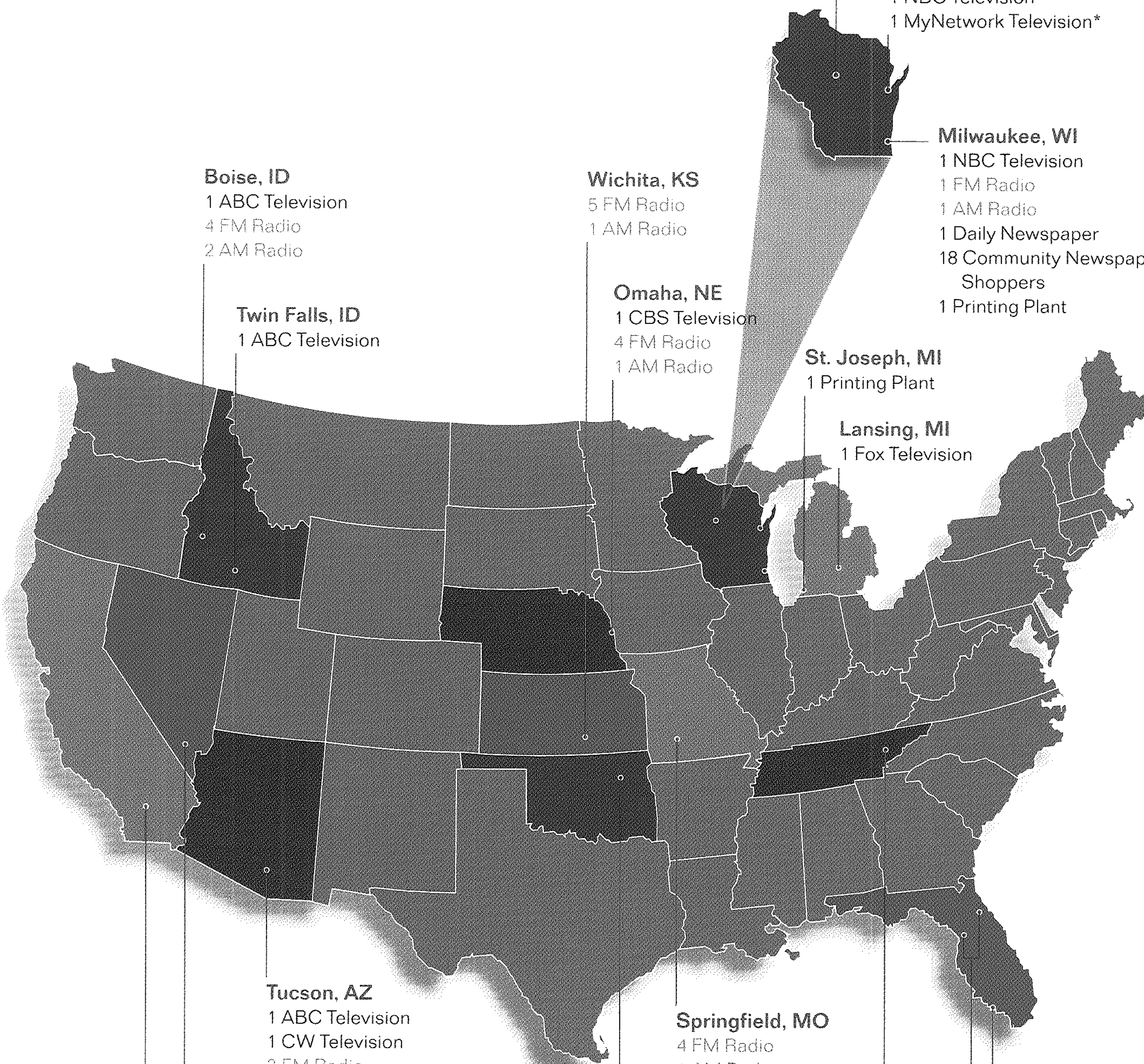
JOURNAL
COMMUNICATIONS

2008 Annual Report

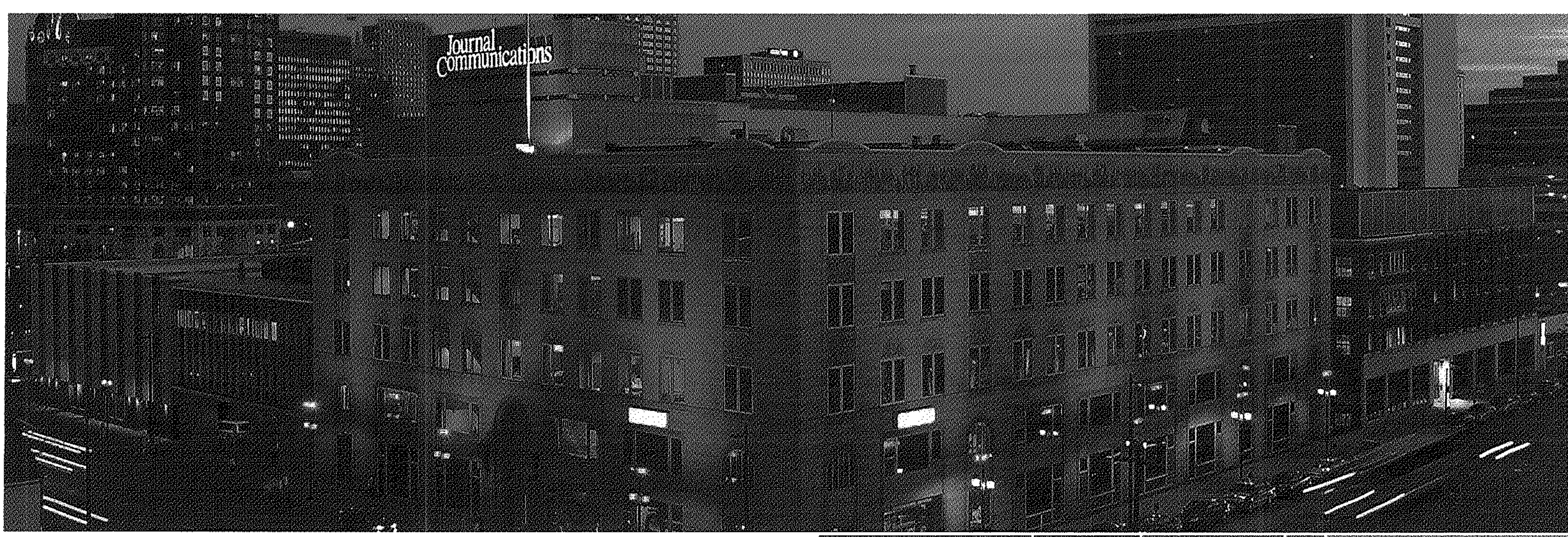
Local Markets



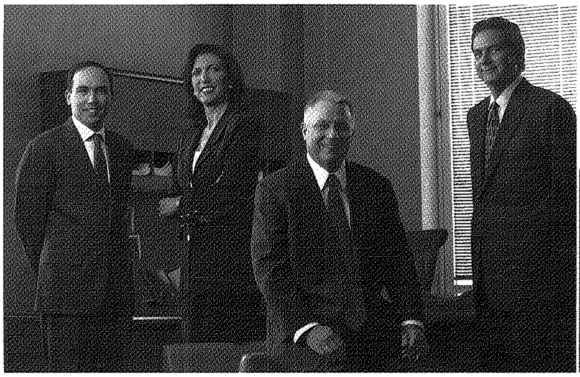
*Operates under a local marketing agreement.

Financial Highlights

$ millions, except share and per share data		2008 At December 28	2007 At December 30	% Change
Revenue from continuing operations		$ 544.9	$ 582.7	– 6.5%
Goodwill and broadcast license impairment		$ (375.1)	—	
Earnings (loss) from continuing operations		$ (224.8)	$ 43.0	
Net earnings (loss)		$ (224.4)	$ 110.1	
Diluted earnings (loss) per Class A and B share		$ (4.36)	$ 1.65	
Class A common stock price per share	High	$ 9.11	$ 14.00	
	Low	$ 1.27	$ 8.07	
	Close	$ 2.46	$ 9.14	
Total assets		$ 542.6	$ 857.0	
Total notes payable to banks		$ 215.1	$ 178.9	
Shareholders' equity		$ 168.1	$ 487.6	
Common shares outstanding in thousands; not including treasury stock	Class A	40,553.1	45,351.9	
	Class B	9,938.8	11,528.0	
	Class C	3,264.0	3,264.0	



Letter to Shareholders



> In this environment what differentiates Journal Communications' media businesses now and going forward is that we have built our company around strong local markets.
>
> **Steve Smith**, *Chairman of the Board and CEO, Journal Communications*

DEAR FELLOW SHAREHOLDER,

2008 was a historically challenging year that culminated in a dramatic economic downturn in the fourth quarter. It was a painful year for media companies, including Journal Communications, and our business and stock price felt the impact. We saw signs of a weakening economy in late 2007, and business conditions deteriorated throughout 2008. Given this environment, advertisers reduced their spending which led to dramatically lower revenues.

