72
Forfeited	—	—
Outstanding, December 27, 2009	311	15.07

The fair value of restricted Common Stock vested during the 13 weeks ended December 27, 2009 totals $550,000.

Total unrecognized compensation expense for unvested restricted Common Stock as of December 27, 2009 is $1,471,000, which will be recognized over a weighted average period of less than one year.

10 FAIR VALUE MEASUREMENTS

We adopted FASB ASC Topic 820, Fair Value Measurements and Disclosures, in 2009. FASB ASC Topic 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. FASB ASC Topic 820 establishes a three-level hierarchy of fair value measurements based on whether the inputs to those measurements are observable or unobservable and consists of the following levels:

- Level 1 - Quoted prices for identical instruments in active markets;
- Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable in active markets; and
- Level 3 - Valuations derived from valuation techniques in which one or more significant inputs are unobservable.

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The following table summarizes the financial instruments measured at fair value in the accompanying Consolidated Financial Statements as of December 27, 2009:

(Thousands of Dollars)	Level 3	Total
Herald Value - liability (see Note 11)	2,300	2,300

In 2009, we reduced the carrying value of property and equipment no longer in use by $4,579,000, based on estimates of the related fair value in the current market.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate value. The carrying amounts of cash equivalents, accounts receivable, and accounts payable approximate fair value because of the short maturity of those instruments. Other investments, consisting of debt and equity securities in a deferred compensation trust, are carried at fair value based upon quoted market prices. Investments totaling $8,608,000, consisting primarily of our 17% ownership of the nonvoting common stock of TCT, are carried at cost. The fair value of floating rate debt cannot be determined as an active market for such debt does not exist. Our fixed rate debt consists of the $174,000,000 principal amount of Pulitzer Notes, as discussed more fully in Note 4, which is not traded on an active market and is held by a small group of Noteholders. Coupled with the volatility of substantially all domestic credit markets that exists, we are unable, as of December 27, 2009, to determine the fair value of such debt. The value, if determined, would likely be less than the carrying amount.

11 COMMITMENTS AND CONTINGENT LIABILITIES

Redemption of PD LLC Minority Interest

In 2000, Pulitzer and The Herald Company Inc. ("Herald Inc.") completed the transfer of their respective interests in the assets and operations of the St. Louis Post-Dispatch and certain related businesses to a new joint venture, known as PD LLC. Pulitzer is the managing member of PD LLC. Under the terms of the related Operating Agreement, Pulitzer and another subsidiary held a 95% interest in the results of operations of PD LLC and The Herald Publishing Company, LLC ("Herald"), as successor to Herald Inc., held a 5% interest. Until February 2009, Herald's 5% interest was reported as minority interest in the Consolidated Statements of Operations and Comprehensive Income (Loss) at historical cost, plus accumulated earnings since the acquisition of Pulitzer.

Also, under the terms of the Operating Agreement, Herald Inc. received on May 1, 2000 a cash distribution of $306,000,000 from PD LLC. This distribution was financed by the Pulitzer Notes. Pulitzer's investment in PD LLC was treated as a purchase for accounting purposes and a leveraged partnership for income tax purposes.

The Operating Agreement provided Herald a one-time right to require PD LLC to redeem Herald's interest in PD LLC, together with its interest, if any, in STL Distribution Services LLC ("DS LLC ") (the "2010 Redemption"). The 2010 Redemption price for Herald's interest was to be determined pursuant to a formula. We recorded the present value of the remaining amount of this potential liability in our Consolidated Balance Sheet in 2008, with the offset primarily to goodwill in the amount of $55,594,000, and the remainder recorded as a reduction of retained earnings. In 2009 and 2008, we accrued increases in the liability totaling $1,466,000 and $8,838,000, respectively, which increased loss available to common stockholders. The present value of the 2010 Redemption in February 2009 was approximately $73,602,000.

In February 2009, in conjunction with the Notes Amendment, PD LLC redeemed the 5% interest in PD LLC and DS LLC owned by Herald pursuant to a Redemption Agreement and adopted conforming amendments to the Operating Agreement. As a result, the value of Herald's former interest (the "Herald Value") will be settled, at a date determined by Herald between April 2013 and April 2015, based on a calculation of 10% of the fair market value of PD LLC and DS LLC at the time of settlement, less the balance, as adjusted, of the Pulitzer Notes or the equivalent successor debt, if any. We recorded a liability of $2,300,000 in 2009 as an estimate of the amount of the Herald Value to be disbursed. The actual amount of the Herald Value will depend on such variables as future cash flows and indebtedness of PD LLC and DS LLC, market valuations of newspaper properties and the timing of the request for redemption.

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The Redemption Agreement also terminated Herald's right to exercise its rights under the 2010 Redemption. As a result, we reversed substantially all of our liability for the 2010 Redemption in 2009. The reversal reduced liabilities by $71,302,000 and increased comprehensive income by $58,521,000 and stockholders' equity by $68,824,000.

The redemption of Herald's interest in PD LLC and DS LLC is expected to generate significant tax benefits to us as a consequence of the resulting increase in the tax basis of the assets owned by PD LLC and DS LLC and the related depreciation and amortization deductions. The increase in basis to be amortized for income tax purposes over a 15 year period beginning in February 2009 is approximately $258,000,000.

