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A Diversified Media And Communications Company

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# Journal Communications Reports Fourth Quarter and Full Year 2009 Results

MILWAUKEE, WI – February 11, 2010 – Journal Communications, Inc. (NYSE:JRN) today announced results for its fourth quarter and full year ended December 27, 2009.

"In a year where revenue has been challenged, we closed 2009 with our strongest quarter. We showed sequential improvements in revenue comparisons throughout the quarter, including an improving automotive category," said Steven J. Smith, Chairman and Chief Executive Officer of Journal Communications. "This revenue performance, together with significant, and in many cases permanent reductions in our cost structure, resulted in increased operating margins and net earnings for the quarter.

"Our focused financial discipline allowed us to generate nearly $77 million in cash from operations for the year. We reduced debt by more than $20 million in the quarter and $63 million for the year, enhancing our financial flexibility.

"As we move into the first quarter of 2010, we expect revenue comparisons to continue to improve, helped by Olympic and political advertising. We will remain diligent on cost controls and will continue to execute our local market business strategy in order to position Journal for a return to top line growth."

**Fourth Quarter 2009 Results**
Note that unless otherwise indicated, all comparisons are to the fourth quarter ended December 28, 2008.

For the fourth quarter, revenue of $112.2 million decreased 16.4% compared to $134.3 million. Operating earnings of $15.4 million included a $1.2 million non-cash impairment charge for broadcast licenses and a $1.0 million charge for workforce reductions in the quarter. Excluding these two items and a $336.3 million non-cash impairment charge for goodwill and broadcast licenses and a $1.1 million charge for workforce reductions, both in the fourth quarter last year, operating earnings of $17.6 million compared to $12.6 million, an increase of 40.4%. Net earnings were $7.2 million compared to a net loss of $223.0 million.

In the fourth quarter 2009, basic and diluted net earnings per share of class A and B common stock were $0.12 for both. Excluding the impact of the $0.6 million after-tax non-cash impairment charge and $0.5 million after-tax charge for workforce reductions, basic and diluted net earnings per share of class A and B common stock were $0.14 for both. This compared to basic and diluted net loss per share of $4.46 for both in 2008. Excluding the impact of the $228.7 million after-tax non-cash impairment charge and the $0.7 million after-tax workforce reduction charge in 2008, basic and diluted net earnings per share of class A and B common stock were $0.12 for both in 2008.

EBITDA (net earnings (loss) excluding the gain/loss from discontinued operations, net; total other expense, net; provision (benefit) for income taxes; depreciation; amortization; and non-cash impairment charges) of $23.8 million increased 26.4% compared to $18.8 million.

The operating margin was 13.8% this year. Excluding the charges for non-cash impairment and workforce reductions this year and last year, the operating margin was 15.7% compared to 9.3%. The operating margin improvement is a result of significant cost reduction efforts throughout the year.

**Full Year 2009 Results**
Note that unless otherwise indicated, all comparisons are to the full year ended December 28, 2008.

For the full year, revenue of $433.6 million decreased 20.4% compared to $544.9 million. Operating earnings of $8.5 million included a $20.1 million non-cash impairment charge for broadcast licenses and a $6.4 million charge for workforce reductions in the year. Excluding these two items and a $375.1 million non-cash impairment charge for goodwill and broadcast licenses and a $5.3 million charge for workforce reductions, both last year, operating earnings of $35.1 million compared to $57.7 million, a decrease of 39.2%. Net earnings were $4.3 million compared to a net loss of $224.4 million.

For the full year 2009, basic and diluted net earnings per share of class A and B common stock were $0.05 for both. Excluding the impact of the $10.4 million after-tax non-cash impairment charge and $3.6 million after-tax charge for workforce reductions, basic and diluted net earnings per share of class A and B common stock were $0.30 for both. This compared to basic and diluted net loss per share from continuing operations of $4.37 for both in 2008. Excluding the impact of the $253.0 million after-tax non-cash impairment charge and the $3.2 million after-tax workforce reduction charge in 2008, basic and diluted net earnings from continuing operations per share of class A and B common stock were $0.55 for both in 2008.