I am disappointed by the drop in our stock price, but I do not believe that it represents the true value of our company. I remain very proud of the quality work we do. We continue to build strong relationships with our customers and provide relevant, high-quality products to the viewers, listeners and readers of our media businesses. Our business strategy, executed in our local markets, continues to focus on ways we can serve our communities and constituents even better and assist our customers as they face the hurdles of this economy.

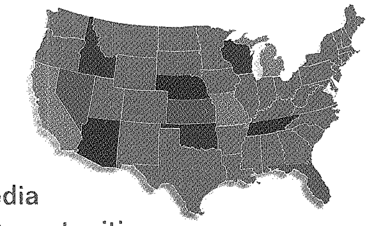
In 2008, revenue from continuing operations decreased 6.5% to $544.9 million. We recorded a net loss of $224.4 million. Basic and diluted net loss per share of class A and B common stock were $4.36 for both compared to earnings per share of $1.67 and $1.65 in 2007. These numbers reflect after-tax non-cash goodwill and broadcast license impairment charges of $253.0 million recorded in the third and fourth quarters and after-tax charges for workforce reductions of $3.2 million. Without the impairment and workforce reduction charges in both years, earnings from continuing operations were $31.4 million compared to $45.3 million in 2007, a decrease of 30.7%. Excluding the charges, basic and diluted earnings per share of class A and B common stock from continuing operations were $0.55 for both compared to $0.68 for both in 2007.