Pursuant to an Indemnity Agreement dated May 1, 2000 (the "Indemnity Agreement") between Herald Inc. and Pulitzer, Herald agreed to indemnify Pulitzer for any payments that Pulitzer may make under the Guaranty Agreement. The Indemnity Agreement and related obligations of Herald to indemnify Pulitzer were also terminated pursuant to the Redemption Agreement.

Legal Proceedings

We are involved in a variety of legal actions that arise in the normal course of business. Insurance coverage mitigates potential loss for certain of these matters. While we are unable to predict the ultimate outcome of these legal actions, it is our opinion that the disposition of these matters will not have a material adverse effect on our Consolidated Financial Statements, taken as a whole.

In 2008, a group of newspaper carriers filed suit against us in the United States District Court for the Southern District of California, claiming to be employees and not independent contractors of ours. The plaintiffs seek relief related to violation of various employment-based statutes, and request punitive damages and attorneys' fees. The suit is in the discovery stage and an initial decision by the judge regarding class certification is expected in 2010. At this time we are unable to predict whether the ultimate economic outcome, if any, could have a material effect on our Consolidated Financial Statements, taken as a whole. We deny the allegations of employee status, consistent with our past practices and industry practices, and intend to vigorously contest the action, which is not covered by insurance.

12 IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

In 2008, the FASB issued ASC Topic 805, Business Combinations, and ASC Topic 810, Consolidations. FASB ASC Topic 805 establishes requirements for how an acquirer in a business combination recognizes and measures the assets acquired, liabilities assumed, and any noncontrolling interests. For us, the provisions of FASB ASC Topic 805 are effective for business combinations occurring in 2010. FASB ASC Topic 810 will change the accounting and reporting for minority interests, which will be recharacterized as noncontrolling interests and classified as a component of stockholders' equity. FASB ASC Topic 810 is effective for us in 2010. The effect of FASB ASC Topic 805 is dependent on future transactions. FASB ASC Topic 810 did not materially affect our Consolidated Financial Statements.

In September 2009, the FASB issued Accounting Standards Update ("ASU") 2009-12, Fair Value Measurements and Disclosures - Investments in Certain Entities That Calculate Net Asset Value per Share. ASU 2009-12 allows companies that have investments that are within the scope of this ASU to use net asset value per share as a fair value measurement without further adjustment as a practical expedient. We adopted this standard, which applies to certain pension plan assets, in the 13 weeks ended December 27, 2009. The adoption did not have a material impact on the Consolidated Financial Statements.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion includes comments and analysis relating to our results of operations and financial condition as of and for the 13 weeks ended December 27, 2009. This discussion should be read in conjunction with the Consolidated Financial Statements and related Notes thereto, included herein, and our 2009 Annual Report on Form 10-K.

NON-GAAP FINANCIAL MEASURES

No non-GAAP financial measure should be considered as a substitute for any related financial measure under accounting principles generally accepted in the United States of America. However, we believe the use of non-GAAP financial measures provides meaningful supplemental information with which to evaluate our financial performance, or assist in forecasting and analyzing future periods. We also believe such non-GAAP financial measures are alternative indicators of performance used by investors, lenders, rating agencies and financial analysts to estimate the value of a publishing business or its ability to meet debt service requirements.

Operating Cash Flow and Operating Cash Flow Margin

Operating cash flow, which is defined as operating income before depreciation, amortization, impairment of goodwill and other assets, curtailment gains and equity in earnings of associated companies, and operating cash flow margin (operating cash flow divided by operating revenue) represent non-GAAP financial measures that are used in the analysis below. We believe these measures provide meaningful supplemental information because of their focus on results from operations excluding such non-cash factors.

Reconciliations of operating cash flow and operating cash flow margin to operating income (loss) and operating income (loss) margin, the most directly comparable measures under GAAP, are included in the table below:

	13 Weeks Ended			
(Thousands of Dollars)	December 27 2009	Percent of Revenue	December 28 2008	Percent of Revenue
Operating cash flow	53,135	25.3	53,130	21.8
Less depreciation and amortization	18,682	8.9	20,399	8.4
Less impairment of goodwill and other assets	—	—	70,045	NM

Plus curtailment gains	31,130	NM	—	—
Plus equity in earnings of associated companies	2,190	1.0	3,064	1.3
Operating income (loss)	67,773	32.3	(34,250)	(14.1)

Adjusted Net Income and Adjusted Earnings Per Common Share

Adjusted net income and adjusted earnings per common share, which are defined as income (loss) available to common stockholders and earnings (loss) per common share adjusted to exclude unusual matters and those of a substantially non-recurring nature, are non-GAAP financial measures that are used in the analysis below. We believe these measures provide meaningful supplemental information by identifying matters that are not indicative of core business operating results or are of a substantially non-recurring nature.

Reconciliations of adjusted net income and adjusted earnings per common share to income (loss) available to common stockholders and earnings (loss) per common share, respectively, the most directly comparable measures under GAAP, are set forth below under the caption "Overall Results".