EBITDA (net earnings (loss) excluding the gain/loss from discontinued operations, net; total other expense, net; provision (benefit) for income taxes; depreciation; amortization; and non-cash impairment charges) of $57.2 million decreased 30.1% compared to $81.8 million.

The operating margin was 2.0% this year. Excluding the charges for non-cash impairment and workforce reductions this year and last year, the operating margin was 8.1% compared to 10.6%.

**Consolidated and Segment Results**

The following table presents our total revenue and operating earnings (loss) by segment for the fourth quarter and full year of 2009 and 2008:

| | 4Q, 2009 | 4Q, 2008 | % Change | 2009 | 2008 | % Change |
|---|---|---|---|---|---|---|
| **Revenue:** | | | | | | |
| Publishing | $50.2 | $60.0 | (16.4) | $194.2 | $242.0 | (19.7) |
| Broadcasting | 46.1 | 53.1 | (13.3) | 171.5 | 209.9 | (18.3) |
| Printing services | 11.6 | 15.8 | (26.4) | 48.2 | 65.2 | (26.0) |
| Other | 4.4 | 5.4 | (19.3) | 19.6 | 27.8 | (29.5) |
| **Total Revenue** | **$112.2** | **$134.3** | **(16.4)** | **$433.6** | **$544.9** | **(20.4)** |
| | | | | | | |
| **Operating earnings (loss):** | | | | | | |
| Publishing | $7.8 | $(13.9) | N/A | $10.2 | $(2.8) | N/A |
| Broadcasting | 8.1 | (310.4) | N/A | (0.1) | (322.7) | N/A |
| Printing services | 0.8 | -- | N/A | (0.3) | 2.4 | N/A |
| Other | (1.3) | (0.6) | N/A | (1.2) | 0.4 | N/A |
| **Total operating earnings (loss)** | **$15.4** | **$(324.9)** | N/A | **$8.5** | **$(322.7)** | N/A |
| | | | | | | |
| **Goodwill and broadcast license impairment** | **$1.2** | **$336.3** | | **$20.1** | **$375.1** | |

Overall for the fourth quarter, total operating expenses of $96.8 million decreased 78.9% compared to $459.2 million. Excluding the non-cash impairment charges and workforce reduction charges in the fourth quarter of 2009 and 2008, total operating expenses were $94.6 million compared to $121.8 million, a reduction of 22.3%.

For the full year, total operating expenses of $425.1 million decreased 51.0% compared to $867.6 million. Excluding the charges for non-cash impairment and workforce reductions in 2009 and 2008, total operating expenses were $398.5 million compared to $487.2 million, a reduction of 18.2% primarily driven by workforce reduction initiatives, employee benefit reductions and wage reductions implemented early in 2009 and reduced expenses related to revenue declines.

**Publishing**

For the fourth quarter, publishing revenue decreased 16.4% to $50.2 million compared to $60.0 million, largely due to continued weakness in all advertising categories. Operating earnings from publishing were $7.8 million, including a $0.8 million charge for workforce reductions, compared to an operating loss of $13.9 million. Excluding the charges for workforce reductions in both years and the non-cash impairment charge last year, operating earnings were $8.6 million compared to $3.6 million, an increase of 140.9%. Total newsprint expense in publishing was $3.8 million compared to $6.5 million, a 41.5% decrease due to a reduction in the price per ton of newsprint and reduced consumption.

Revenue at the daily newspaper for the fourth quarter decreased 15.7% to $42.2 million compared to $50.0 million. Classified advertising revenue decreased 35.4% largely due to decreases in the employment, automotive and real estate advertising categories. Retail advertising revenue decreased 17.2%. Interactive advertising revenue at the daily newspaper decreased 26.6% to $2.6 million compared to $3.6 million, primarily due to a decline in the pricing model for automotive online classified advertising and an overall decline in employment online classified advertising. Operating earnings from the daily newspaper were $7.3 million compared to an operating loss of $0.4 million. Excluding the charges for workforce reductions in both quarters and the non-cash impairment charge last year, operating earnings were $8.0 million compared to $3.2 million. Daily newspaper operating expenses were down 27.0%, excluding the charges for non-cash impairment and workforce reductions, primarily due to the reduction in employee related costs and newsprint expense, other cost reduction initiatives and reduced expenses related to revenue declines. The charges for workforce reductions were $0.7 million and $0.8 million in the fourth quarter 2009 and 2008, respectively.