These results are disappointing. And Journal Communications' 2008 impairment charges, while they had no effect on our cash flows, reflected the impact of a prolonged challenging environment, a falling stock price and the decreased estimated fair value of our overall broadcast business and a number of our broadcast licenses.

In this environment what differentiates Journal Communications' media businesses now and going forward is that we have built our company around strong local markets. Some are markets that have been compromised by the housing and financial woes of this economy. But we believe that markets like Las Vegas, Fort Myers and Tucson will return to prosperity in the future. In these communities, we report the news our local audiences need—award-winning investigative pieces, breaking weather news, or other relevant local information—and entertain them with local programming or specialized websites. And we build the kind of audiences advertisers want to reach. Our sales force works with advertisers to offer marketing solutions that will create business and drive results. We believe our local market business model is effective and will create growth opportunities in the future.

We also seek to build cross-media markets where we are able to build value by creating revenue opportunities and cost efficiencies. In cross-media markets, we can cross promote or link back to print or online stories, taking advantage of our strong brands to strengthen our other media holdings. We are also able to utilize our existing cost structure over more than one media property. In 2008, we were able to enhance cross-media positions by closing on KWBA-TV™ to create a television duopoly in Tucson and buying additional publications in Waupaca, Wisconsin. We believe these opportunities will be accretive to earnings in the coming years.

Controlling costs has become a mantra for everyone in our company as we traverse more challenging business conditions. This has meant cutbacks in staff including a 14% reduction in full-time positions in publishing and 10% in broadcast. Total operating expenses across all of our businesses, excluding the impairment and workforce reduction charges in 2008 and 2007, were down $13.2



Cross-media Market Opportunities

Journal Communications' local markets include holdings that are spread across 17 cities and regions in 12 states.

13*	Television Stations
35	Radio Stations
1	Daily Newspaper
54	Community Newspapers/ Shoppers and Niche Publications
3	Printing Plants
120+	Internet Sites

*Includes one station operated under a local marketing agreement.

million in 2008. We are managing our business model at the local level where each unit aligns their costs to revenues, seeking to enhance the market's operating margins as well as seeking corporate cost reductions and efficiencies.

We are also carefully managing capital expenditures. We ended 2008 with capital expenditures of $22.2 million. Barring a dramatic improvement in the economy, we plan to contain our capital expenditures and invest only in critical-need capital. Carefully managing our cash and our capital spending should help us through a potentially prolonged downturn. It also increases our flexibility in an uncertain environment and puts us in a better position to take advantage of future opportunities.

We repurchased almost 6.8 million shares as part of our share repurchase program in 2008. Currently, we do not plan to repurchase shares in 2009 and will instead use cash to pay down debt to enhance our financial flexibility.

Despite the difficult environment and smaller staffs, we produced some of our best work ever. The Journal Sentinel's Dave Umhoefer won a Pulitzer Prize for Local News Reporting and Editor Marty Kaiser received *Editor & Publisher's* 2009 recognition as "Editor of the Year." The *Milwaukee Journal Sentinel*™ was again ranked #1 among the top 50 DMA's by Scarborough Research for Integrated Newspaper Audience, which counts the daily, Sunday and website. Journal Broadcast Group experienced audience ratings wins in places like KGUN-TV™ in Tucson and WTMJ™ Radio in Milwaukee and even launched new radio stations in Milwaukee and Knoxville. IPC's ongoing print quality and customer focus helped them land a number of new publication customers.

We have enviable local market positions and exceptional assets in our markets. While the economy disproportionately hurt some Journal markets like Palm Springs, Las Vegas, Fort Myers, and Tucson, other markets performed in line with or better than the broad economy. Milwaukee, a significant Journal Communications market, has held up relatively well. While considered a slow-growth economy, our Milwaukee audience reach in print, on air and online is unsurpassed. Our *Milwaukee Journal Sentinel*™ brand, including JSOnline.com,™ continues to have strong audience penetration reaching 65.5% of the combined daily/Sunday/internet audience in the market. WTMJ Radio™ renewed its sponsorship agreement with the Milwaukee Brewers in 2008, another long-term decision that should enhance our audience ratings. In the future, we believe customers in our markets will continue to work with Journal Communications companies to reach local audiences to generate business. We believe these local audiences will be best served with meaningful and relevant local information produced by our local Journal companies.

Our internet footprint includes approximately 120 websites and we continue to look for new opportunities to create internet brands in our local markets. In 2008, interactive revenue across all of our businesses reached $18.6 million. An example of a new initiative is the agreement we signed with CarSoup.com™ to create a local automotive marketplace on JSOnline.com.™ This first-of-its-kind franchise arrangement leverages Journal Sentinel's strong local audience reach and extensive relationships with auto dealers to create a local venue for buyers and sellers to meet. We'll continue to find innovative ways to capture additional online traffic and expect to continue to grow these revenues.

Developmental revenue in broadcast and non-traditional revenue in print has grown in importance as the media industry evolves. Commercial print, community websites, and developmental shows like *The Morning Blend*,™ a lifestyle show designed for advertisers, are ways we can produce new revenues. These sources of revenue comprised almost 14% of Journal Communications revenue in 2008 and we expect this proportion to grow.