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SAME PROPERTY COMPARISONS

Certain information below, as noted, is presented on a same property basis, which is exclusive of acquisitions and divestitures, if any, consummated in the current or prior year. We believe such comparisons provide meaningful supplemental information for an understanding of changes in our revenue and operating expenses. Same property comparisons exclude TNI and MNI. We own 50% of TNI and also own 50% of the capital stock of MNI, both of which are reported using the equity method of accounting. Same property comparisons also exclude corporate office costs.

CRITICAL ACCOUNTING POLICIES

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

Our critical accounting policies include the following:

- Goodwill and other intangible assets
- Pension, postretirement and postemployment benefit plans
- Income taxes
- Revenue recognition
- Uninsured risks

Additional information regarding these critical accounting policies can be found under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2009 Annual Report on Form 10-K and the Notes to Consolidated Financial Statements, included herein.

IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

In 2008, the FASB issued ASC Topic 805, Business Combinations, and ASC Topic 810, Consolidations. FASB ASC Topic 805 establishes requirements for how an acquirer in a business combination recognizes and measures the assets acquired, liabilities assumed, and any noncontrolling interests. For us, the provisions of FASB ASC Topic 805 are effective for business combinations occurring in 2010. FASB ASC Topic 810 will change the accounting and reporting for minority interests, which will be recharacterized as noncontrolling interests and classified as a component of stockholders' equity. FASB ASC Topic 810 is effective for us in 2010. The effect of FASB ASC Topic 805 is dependent on future transactions. FASB ASC Topic 810 did not materially affect our Consolidated Financial Statements.

In September 2009, the FASB issued Accounting Standards Update ("ASU") 2009-12, Fair Value Measurements and Disclosures - Investments in Certain Entities That Calculate Net Asset Value per Share. ASU 2009-12 allows companies that have investments that are within the scope of this ASU to use net asset value per share as a fair value measurement without further adjustment as a practical expedient. We adopted this standard, which applies to certain pension plan assets, in the 13 weeks ended December 27, 2009. The adoption did not have a material impact on the consolidated financial statements.

EXECUTIVE OVERVIEW

We are a premier provider of local news, information and advertising in primarily midsize markets, with 49 daily newspapers and a joint interest in four others, growing online sites and nearly 300 weekly newspapers and specialty publications in 23 states.

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We are focused on six key strategic priorities. They are to:

- Grow revenue creatively and rapidly;
- Deliver strong local news and information;
- Maximize local online strength;
- Continue expanding print and online audiences;
- Nurture employee development and achievement; and
- Exercise careful cost control.

Certain aspects of these priorities are discussed below.

Approximately 74% of our revenue is derived from advertising. Our strategies are to increase our share of local advertising through increased sales activities in our existing markets and, over time, to increase print and online audiences through internal expansion into existing and contiguous markets and enhancement of online offerings.

ECONOMIC CONDITIONS

According to the National Bureau of Economic Research, the United States economy entered a recession in the three months ended December 2007 and it is widely believed that certain elements of the economy, such as housing, were in decline before that time. 2009 and 2008 revenue, operating results and cash flows were significantly impacted by the recession. United States gross domestic product increased in the three months ended September 2009 and December 2009, potentially signaling the end of the current recession. Nonetheless, certain key economic indicators, such as unemployment, remain at recessionary levels. The duration and depth of an economic recession in markets in which we operate may further reduce our future advertising and circulation revenue, operating results and cash flows.

IMPAIRMENT OF GOODWILL AND OTHER ASSETS

Due primarily to the continuing, and (at the time) increasing difference between our stock price and the per share carrying value of our net assets, we analyzed the carrying value of our net assets as of December 28, 2008 and again as of March 29, 2009. Deterioration in our revenue and the overall recessionary operating environment for the Company and other publishing companies were also factors in the timing of the analyses.

As a result, in 2009 we recorded pretax, non-cash charges to reduce the carrying value of goodwill by $193,471,000. We also recorded pretax, non-cash charges of $14,055,000 and $33,848,000 to reduce the carrying value of nonamortized and amortizable intangible assets, respectively. $19,951,000 of additional pretax charges were recorded as a reduction in the carrying value of our investment in TNI. We also recorded additional, pretax non-cash charges of $4,579,000 to reduce the carrying value of property and equipment. We recorded $65,940,000 of deferred income tax benefit related to these charges.

For similar reasons, in 2008 we recorded pretax, non-cash charges to reduce the carrying value of goodwill by $908,977,000. We also recorded pretax, non-cash charges of $13,027,000 and $143,785,000 to reduce the carrying value of nonamortized and amortizable intangible assets, respectively. $104,478,000 of additional pretax charges were recorded as a reduction in the carrying value of our investment in TNI. We also recorded additional, pretax non-cash charges of $5,019,000 to reduce the carrying value of property and equipment. We recorded $281,564,000 of deferred income tax benefit related to these charges.

DEBT AND LIQUIDITY

As discussed more fully in Note 4 to the Consolidated Financial Statements, included herein, in February 2009, we completed a comprehensive restructuring of our Credit Agreement and a refinancing of our Pulitzer Notes debt, substantially enhancing our liquidity and operating flexibility until April 2012.