Community newspapers and shoppers revenue for the fourth quarter decreased 19.8% to $8.0 million compared to $10.0 million. The decrease was primarily due to declines in automotive and real estate retail and classified advertising revenue. Operating earnings from community newspapers and shoppers were $0.5 million compared to an operating loss of $13.5 million. Excluding the non-cash impairment charge last year, operating earnings were $0.3 million. Operating expenses were down 23.0%, excluding the non-cash impairment charge, primarily due to cost savings from previous workforce reductions and production efficiency initiatives, a decrease in newsprint expense and reduced expenses related to revenue declines.

For the full year, publishing revenue decreased 19.7% to $194.2 million compared to $242.0 million, largely due to continued weakness in all advertising categories. Operating earnings from publishing were $10.2 million, including a $5.4 million charge for workforce reductions, compared to an operating loss of $2.8 million. Excluding the charges for workforce reductions in both years and the non-cash impairment charge last year, operating earnings were $15.6 million compared to $18.5 million, a decrease of 15.8%. Total newsprint expense in publishing was $16.0 million compared to $24.8 million, a 35.4% decrease due to reduced consumption and a reduction in the price per ton of newsprint.

Revenue at the daily newspaper for the full year decreased 21.3% to $160.1 million compared to $203.4 million. Classified advertising revenue decreased 48.8% largely due to decreases in the employment, automotive and real estate advertising categories while retail advertising revenue decreased 21.0%. Interactive advertising revenue at the daily newspaper decreased 35.5% to $9.5 million compared to $14.7 million, primarily due to a decline in the pricing model for automotive online classified advertising and an overall decline in employment online classified advertising. Operating earnings from the daily newspaper were $8.9 million compared to $10.5 million. Excluding the charges for workforce reductions in both years and the non-cash impairment charge last year, operating earnings were $14.1 million compared to $17.9 million, a decrease of 21.0%. Daily newspaper operating expenses were down 21.3%, excluding the charges for non-cash impairment and workforce reductions, primarily due to the reduction in employee related costs and newsprint expense, other cost reduction initiatives and reduced expenses related to revenue declines. The charges for workforce reductions were $5.3 million and $4.5 million in 2009 and 2008, respectively.

Community newspapers and shoppers revenue for the full year decreased 11.6% to $34.1 million compared to $38.6 million. The decrease was primarily due to declines in automotive and real estate retail and classified advertising revenue partially offset by revenue of $3.4 million from publications acquired during 2008. Operating earnings from community newspapers and shoppers were $1.3 million compared to an operating loss of $13.2 million. Excluding the charges for non-cash impairment and workforce reductions last year, operating earnings were $0.6 million. Operating expenses were down 14.0%, excluding these charges, primarily due to cost savings from previous workforce reductions and production efficiency initiatives and a decrease in newsprint expense partially offset by expenses related to acquisitions during 2008.

**Broadcasting**

For the fourth quarter, broadcasting revenue decreased 13.3% to $46.1 million compared to $53.1 million. Local advertising revenue decreased 5.4% and national advertising revenue decreased 3.8%. Total broadcast political and issue advertising revenue was $1.5 million compared to $6.7 million. Retransmission revenue was $1.0 million compared to $0.5 million. Broadcasting operating earnings were $8.1 million compared to an operating loss of $310.4 million. Excluding charges for non-cash impairment for goodwill and broadcast licenses of $1.2 million and $319.6 million in the fourth quarter of 2009 and 2008, respectively, a $0.5 million increase in the gain related to insurance proceeds from our Wichita tower replacement in 2009 and workforce reductions of $0.2 million and $0.1 million in the fourth quarter of 2009 and 2008, respectively, operating earnings were $8.9 million compared to $9.2 million, a decrease of 3.5%.