As we move into 2009, our priorities will be to continue to enhance the performance of existing Journal Communications businesses. We intend to improve our current foundation by building our presence in our local markets, improving our audience metrics and advertising market share and ultimately improving our margin in each market. In the following pages, you will read about the specific initiatives we have taken in our broadcast, publishing, printing and marketing services businesses to build local markets and enhance customer relationships. We are asking Journal employees to be more creative and aggressive about revenue and expense. We are looking for even more product differentiation, more sales calls, more developmental and nontraditional revenue and more inventiveness as we move through this economic cycle, ready to emerge even stronger in our exceptional markets.

It will also be a priority in 2009 to maximize our cash generation. We will be disciplined in how we seek to maximize our revenue opportunities in each market while continuing to focus on expense reduction and cost control. We have become operationally more efficient over the past 12 months and will do what is necessary to maximize our cash on hand and further reduce debt.

While we believe we are prepared for the challenges 2009 is likely to bring, we are optimistic about our local media business and our future. Our local advertisers seek the local audiences that we serve. In each market, we continue to build relationships and seek to provide the best results for our advertisers. We own a diversity of media assets and offer multiple ways—especially in our cross-media markets—for advertisers to reach their target audiences. In addition, we intend to expand our digital reach in each market with enhanced advertiser relationships that should help drive additional online revenue.

To summarize, our continued focus on maximizing our current businesses, driving down debt and enhancing our flexibility should put us in a position to seize opportunities once the economy improves. We know our local markets better than anyone and that allows us to attract advertising dollars to the high-quality Journal media brands that reach the desired target audiences. Our locally focused business model, coupled with disciplined financial measures, has positioned Journal Communications to emerge from 2009 a solid company ready for the future.

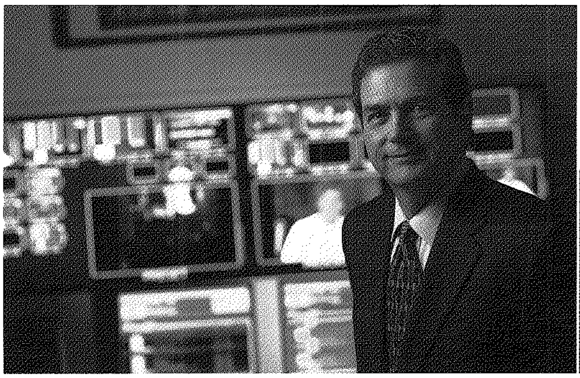
Let me close by saying thank you for your commitment to Journal Communications. Journal Communications' long history of employee ownership means that all of us are personally tied to our company's future success. We are committed to serving you—our shareholders, our customers, and our audiences—in order to maximize the value of our exceptional assets.

Sincerely,

Steve Smith

Steven J. Smith,
Chairman of the Board and Chief Executive Officer

Broadcast



One common attribute across all of our broadcast markets is our strong news programming....This strong news link allows us to create connected products, both on air and online, to build audiences for advertisers in each marketplace.

Doug Kiel, *President, Journal Communications; Vice Chairman and CEO, Journal Broadcast Group*

Given the difficult environment, 2008 was a year of aligning our cost structure with the revenues generated in each of our local broadcast markets. Throughout the year we reduced our expense platform to reflect a challenging environment. We prioritized our spending to make sure we maintained our ability to serve our customers, hold our brand positions, and ultimately gain market share.

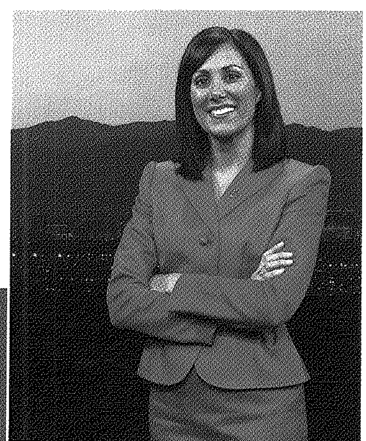
For the full year, broadcast revenue decreased 3.8% to $209.9 million compared to $218.1 million. The broadcasting operating loss of $322.7 million included a $229.2 million pre-tax non-cash goodwill impairment charge, a $129.2 million impairment charge for eight television and 26 radio broadcast licenses and a $0.5 million charge for workforce reductions. Excluding these charges, operating earnings of $36.1 million were down 12.6% compared to $41.3 million.

Journal Broadcast Group television stations made revenue share gains in several of our markets. In those markets, advertisers gravitated to brands that worked for them. We continue to build strong brand positions in each of our broadcast markets. For the full year, revenue from television stations decreased 2.6% to $130.6 million compared to $134.1 million. Television political and issue advertising revenue was $11.6 million compared to $1.3 million.

Despite the relentless competition and difficult economy, Journal radio stations also benefited from our well-positioned brands and stable ratings in many of our markets in 2008. For the full year, revenue from radio stations of $79.3 million was down 5.6% compared to $84.1 million.

The challenging economy moderated a number of key revenue drivers this year. Automobile advertising declined significantly. Olympic and political advertising provided some lift, but were both lower than expectations. We were able to keep our television expenses essentially flat, despite adding new stations in Palm Springs and Tucson. And for the fourth straight year, we have reduced radio expenses. During 2008, we downsized the cost structure of our broadcast division and have reduced overall the number of full-time employees by almost 10%.