Our ability to operate as a going concern is dependent on our ability to remain in compliance with debt covenants and to refinance or amend our debt agreements as they become due, or earlier if available liquidity is consumed.

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13 WEEKS ENDED DECEMBER 27, 2009

Operating results, as reported in the Consolidated Financial Statements, are summarized below:

(Thousands of Dollars, Except Per Share Data)	13 Weeks Ended December 27 2009	December 28 2008	Percent Change
Advertising revenue:			
Retail	94,779	112,934	(16.1)
Classified:			
Daily newspapers:			
Employment	4,789	8,686	(44.9)
Automotive	6,405	8,643	(25.9)
Real estate	6,371	8,126	(21.6)
All other	11,179	10,046	11.3
Other publications	6,599	8,357	(21.0)
Total classified	35,343	43,858	(19.4)
Online	10,649	11,621	(8.4)
National	10,645	12,851	(17.2)
Niche publications	2,986	3,319	(10.0)
Total advertising revenue	154,402	184,583	(16.4)
Circulation	45,115	47,556	(5.1)
Commercial printing	2,931	3,469	(15.5)
Online services and other	7,390	7,947	(7.0)
Total operating revenue	209,838	243,555	(13.8)
Compensation	82,136	94,483	(13.1)
Newsprint and ink	12,693	25,154	(49.5)
Other operating expenses	61,477	69,950	(12.1)
Workforce adjustments	397	838	NM
	156,703	190,425	(17.7)
Operating cash flow	53,135	53,130	—
Depreciation and amortization	18,682	20,399	(8.4)
Impairment of goodwill and other assets	—	70,045	NM
Curtailment gains	31,130	—	NM
Equity in earnings of associated companies	2,190	3,064	(28.5)
Operating income (loss)	67,773	(34,250)	NM
Non-operating expense, net	21,745	18,737	16.1
Income (loss) from continuing operations before income taxes	46,028	(52,987)	NM
Income tax expense (benefit)	18,069	(5,524)	NM
Minority interest	52	170	NM
Income (loss) from continuing operations	27,907	(47,633)	NM
Discontinued operations, net	—	(5)	NM
Net income (loss)	27,907	(47,638)	NM
Increase in redeemable minority interest	—	1,039	NM
Income (loss) available to common stockholders	27,907	(48,677)	NM
Earnings (loss) per common share:			
Basic	0.63	(1.10)	
Diluted	0.62	(1.10)	

References to the 2010 Quarter refer to the 13 weeks ended December 27, 2009. Similarly, references to the 2009 Quarter refer to the 13 weeks ended December 28, 2008. Revenue, as reported, and same property revenue are the same as there were no acquisitions or divestitures in 2010 or 2009.

For the 2010 Quarter total operating revenue decreased $33,717,000, or 13.8%, compared to the 2009 Quarter. A small, but growing, number of our enterprises have begun to report positive year-over-year revenue. While still negative year-over-year, advertising revenue trends improved in each month of the 2010 Quarter from the 2009 Quarter. We expect the improving trend to continue in January and February 2010.

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Advertising Revenue

In the 2010 Quarter, advertising revenue decreased $30,181,000, or 16.4%. On a combined basis, print and online retail advertising decreased 15.0%. Print retail revenue decreased $18,155,000, or 16.1%, in the 2010 Quarter. A 13.4% decrease in daily newspaper retail advertising lineage contributed to the overall decrease. Average retail rates, excluding preprint insertions, decreased 11.1% in the 2010 Quarter. Retail preprint insertion revenue decreased 9.2%. Online retail advertising increased 5.0%, partially offsetting print declines.

The table below combines print and online advertising revenue and reclassifies certain print revenue reported as retail to classified based on the primary business of the advertiser:

(Thousands of Dollars)	13 Weeks Ended December 27 2009	December 28 2008	Percent Change	
Retail	98,255	115,622	(15.0	)
Classified:				
Employment	7,761	13,281	(41.6	)
Automotive	10,230	12,731	(19.6	)
Real estate	8,493	10,750	(21.0	)
Other	15,748	15,849	(0.6	)
Total classified revenue	42,232	52,611	(19.7	)

On a combined basis, print and online classified revenue decreased 19.7%. Print classified advertising revenue decreased 8,515,000, or 19.4%, in the 2010 Quarter. Higher rate print employment advertising in our daily newspapers decreased 44.9%, reflecting high unemployment nationally. Print automotive advertising decreased 25.9% amid an industry-wide decline. Print real estate advertising decreased 21.6% in a weak housing market nationally, which also negatively impacted the home improvement, furniture and home electronics categories of retail revenue. Other daily newspaper print classified advertising increased 11.3%. Classified advertising rates decreased 13.9%.

Advertising lineage, as reported for our daily newspapers only, consists of the following:

(Thousands of Inches)	13 Weeks Ended December 27 2009	December 28 2008	Percent Change	
Retail	2,860	3,303	(13.4	)
National	151	148	2.0	
Classified	2,708	2,969	(8.8	)

5,719	6,420	(10.9)

Online advertising revenue decreased 8.4% in the 2010 Quarter, due to a 21.8% decrease in online classified revenue, partially offset by a 5.0% increase in online retail revenue. Year-over-year total online advertising turned positive in the month of December 2009.

