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The McClatchy Company Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) The first question comes from the line of Alexia Quadrani – JP Morgan.

Alexia Quadrani - JP Morgan

Could you just give us an update on where you are on the Miami land sale?

Gary Pruitt

Sure, I would be happy to. The Miami land sale is in the same position it was last quarter. That is, we hope that it will close in 2009 and if it does not then we will keep the down payment we have received to date and we will remarket the land. But we are hopeful that it will close and the buyer is confident that it will close.

Operator

The next question comes from Craig Huber - Barclays Capital.

Craig Huber - Barclays Capital

Can you just discuss concerning your labor costs how much we have not seen of the cost savings you put in place in the first quarter? How much is left that can help you in the second part of the year? If you could, just talk about the delisting of your stock potentially from NYSE.

Gary Pruitt

Handling the second part of that question first, we have received a notice from the New York Stock Exchange that we have tripped a couple of wires related to their delisting requirements. We do have a cure period of at least six months and we do not expect to be delisted. We expect that we will be able to cure and are working with the New York Stock Exchange in that regard. In any case, no delisting is imminent.

Then as far as the expense cuts go we have had rolling initiatives on costs including the compensation area. Many of those costs have not been fully realized yet but we will be rolling over in the end of the second quarter initiatives that we had initiated last year. So we expect that our expense performance will improve but we don't have detailed projections we are willing to share today.

Operator

The next question comes from Scott [Marcotikus] – Goldman Sachs.

Scott [Marcotikus] – Goldman Sachs

My first question relates to the bank covenant at seven times. It looks likely to be tripped at some point in the second half of the year. I'm just wondering what measure you can take to perhaps appease the banks to grant a waiver on that facility? You mentioned with regard to the bank debt the average rate on that is around 4%. I am wondering if you are in the midst of renegotiating your credit facility at some point as those interest rates are going to probably be dramatically higher. Can you comment on what you are forecasting for the second half of the year as far as interest expense?

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