In this cost-reduction environment, we have made progress in flattening our organization and prioritizing our resources so that we invest in the parts of the business that support our brands and help us produce results for advertisers. We continue to focus on our largest markets where we can build our on-air and interactive products and offer a variety of opportunities for advertisers. In Las Vegas, a market that has been challenged both by declining real estate and a slowing casino business, we continue to move forward with our all-digital high definition television station. We began to see ratings progress in 2008 from the addition of popular local news anchor Nina Radetich. Nina and the rest of the team at KTNV-TV™ have enhanced our news products. Their connection to the community with events like "Nina's Night Out" to benefit the local rape crisis center also helps to build our position in this attractive market.


The addition of local news anchor Nina Radetich to Las Vegas' KTNV-TV™ helped improve ratings.

In Milwaukee, despite softened ratings on NBC programming, WTMJ-TV™ continued to win in the coveted 25 to 54 year old demographic during its key 10 PM news time period in the November sweeps. And we are seeing other ratings successes in markets like Wichita, Omaha, Lansing, Tulsa and Tucson.

One common attribute across all of our broadcast markets is our strong news programming. Our businesses

A Case Study

One of our core local market strategies is to develop cross-media opportunities where we can better serve advertisers by offering multiple products at a variety of cost levels. In our cross-media markets, we have evolved to one local general manager, and in some cases, are consolidating sales efforts under a single sales manager.

There is no better case study of this effort than Tucson where we now operate two television stations, two associated digital side channels, four radio stations and multiple websites connected to these products. In 2008, we created a duopoly in Tucson with the purchase of KWBA-TV.™ The market is organized under one general manager and one director of sales leading a team that supports all of the television, radio and interactive properties. When we approach a customer, we can offer multiple opportunities both by type of media and by price, allowing us to serve a broader range of advertisers and grow new customers that we have never before reached. All of our operations are now centered in one building, enhancing cost efficiencies and facilitating our effectiveness.

While Tucson represents an excellent model of what we are trying to build, we are putting the pieces in place and expect to see similar successes in markets like Milwaukee, Omaha and Boise. In all of these markets, we seek to offer an integrated solution among all of our different platforms serving advertisers however we can in whatever media they desire.

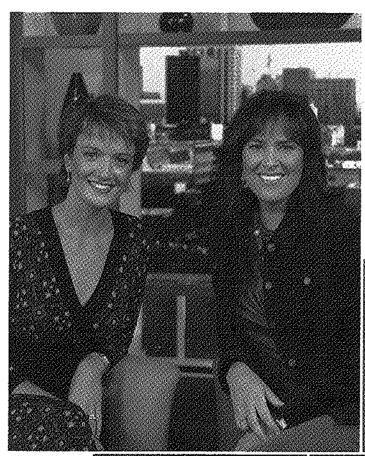
Journal Broadcast Group Receives Edward R. Murrow Award

Journal Broadcast Group received an Edward R. Murrow Award for Investigative Reporting in 2008. The award, presented to Newsradio 620 WTMJ,™ was for "Unlawful Restraint?"—an investigation of restraining devices used in a special education classroom in Racine. It was produced by Dan O'Donnell.

The Radio-Television News Directors Association (RTNDA) has honored outstanding achievements in electronic journalism with the Edward R. Murrow Awards since 1971. Recipients must demonstrate the journalistic excellence that Edward R. Murrow made a standard for the electronic news profession.

aren't just producing compelling stories on air, but a higher volume of compelling stories for our websites too. This strong news link allows us to create connected products, both on air and online, to build audiences for advertisers in each marketplace.

We also continue to drive non-transactional revenues. Seventy-five percent of our cable contracts are up for negotiated retransmission fees by the end of 2009, and we expect these fees to continue to be additive to results. In addition, shows like *The Morning Blend*™ are successfully enhancing our ability to reach new television advertisers and grow revenue share.

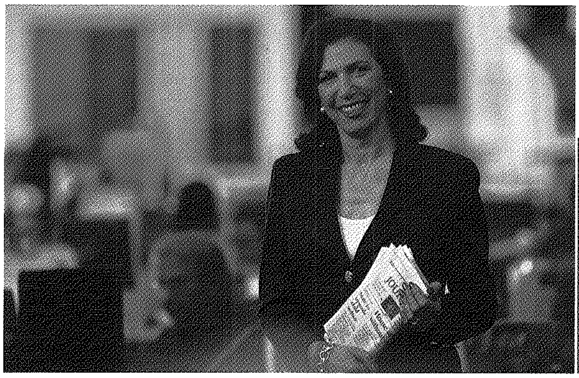


Hosts Alison de Castro (left) and Molly Fay appear on the set of *The Morning Blend* on WTMJ-TV™ in Milwaukee.

The show's locally-driven content, unlike more costly syndication, creates new revenue opportunities which we more directly control.

As we addressed the significant decline in revenue—especially from key television advertisers like the automotive industry—a sales organization that can continue to serve local customer needs has remained our priority. And we continue to focus on providing the products that can hold or even build market share. We believe 2009 will be challenging, but we have been aggressive on costs to be prepared to take advantage of any upturn.