National advertising decreased $2,206,000, or 17.2%, due to a 2.0% increase in lineage offset by a 26.3% decrease in average national rate. Advertising in niche publications decreased 10.0%.

Despite declines in advertising revenue, our total advertising results have historically benchmarked favorably to industry averages reported by the Newspaper Association of America.

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Circulation and Other Revenue

Circulation revenue decreased $2,441,000, or 5.1%, in the 2010 Quarter. Our unaudited average daily newspaper circulation units, including TNI and MNI, decreased 6.4% and Sunday circulation decreased 4.4% for the 2010 Quarter, compared to the 2009 Quarter. Research in our larger markets indicates we are reaching an increasingly larger audience in these markets through the combination of stable newspaper readership and online growth.

Commercial printing revenue decreased $538,000, or 15.5%, in the 2010 Quarter. Online services and other revenue decreased $557,000, or 7.0%, in the 2010 Quarter.

Operating Expenses

Costs other than depreciation, amortization, impairment charges and other unusual costs (and cost reductions) decreased $33,281,000, or 17.6%, in the 2010 Quarter, and decreased $35,772,000, or 19.4%, on a same property basis.

Compensation expense decreased $12,347,000, or 13.1%, in the 2010 Quarter and same property compensation expense decreased 15.9%, driven by a decline in average full time equivalent employees of 13.6%. Bonus programs and certain other employee benefits were also substantially reduced, beginning in 2009.

Newsprint and ink costs decreased $12,461,000, or 49.5%, in the 2010 Quarter due to decreased usage from lower advertising, reduced page sizes and some reduction of content, as well as lower average unit prices. Costs decreased 50.4% on a same property basis and volume decreased 23.8%. See Item 3, "Commodities", included herein, for further discussion and analysis of the impact of newsprint on our business.

Other operating expenses, which are comprised of all operating costs not considered to be compensation, newsprint, depreciation, amortization, or unusual costs, decreased $8,473,000, or 12.1%, in the 2010 Quarter and decreased 12.6% on a same property basis. Most categories of such costs declined.

Reductions in staffing resulted in workforce adjustment costs totaling $397,000 and $838,000 in the 2010 Quarter and 2009 Quarter, respectively.

We are engaged in various efforts to continue to reduce our operating expenses in 2010 and beyond. We expect operating expenses, excluding depreciation, amortization and unusual costs (and cost reductions), to decline approximately 7.0% in the 13 weeks ending March 28, 2010 and 7.0% in 2010.

Results of Operations

As a result of the factors noted above, operating cash flow was flat in the 2010 Quarter compared to the 2009 Quarter. Operating cash flow margin increased to 25.3% from 21.8% in the 2009 Quarter reflecting a smaller percentage decrease in operating revenue than the decrease in operating expenses.

Depreciation expense decreased $934,000, or 11.3%, in the 2010 Quarter due to lower levels of capital spending in 2009 and 2008. Amortization expense decreased $783,000, or 6.5%, in the 2010 Quarter due to impairment charges in 2009 and 2008, which reduced the balances of amortizable intangible assets.

Due primarily to the continuing and (at the time) increasing difference between our stock price and the per share carrying value of our net assets, we analyzed the carrying value of our net assets as of December 28, 2008 and again as of March 29, 2009. Deterioration in our revenue and the overall recessionary operating environment for us and other publishing companies were also factors in the timing of the analyses.

As a result, we recorded pretax, non-cash charges to reduce the carrying value of goodwill, nonamortized and amortizable intangible assets in the 13 weeks ended December 28, 2008 and March 29, 2009. Additional pretax, non-cash charges were recorded to reduce the carrying value of TNI. We also recorded pretax, non-cash charges to reduce the carrying value of property and equipment. We recorded deferred income tax benefits related to these charges.

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Because of the timing of the determination of impairment and complexity of the calculations required, the amounts recorded in the 13 weeks ended March 29, 2009 were preliminary. The final analysis, which was completed in the 13 weeks ended June 28, 2009, resulted in additional pretax, non-cash charges.

2009 impairment charges and the related income tax benefit are summarized as follows:

(Thousands of Dollars)	13 Weeks Ended December 28 2008	March 29 2009	June 28 2009	September 27 2009	Total
Goodwill	67,781	107,115	18,575	—	193,471
Mastheads	—	17,884	(3,829)	—	14,055
Customer and newspaper subscriber lists	—	18,928	14,920	—	33,848
Property and equipment	2,264	935	—	1,380	4,579
	70,045	144,862	29,666	1,380	245,953
Reduction in investment in TNI	—	9,951	10,000	—	19,951
Income tax benefit	(14,261)	(39,470)	(11,720)	(489)	(65,940)
	55,784	115,343	27,946	891	199,964

In December 2009, we notified certain participants in our postretirement medical plans of changes to be made to the plans, including increases in participant premium cost sharing and elimination of coverage for certain participants. The changes resulted in non-cash curtailment gains of $31,130,000, are expected to reduce 2010 net periodic postretirement medical cost by approximately $1,500,000 beginning in the 13 weeks ending March 28, 2010, and reduced the benefit obligation at December 27, 2009 by approximately $31,000,000.