Revenue from television stations for the fourth quarter decreased 15.2% to $28.3 million compared to $33.4 million. Television political and issue advertising revenue was $1.4 million compared to $6.1 million. Operating earnings were $3.7 million compared to an operating loss of $51.9 million. Adjusted operating earnings, as reported in the Broadcasting Segment Information table, were $4.8 million compared to $4.9 million. Television operating expenses (including KNIN-TV acquired in April 2009 but excluding the non-cash impairment charge in 2009 and 2008) were down 17.4% compared to last year due to the reduction in employee related costs, other cost reduction initiatives and reduced expenses related to revenue declines.

For the fourth quarter, revenue from radio stations of $17.8 million was down 10.0% compared to $19.7 million. Operating earnings from radio stations were $4.4 million compared to an operating loss of $29.4 million which included a $33.6 million non-cash impairment charge for radio broadcast licenses. Adjusted operating earnings, as reported in the Broadcasting Segment Information table, of $3.9 million decreased 8.3% compared to $4.2 million. The decrease in operating earnings was due declines in revenue partially offset by a 10.5% decrease in radio operating expenses from the reduction in employee related costs and other cost saving initiatives.

For the full year, broadcasting revenue decreased 18.3% to $171.5 million compared to $209.9 million. Local advertising revenue decreased 13.4% and national advertising revenue decreased 23.6%. Total broadcast political and issue advertising revenue was $2.7 million compared to $12.8 million. Retransmission revenue was $4.4 million compared to $1.6 million. Olympic advertising revenue was $2.3 million in 2008. The operating results from broadcasting were essentially breakeven compared to an operating loss of $322.7 million. Excluding charges for non-cash impairment for goodwill and broadcast licenses of $20.1 million and $358.4 million in 2009 and 2008, respectively, the gain related to the Wichita tower replacement of $2.2 million in 2009 and workforce reductions of $0.3 million and $0.5 million in 2009 and 2008, respectively, operating earnings were $18.1 million compared to $36.1 million, a decrease of 49.9%.

Revenue from television stations for the full year decreased 19.3% to $105.4 million compared to $130.6 million. Television political and issue advertising revenue was $2.3 million compared to $11.6 million. The operating loss of $9.7 million compared to an operating loss of $60.8 million. Adjusted operating earnings, as reported in the Broadcasting Segment Information table, were $6.3 million compared to $17.2 million, a decrease of 63.1%. Television operating expenses (including KNIN-TV acquired in April 2009 but excluding the non-cash impairment charge in 2009 and 2008) were down 12.6% compared to last year due to the reduction in employee related costs, other cost reduction initiatives and reduced expenses related to revenue declines.

For the full year, revenue from radio stations of $66.1 million was down 16.7% compared to $79.3 million. Operating earnings from radio stations were $9.5 million compared to an operating loss of $32.8 million. Adjusted operating earnings, as reported in the Broadcasting Segment Information table, of $11.5 million decreased 38.0% compared to $18.5 million. The decline in operating earnings was due to declines in revenue partially offset by a 10.2% decrease in radio operating expenses from the reduction in employee related costs and other cost saving initiatives.

**Printing Services**

For the fourth quarter, revenue from printing services decreased 26.4% to $11.6 million compared to $15.8 million due to a general overall decline in sales from all printing segments. Operating earnings were $0.8 million compared to breakeven operating results, primarily due to the employee and production related cost reduction initiatives partially offset by the reduction in revenue.

For the full year, revenue from printing services decreased 26.0% to $48.2 million compared to $65.2 million. The operating loss of $0.3 million compared to operating earnings of $2.4 million, primarily due to the decline in revenue.

**Other (Direct Marketing and Corporate)**

For the fourth quarter, revenue for "Other" of $4.4 million decreased 19.3% compared to revenue of $5.4 million primarily in our mailing services business. "Other" operating loss of $1.3 million included a $0.6 million charge for impairment of our fixed assets. This compared to a $0.6 operating loss.