Publishing



> Despite the challenging environment, our businesses produced some of the highest quality work we have ever achieved. We received numerous awards and, at a time when our audiences needed the services we offer the most, we delivered relevant news that made a difference.
>
> **Elizabeth Brenner,** *Executive Vice President, Journal Communications; COO, Publishing Businesses*

2008 was a challenging year for our publishing segment. With a few exceptions, both the retail and classified sides of our business were down significantly. Our classified segments—employment, real estate and rentals, and automotive—were hit hard by both long-term secular change and the dramatic economic downturn that progressed throughout the year.

Despite this environment, our businesses produced some of the highest quality work we have ever achieved. We received numerous awards and, at a time when our audiences needed the services we offer the most, we delivered relevant news that made a difference. These awards, listed at right, include a Pulitzer Prize for Local Reporting and demonstrate our commitment to quality. We delivered great journalism cementing a connection with our communities and inspiring loyalty among our readers.

Our strong position in our core Southeastern Wisconsin marketplace positions us extremely well to weather harder times and to do well once the economy eventually turns. The Sunday *Milwaukee Journal Sentinel*™ reaches 70% of the audience. This rises to 83% when you add in the reach of the CommunityNow™ weekly papers and JSOnline.com.™ Our combined market reach ranks

Journal Publishing Awards

- Pulitzer Prize for Local Reporting
- John B. Oakes Award for Distinguished Environmental Journalism
- Society of Professional Journalist–First Place for Non-Deadline Reporting
- Society of American Business Editors and Writers–First Place
- Thomas L. Stokes Award for Energy Writing
- Associated Press Managing Editors "Innovator of the Year"
- American Association of Sunday Features Editors Top 10 Feature Sections
- Editor & Publisher 2009 "Editor of the Year"

Interactive Partnerships

As classified advertising has moved online, our classified business is changing too. Journal Publishing is building online traffic with established partners who want to reach our audiences and can bring important technology and know-how to the

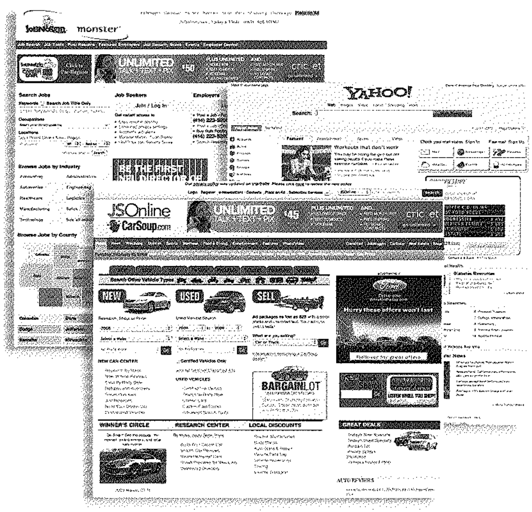


table. These high-profile online partners help us drive traffic and revenue inside the local market we know best. With the three unique partnerships highlighted below, we've leveraged our partners' national brands and advertising dollars to establish our local brands, maintain our marketplace, and most importantly, help our customers sell their products.

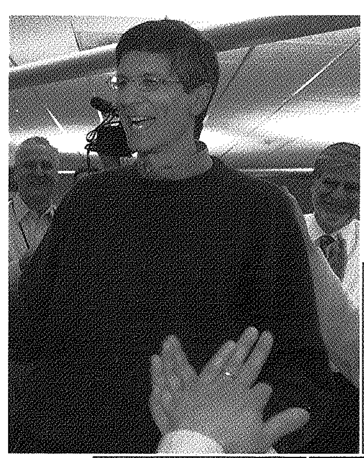
- **CarSoup.com™** —JSOnline™ signed a contract in December 2008 to launch an automotive marketplace in Southeast Wisconsin where consumers can research new and used cars for purchase, list a vehicle for sale, shop for automotive and motorsports related tools and accessories, or find financing for a purchase. In a first-of-

continued at far right

number one among the Top 50 major metropolitan areas according to Scarborough Research. And we're still number one among the Top 50 in "integrated" daily, Sunday and online audience.

The quality of our news organization is better than ever, but how we deliver news is changing. Our classified business is migrating to the web and advertisers are moving a portion of their business online. In 2008, we launched a new content management system serving all Journal Communications digital properties which enable us to be faster and more flexible. Our digital content today reaches a wider, more-connected world. For example, people from over 200 countries follow the Green Bay Packers through *Packer Insider*™ in print and on JSOnline.com.™

Interactive revenue was down in the challenging fourth quarter but increased for the year. The targeted CommunityNow™ websites averaged over one million page views each month in 2008 and targeted websites like SportsBubbler.com™ and MilwaukeeMoms.com™



David Umhoefer's stories on the skirting of tax laws to pad pensions of county employees won a Pulitzer Prize for Local Reporting.

demonstrate our deep knowledge of the markets we serve and offer more ways to connect buyers and sellers.

We are aligning our businesses to reflect both a changing media landscape and a challenging economy. In 2008, our relentless efforts to reduce costs and align the size of our publishing operations with our revenue foundation continued. Total operating expenses, excluding goodwill impairment and workforce reductions charges, were down 3.7%. We continue to streamline our operation, reduce redundancies between the weeklies and dailies, and eliminate features in the paper like TV and stock listings that readers can get on a timelier basis elsewhere. We also continue to carefully evaluate the number of people we need. While painful, our full-time employee staff is down 14% from the end of 2007. Many of our employees decided to leave through a voluntary process.