Equity in earnings in associated companies decreased $874,000, or 28.5%, in the 2010 Quarter. Operations of these businesses were similarly impacted by economic conditions. In May 2009, Citizen discontinued print publication of the Tucson Citizen. The change resulted in workforce adjustment and transition costs of approximately $1,925,000 of which $1,093,000 was incurred directly by TNI.

The factors noted above resulted in operating income of $67,773,000 in the 2010 Quarter and an operating loss of $34,250,000 in the 2009 Quarter.

Nonoperating Income and Expense

Financial expense increased $1,718,000, or 9.5%, to $19,804,000 in the 2010 Quarter due primarily to termination of an interest rate swap. Our weighted average borrowing cost was 5.82% at the end of the 2010 Quarter compared to 5.79% at the end of the 2009 Quarter.

As more fully discussed in Note 4 of the Notes to Consolidated Financial Statements, included herein, amendments to our Credit Agreement consummated in 2009 increased financial expense in 2009 in relation to LIBOR. We are now subject to minimum LIBOR levels, which are currently in excess of actual LIBOR. The maximum rate has been increased to LIBOR plus 450 basis points, and we could also be subject to additional non-cash payment-in-kind interest if leverage increases above specified levels. At the December 2009 leverage level, our debt under the Credit Agreement will be priced at the applicable LIBOR minimum plus 300 basis points and no payment-in-kind interest will be incurred. The interest rate on the Pulitzer Notes increased 1% to 9.05% in February 2009, until April 2010. The interest rate will increase by 0.5% per year thereafter.

Overall Results

We recognized income tax expense of 39.3% of income from continuing operations before income taxes in the 2010 Quarter and income tax benefit of 10.4% of loss from continuing operations before income taxes in the 2009 Quarter. In the 2010 Quarter, no change to the valuation allowance for deferred tax assets was required. The valuation allowance increased $1,152,000 in the 2009 Quarter.

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As more fully discussed in Note 11 to the Notes to Consolidated Financial Statements, included herein, the Operating Agreement provided Herald a one-time right to require PD LLC to redeem its interest in PD LLC, together with its interest, if any, in DS LLC (the 2010 Redemption). The 2010 Redemption price for Herald's interest was to be determined pursuant to a formula. We recorded the present value of the remaining amount of this potential liability in our Consolidated Balance Sheet in 2008. In 2009, we accrued increases in the liability totaling $1,466,000, which increased loss available to common stockholders. The present value of the 2010 Redemption in February 2009, was approximately $73,602,000.

In February 2009, in conjunction with the Notes Amendment, PD LLC redeemed the 5% interest in PD LLC and DS LLC owned by Herald pursuant to a Redemption Agreement and adopted conforming amendments to the Operating Agreement. As a result, the value of Herald's former interest (the Herald Value) will be settled, at a date determined by Herald between April 2013 and April 2015, based on a calculation of 10% of the fair market value of PD LLC and DS LLC at the time of settlement, less the balance, as adjusted, of the Pulitzer Notes or the equivalent successor debt, if any. We recorded a liability of $2,300,000 in February 2009 as an estimate of the amount of the Herald Value to be disbursed. The actual amount of the Herald Value will depend on such variables as future cash flows and indebtedness of PD LLC and DS LLC, market valuations of newspaper properties and the timing of the request for redemption.

The Redemption Agreement also terminated Herald's right to exercise its rights under the 2010 Redemption. As a result, in February 2009 we reversed substantially all of our liability related to the 2010 Redemption. The reversal reduced liabilities by $71,302,000 and increased comprehensive income by $58,521,000 and stockholders' equity by $68,824,000.

As a result of the factors noted above, income available to common stockholders totaled $27,907,000 in the 2010 Quarter compared to a loss available to common stockholders of $48,677,000 in the 2009 Quarter. We recorded earnings per diluted common share of $0.62 in the 2010 Quarter and a loss per diluted common share of $1.10 in the 2009 Quarter. Excluding unusual costs (and cost reductions), as detailed in the table below, diluted earnings per common share, as adjusted, were $0.25 in the 2010 Quarter, compared to $0.24 in the 2009 Quarter. Per share amounts may not add due to rounding.

	13 Weeks Ended			
	December 27 2009		December 28 2008	
(Thousands of Dollars, Except Per Share Data)	Amount	Per Share	Amount	Per Share
Income (loss) available to common stockholders, as reported	27,907	0.62	(48,677)	(1.10)
Adjustments:			—	
Impairment of goodwill and other assets, including TNI	—		70,045	
Curtailment gains	(31,130)		—	
Debt financing costs	1,995		1,922	
Other, net	789		222	
	(28,346)		72,189	
Income tax effect of adjustments, net, other unusual tax items, and impact on minority interest	11,789		(13,869)	
	(16,557)	(0.37)	58,320	1.31
Income available to common stockholders, as adjusted	11,350	0.25	9,643	0.22
Change in redeemable minority interest liability	—	—	1,039	0.02
Net income, as adjusted	11,350	0.25	10,682	0.24

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LIQUIDITY AND CAPITAL RESOURCES

Operating Activities

Cash provided by operating activities of continuing operations was $12,923,000 in the 2010 Quarter and $813,000 in the 2009 Quarter. Operating income substantially improved in the 2010 Quarter. Depreciation and amortization decreased as discussed under "Results of Operations" above. In the 2010 Quarter, we also recognized non-cash curtailment gains of $31,130,000. Operating losses in the 2009 Quarter were caused primarily by non-cash charges for impairment of goodwill and other assets, net of the related deferred income tax benefit. The net change in all of the aforementioned factors accounted for the majority of the increase in cash provided between periods. Changes in deferred income taxes, operating assets and liabilities and the timing of income tax payments accounted for the bulk of the remainder of the change in cash provided in both periods.

