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The E. W. Scripps Company Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator instructions) And we'll go to the line of Alexia Quadrani from JP Morgan. Please go ahead.

Alexia Quadrani – JP Morgan

Thank you. A couple of questions. First, could you let us know what cost do you think might be involved in closing the Rocky Mountain News if its sale wasn't achieved? And second, I guess putting the Denver property aside, if you are just looking across your other portfolio of the newspaper side of your business, are there some profits that are really trending well below average that you have the opportunity to sell or close, or the rest of the property is pretty much sort of trending in line with the rest of the business?

Rich Boehne

Good morning, Alexia. It's Rich. On Denver, we're probably not far enough along to give you an exact number of what it would cost to shut down or exit the market. One of the reasons for that is it's not clear to us as we sit here today which way we might go and what our method of exit might be. So it's probably just a little bit premature, but I can tell you it's not a number that would materially change our plans at this point. And then, Mark, go ahead.

Mark Contreras

On the property-by-property review, Alexia, as you know, this is a unique environment in trying to assess valuations for newspapers. And we are working hard to make sure that every newspaper on a standalone basis is financially viable. Obviously, the trends that are affecting metro papers are affecting our metro papers, but even our small markets are – and I think small markets around the country everywhere experiencing classified softness. So I mean, we are very, very focused on making sure that each and every market as an entity is financially viable. And that's one of the reasons for the steps that we took on the expense savings because that will give us some added breathing room as we go through '09.

Alexia Quadrani – JP Morgan

And then staying on newspapers for a second, I guess what is your view on newsprint pricing for '09 and if you could remind us your LIFO or FIFO in terms of accounting?

Tim Stautberg

Alexia, it's Tim. I think we are FIFO at this stage, yes.

Mark Contreras

And our view is that we are operating in an environment in the fourth quarter where – actually all of last year where we went up either single or double digits every single quarter. And we are now at historically high rates. Our anticipation for '09 is that we see some softening of that, but still on a year-over-year basis, we are probably going to be up for the next quarter or two and then see a softening as we go through the year. Is that right? And I think you will hear a similar refrain across the industry as consumption because of circulation copies and classified lineage continues to diminish.

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