For the full year, revenue for "Other" of $19.6 million decreased 29.5% compared to revenue of $27.8 million primarily in our mailing services business. The "Other" operating loss of $1.2 million compared to operating earnings of $0.4 million.

On February 3, 2010, certain direct mail and mail services operations (located in St. Paul Minnesota) of PrimeNet Marketing Services were sold. The remaining St. Paul-based operations will be shut down by the end of April. In a separate transaction, on February 8, 2010, we sold the remaining Clearwater-based operations, as we exit the direct marketing business. PrimeNet will be treated as a discontinued operation in our 2010 financial statements.

**Non-Operating Items**
For the fourth quarter, other expense, which primarily consists of interest expense, was $0.6 million compared to $2.1 million. Interest expense decreased due to a decline in both the average borrowings during the quarter and the interest rate on our borrowings.

For the full year, other expense, which primarily consists of interest expense, was $2.8 million compared to $8.2 million. Interest expense decreased due to a decline in both the average borrowings during the year and the interest rate on our borrowings.

The fourth quarter and full year effective tax rate was 51.5% and 24.5%, respectively.

**Debt and Cash Flows**
At year end, our debt of $151.4 million represented 2.65 times the trailing four quarters of EBITDA. During the year, debt was reduced by $63.7 million. For the year, cash from operating activities was $76.8 million compared to $71.8 million, an increase of $5.0 million primarily due to an $8.7 million income tax refund in the settlement of an income tax assessment. Capital expenditures were $8.6 million compared to $22.2 million. There were no share repurchases in 2009 compared to $44.9 million. Dividends paid to shareholders were $1.5 million compared to $18.5 million.

**First Quarter 2010 Outlook**
For the first quarter of 2010, while our visibility remains limited, we anticipate that publishing and printing services revenues will be down compared to the prior year period reflecting continued challenges with advertising revenue. Broadcasting revenues are expected to be up compared to the prior year period primarily due to Olympic and political television advertising.

**Conference Call and Webcast**
The company will hold an earnings conference call today at 10:00 a.m. Central Time (11:00 a.m. ET, 8:00 a.m. PT). To access the call, dial (888) 680-0865 (domestic) or (617) 213-4853 (international) at least 10 minutes prior to the scheduled start of the call. The access code for the conference call is 51869122. A live webcast of the fourth quarter conference call will be accessible through the Journal Communications' website at www.journalcommunications.com/investors, also beginning at 10:00 a.m. CT this morning. An archive of the webcast will be available on this site today through February 25, 2010. Replays of the conference call will be available February 11 through February 13. To hear the replay, dial (888) 286-8010 (domestic) or (617) 801-6888 (international) at least one hour after the completion of the call. The access code for the replay is 74256733. Pre-registration for the conference call is now available at www.journalcommunications.com/investors.

**Forward-looking Statements**
This press release contains certain forward-looking statements related to our businesses that are based on our current expectations. Forward-looking statements are subject to certain risks, trends and uncertainties, including changes in advertising demand and other economic conditions that could cause actual results to differ materially from the expectations expressed in forward-looking statements. All forward-looking statements should be evaluated with the understanding of their inherent uncertainty. Our written policy on forward-looking statements can be found in our most recent Quarterly Report on Form 10-Q, as filed with the Securities and Exchange Commission.

**About Journal Communications**
Journal Communications, Inc., headquartered in Milwaukee, Wisconsin, was founded in 1882. We are a diversified media company with operations in publishing, radio and television broadcasting, interactive media and printing services. We publish the *Milwaukee Journal Sentinel*, which serves as the only major daily newspaper for the Milwaukee metropolitan area, and several community newspapers and shoppers in Wisconsin and Florida. We own and operate 33 radio stations and 13 television stations in 12 states and operate an additional television station under a local marketing agreement. Our interactive media assets build on our strong publishing and broadcasting brands. We also provide a wide range of commercial printing services – including printing of publications, professional journals and documentation material.

**Tables Follow**