Investing Activities

Cash required for investing activities totaled $2,903,000 in the 2010 Quarter and $6,899,000 in the 2009 Quarter. Capital spending totaled $3,254,000 in the 2010 Quarter and $5,301,000 in the 2009 Quarter and accounted for substantially all of the net usage of funds in both periods.

We anticipate that funds necessary for capital expenditures, which are expected to total between $11,000,000 and $13,000,000 in 2010, and other requirements, will be available from internally generated funds, or availability under our existing Credit Agreement. The 2009 Amendments, as more fully discussed in Note 4 to the Consolidated Financial Statements, included herein, limit capital expenditures to $29,300,000 in 2010.

Financing Activities

Cash required for financing activities totaled $7,331,000 in the 2010 Quarter. Cash provided was $8,809,000 in the 2009 Quarter. Debt reduction accounted for the majority of the usage of funds in the 2010 Quarter. Increased borrowing was the primary source of funds in the 2009 Quarter. The final quarterly dividend declared in 2008 was paid in the 2009 Quarter, as were certain financing costs related to the 2009 Amendments.

The 2009 Amendments require us to suspend stockholder dividends and share repurchases through April 2012.

Liquidity

We expect to utilize a portion of our capacity under our revolving credit facility to fund part of 2010 principal payments required under the Credit Agreement. At December 27, 2009, we had $305,250,000 outstanding under the revolving credit facility, and after consideration of the 2009 Amendments and letters of credit, have approximately $52,829,000 available for future use. Including cash and restricted cash, our liquidity at December 27, 2009 totals $72,800,000. This liquidity amount excludes any future cash flows. Remaining mandatory principal payments on debt in 2010 total $53,000,000. We expect all 2010 interest payments and a substantial amount of principal payments due in 2010 will be satisfied by our continuing cash flows.

Our ability to operate as a going concern is dependent on our ability to remain in compliance with debt covenants and to refinance or amend our debt agreements as they become due, or earlier if available liquidity is consumed. We are in compliance with our debt covenants at December 27, 2009.

There are numerous potential consequences under the Credit Agreement, and Guaranty Agreement and Note Agreement related to the Pulitzer Notes, if an event of default, as defined, occurs and is not remedied. Many of those consequences are beyond our control, and the control of Pulitzer, and PD LLC, respectively. The occurrence of one or more events of default would give rise to the right of the Lenders or the Noteholders, or both of them, to exercise their remedies under the Credit Agreement and the Note and Guaranty Agreements, respectively, including, without limitation, the right to accelerate all outstanding debt and take actions authorized in such circumstances under applicable collateral security documents.

The 2010 Redemption, as discussed more fully in Note 11 to the Consolidated Financial Statements, included herein, eliminated the potential requirement for a substantial cash outflow in April 2010. This event also substantially enhanced our liquidity.

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INFLATION

The United States Congress is considering comprehensive health insurance reform legislation that may increase our future health care costs. Price increases (or decreases) for our products are implemented when deemed appropriate by us. We continuously evaluate price increases, productivity improvements, sourcing efficiencies and other cost reductions to mitigate the impact of inflation. Energy costs have become more volatile, and may increase in the future as a result of carbon emissions legislation currently under consideration in the United States Congress or under regulations being developed by the United States Environmental Protection Agency.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk stemming from changes in interest rates and commodity prices. Changes in these factors could cause fluctuations in earnings and cash flows. In the normal course of business, exposure to certain of these market risks is managed as described below.

INTEREST RATES

Restricted Cash and Investments

Interest rate risk in our restricted cash and investments is managed by investing only in short-term securities. Only U.S. Government and related securities are permitted.

Debt

Our debt structure and interest rate risk are managed through the use of fixed and floating rate debt. Our primary exposure is to LIBOR. A 100 basis point increase or decrease to LIBOR would, in theory, decrease or increase, respectively, income from continuing operations before income taxes on an annualized basis by approximately $9,872,000, based on $987,169,000 of floating rate debt outstanding at December 27, 2009.

Our debt under the Credit Agreement is subject to minimum interest rate levels of 1.25%, 2.0% and 2.5% for borrowings for one month, three month and six month periods, respectively. At December 27, 2009, all of our outstanding debt under the Credit Agreement is based on one month borrowing. Based on the difference between interest rates at the end of January 2010 and our minimum rate for one month borrowing, 30 day LIBOR would need to increase approximately 100 basis points before our borrowing cost would begin to be impacted by an increase in interest rates.