With a leaner, more efficient business, we are still aggressive in our pursuit of new opportunities and creative ideas to recapture advertising dollars and generate new revenue. This includes developing more and better ways to connect buyers and sellers:

- **PARTNERSHIPS** — In 2008, we signed a contract with CarSoup.com™ to be the exclusive franchise partner to bring CarSoup.com™ to Southeastern Wisconsin via JSOnline.com.™ In addition, our partnerships with Monster® via the local jobsite JobNoggin.com™ and with Yahoo!® via their media consortium help us to bring new local solutions to help advertisers reach buyers in our local markets. You can read more about these partnerships in the side bar article.

- **SPADIAS** — For the first time in 2008, Journal Communication was able to expand revenue from a small number of significant advertisers with spadia ads. These ads partially wrap around the front page of the paper creating a high-profile advertising opportunity without undermining our news product. First introduced in late 2008, the ads generated over $600,000 that year.

its-kind agreement, Journal Sentinel is working with car dealers in Southeast Wisconsin and will operate the local CarSoup.com™ franchise. Journal Sentinel will also sell CarSoup.com™ auto advertisements in the region.

- **JobNoggin.com™** — A partnership with Monster®.com, this local website for employers and job seekers in Southeastern Wisconsin is helping to capture some of the employment classified advertising that is moving online. 2008 saw the site build brand recognition and traffic and become the premiere local jobs website.

- **Yahoo!®** — JSOnline,™ in a media partnership with Yahoo, is bringing the Journal Sentinel news brand to Yahoo users while helping our advertisers use Yahoo's behavioral targeting technology to better find customers online. While it is still early, we've begun to see both traffic and revenues from this partnership.

- **SPORTS MARKETING AND EVENTS** — Journal Sentinel has expanded event promotion, providing another venue for advertisers to reach our audiences. We are leveraging the skills demonstrated at successful shows like the *Milwaukee Journal Sentinel*™ Sports Show and *MetroParent*™ KidsFest and expanding to offer new shows including a Food & Wine show and BabyExpo as well as sponsoring the SmartTalk™ Lecture Series targeting women. Journal Publishing also realized $1.13 million in sports marketing dollars in 2008 from a variety of efforts

Spadia advertising generated over $600,000 of revenue in the late part of 2008.

including a special section recognizing the Green Bay Packer's Playoff run, a book commemorating Brett Favre's career, and magnets depicting the 2008 Milwaukee Brewers.

Our commercial printing and delivery businesses provided additional dollars to the bottom line. We continue to provide delivery for national publications including the *Wall Street Journal*, *New York Times*, *USA Today*, and *Chicago Tribune*. Commercial print and delivery was up nearly 4% to total $12.6 million in 2008.

Journal Community Publishing Group faced some economic pressures, especially at our Florida publications. The acquisition of Waupaca Publishing Company in October, while expanding our already strong presence in this Northern Wisconsin market, added several strong niche publications to our lineup. *Silent Sports*,™ *Wisconsin Horsemen's News*,™ and *Wisconsin Farmer*™ all deliver incredibly loyal readers that advertisers across the state want to reach. Other specialty publications and websites in our lineup provide diversity to our portfolio and offer direct marketing solutions to our customers. The newly launched LivingLakeCountry.com™ was one of our best online start-ups ever, winning a General Excellence award from the Wisconsin Newspaper Association in its debut year.

IPC PRINTING SERVICES AND PRIMENET DIRECT MARKETING SOLUTIONS

Journal Communication's printing and direct marketing businesses also faced economic headwinds in 2008. These divisions responded to revenue challenges by continuing to streamline costs, working to preserve or enhance customer relationships, and developing new relationships.

IPC PRINT SERVICES

IPC Print Services is a short to medium-run print manufacturer that specializes in the production and distribution of publications, catalogs and product manuals. IPC offers a unique combination of services and capabilities to publishers. While the foundation of the company's print businesses includes scientific, medical and technical journals, IPC continues to expand in the growing special interest magazine market. IPC will celebrate its 60th anniversary in 2009. While the company's primary focus is providing outstanding customer service—knowing customers well and delivering a total solution for what they want and need—operational excellence and product leadership remain high priorities and are the key value disciplines that underpin the business.

For the full year, revenue from printing services decreased 6.0% to $65.2 million due to a decline in printing for original equipment manufacturers and computer-related customers.

IPC will continue to focus on building business relationships and providing exceptional service to existing and new clients. It will also seek new revenue growth to offset the loss of some original equipment manufacturer business by expanding its reach with new publication titles. The division is also focused on enhancing operational efficiency and keeping costs in line while delivering high quality products and services. At year end, the workforce was reduced by 10% in response to more challenging conditions.

PRIMENET

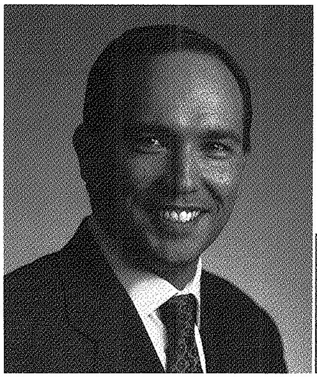
PrimeNet provides nationwide direct marketing support to marketers of automotive, retail, publishing and financial services products. The division also supports all of Journal Sentinel's data processing and postal optimization. With offices in St. Paul, Minnesota and Clearwater, Florida, PrimeNet businesses were also impacted by a slowing economy.