As of November 30, 2009, the full amount of the outstanding balance under the Credit Agreement became subject to floating interest rates, as all interest rate swaps and collars expired or were terminated at or prior to that date. We regularly evaluate alternatives to hedge the related interest rate risk.

Certain of our interest-earning assets, including those in employee benefit plans, also function as a natural hedge against fluctuations in interest rates on debt.

COMMODITIES

Certain materials used by us are exposed to commodity price changes. We manage this risk through instruments such as purchase orders and non-cancelable supply contracts. We are a participant in a buying cooperative with other publishing companies, primarily for acquisition of newsprint. We are also involved in continuing programs to mitigate the impact of cost increases through identification of sourcing and operating efficiencies. Primary commodity price exposures are newsprint and, to a lesser extent, ink and energy costs.

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Significant declines in North American newsprint demand led to an approximate 45% price decline between December 2008 and August 2009. 2009 declines in newsprint demand were driven by the recessionary pressures on print advertising as well as noteworthy newsprint conservation programs, particularly newspaper page size reductions, initiated in 2008. The 2009 demand decline outpaced the North American newsprint suppliers' ability to reduce newsprint production, which led to excess inventories at both the producer and publisher levels. Most newsprint producers reported late summer 2009 transaction selling prices to be below cash operating costs. This operating loss position, along with the move of the largest North American newsprint producer, AbitibiBowater Inc., to seek financial reorganization, has sparked several consecutive monthly price increase announcements, beginning in September 2009, certain of which have since been delayed or rescinded. Some North American newsprint producers have removed production capacity on a permanent basis in addition to idling excess capacity on an indefinite, but temporary basis, in an effort to balance capacity with current demand trends and support the announced price increases and their return to a positive cash flow position. The final extent of changes in price, if any, is subject to negotiation between newsprint producers and us.

A $10 per tonne price increase for 30 pound newsprint would result in an annualized reduction in income before income taxes of approximately $981,000 based on anticipated consumption in 2010, excluding consumption of MNI and TNI and the impact of LIFO accounting. Such prices may also decrease. We substantially increased our supply of newsprint in 2009, which may help to mitigate the impact of future price increases.

SENSITIVITY TO CHANGES IN VALUE

Our fixed rate debt consists of the Pulitzer Notes, which are not traded on an active market and are held by a small group of Noteholders. Coupled with the volatility of substantially all domestic credit markets that exists we are unable, as of December 27, 2009, to measure the maximum potential impact on fair value of fixed rate debt from adverse changes in market interest rates under normal market conditions. The change in value, if determined, would likely be significant.

Item 4. Controls and Procedures

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Under the supervision of our chief executive officer and chief financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of the end of the period covered by this Quarterly Report on Form 10-Q (the "Evaluation Date"). Based on this evaluation, our chief executive officer and chief financial officer concluded as of the Evaluation Date that our disclosure controls and procedures were effective such that the information relating to the Company, including its consolidated subsidiaries, required to be disclosed in our Securities and Exchange Commission ("SEC") reports (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (ii) is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in our internal control over financial reporting that occurred during the 13 weeks ended December 27, 2009 that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings

We are involved in a variety of legal actions that arise in the normal course of business. Insurance coverage mitigates potential loss for certain of these matters. While we are unable to predict the ultimate outcome of these legal actions, it is our opinion that the disposition of these matters will not have a material adverse effect on our Consolidated Financial Statements, taken as a whole.

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In 2008, a group of newspaper carriers filed suit against us in the United States District Court for the Southern District of California, claiming to be employees and not independent contractors of ours. The plaintiffs seek relief related to violation of various employment-based statutes, and request punitive damages and attorneys' fees. The suit is in the discovery stage and an initial decision by the judge regarding class certification is expected in 2010. At this time we are unable to predict whether the ultimate economic outcome, if any, could have a material effect on our Consolidated Financial Statements, taken as a whole. We deny the allegations of employee status, consistent with our past practices and industry practices and intend to vigorously contest the action, which is not covered by insurance.

Item 2(c). Issuer Purchases of Equity Securities

During the 13 weeks ended December 27, 2009, we purchased shares of Common Stock, as noted in the table below, in transactions with participants in our 1990 Long-Term Incentive Plan. The transactions resulted from the withholding of shares to pay the exercise price for taxes related to the vesting of restricted Common Stock.

Month(s)	Shares Purchased	Average Price Per Share
November and December	44,961	3.87

Item 6. Exhibits

Number Description

10.1	Amended and Restated Management Agreement, dated as of November 30, 2009, between Star Publishing Company and Citizen Publishing Company
10.2	Amended and Restated Partnership Agreement, dated as of November 30, 2009, between Star Publishing Company and Citizen Publishing Company
10.3	License Agreement (Star), as amended and restated November 30, 2009, between Star Publishing Company and TNI Partners
10.4	License Agreement (Citizen), as amended and restated November 30, 2009, between Citizen Publishing Company and TNI Partners
31.1	Rule 13a-14(a)/15d-14(a) certification
31.2	Rule 13a-14(a)/15d-14(a) certification
32	Section 1350 certification

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LEE ENTERPRISES, INCORPORATED

/s/ Carl G. Schmidt	February 10, 2010

Carl G. Schmidt
Vice President, Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

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