For the full year, PrimeNet's revenue of $28.4 million decreased 4.7% due to a decrease in our mailing services business partially offset by an increase in offset and laser printing. The business reduced costs by $2.0 million and reduced its overall workforce by over 20%.

PrimeNet differentiates itself from the many competing direct marketing firms through more accurate direct marketing technology which helps to streamline mailings and better target potential buyers for our customers' products and services. We also add value through our detailed knowledge of postal requirements. This helps PrimeNet to reduce costs for customers by designing mailing specifications to maximize postal discounts.

While customer volumes declined in 2008, PrimeNet did not lose a single major customer, despite the tough economy. Continuous improvement to enhance efficiencies and reduce errors is a key focus as PrimeNet seeks even better outcomes for clients.

Financial Review



We believe this disciplined focus will position Journal Communications well during this economic downturn.

Andre Fernandez, *Executive Vice President, Finance & Strategy and CFO, Journal Communications*

As we face the most challenging advertising recession in recent memory, Journal Communications took proactive steps to improve the financial profile of the company.

Starting in 2007, when the signs of a difficult economy began to appear, we began to permanently reduce our expense structure and align the costs of our business to a changing media landscape. We reduced total operating costs across all of our business, excluding impairment and workforce reductions charges in both years, by $13.2 million in 2008. This includes a reduction in our full-time employees of 12%. The workforce reductions in 2008 have resulted in $19 million in annualized net cost savings. In 2008, we were able to offset virtually all of the newsprint price increase of almost 16% by reducing waste, reducing editorial pages and capturing savings from reduced advertising and net paid circulation.

We used cash generated by our business in 2008 for share repurchases, dividends, modest capital spending and three acquisitions.

- We repurchased 6,757,100 class A shares totaling $44.9 million and paying dividends totaling $18.5 million.
- We reduced capital spending in 2008 to $22.2 million from $35.9 million in 2007. We funded only necessary projects to preserve cash.
- We spent $25.3 million to complete three acquisitions, creating television duopolies in Tucson and Palm Springs and expanding our publishing market reach in Waupaca County, Wisconsin. We continue to believe these markets have good long-term potential for the company.

At year end our debt was at $215 million. Our leverage has consistently been lower than many peer companies in our industry.

We will continue to be aggressive in managing and reducing costs, paying down debt and driving working capital performance throughout the entire company. We believe this disciplined focus will position Journal Communications well during this economic downturn.

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

FORM 10-K

Annual Report Pursuant to Section13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 28, 2008
Commission File Number: 1-31805

JOURNAL COMMUNICATIONS, INC.

(Exact name of Registrant as specified in its charter)

Wisconsin	**20-0020198**
(State of incorporation)	(I.R.S. Employer identification number)
333 West State Street, Milwaukee, Wisconsin	**53203**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (414) 224-2000
Securities registered pursuant to Section 12(b) of the Act:

Title of Class	Name of Each Exchange on Which Registered
Class A Common Stock, $0.01 par value per share	**The New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act:

Class B Common Stock, $0.01 par value per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☐ Accelerated Filer ☒ Non-accelerated Filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes ☐ No ☒

The aggregate market value of the class A common stock held by non-affiliates of the registrant as of June 27, 2008 was approximately $200,642,302 (based on the closing price of such stock on the New York Stock Exchange, Inc. as of such date). Neither of the registrant's class B common stock or Class C common stock is listed on a national securities exchange or traded in an organized over-the-counter market, but each share of the registrant's class B common stock is convertible into one share of the registrant's class A common stock and each share of the registrant's class C common stock is convertible into 1.3639790 shares of the registrant's class A common stock.

Number of shares outstanding of each of the issuer's classes of common stock as of February 26, 2009 (excluding 8,676,705 shares of class B common stock held by our subsidiary, The Journal Company):

Class	Outstanding at February 26, 2009
Class A Common Stock	40,611,583
Class B Common Stock	10,007,429
Class C Common Stock	3,264,000

Documents Incorporated by Reference

Portions of the Proxy Statement for our April 30, 2009 Annual Meeting of Shareholders are incorporated by reference into Part III.

JOURNAL COMMUNICATIONS, INC.

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Forward-Looking Statements

We make certain statements in this Annual Report on Form 10-K (including the information that we incorporate by reference herein) that are "forward-looking statements" within the meaning of the Section 21E of the Securities Exchange Act of 1934, as amended. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in that Act, and we are including this statement for purposes of those safe harbor provisions. These forward-looking statements generally include all statements other than statements of historical fact, including statements regarding our future financial position, business strategy, budgets, projected revenues and expenses, expected regulatory actions and plans and objectives of management for future operations. We often use words such as "may," "will," "intend," 'anticipate," 'believe," or "should" and similar expressions in this Annual Report on Form 10-K to identify forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control. These risks, uncertainties and other factors could cause actual results to differ materially from those expressed or implied by those forward-looking statements. Among such risks, uncertainties and other factors that may impact us are the following, as well as those contained in Item 1A. "Risk Factors" of this Annual Report on Form 10-K:

- changes in advertising demand or the buying strategies of advertisers or the migration of advertising to the internet;
- changes in newsprint prices and other costs of materials;
- changes in federal or state laws and regulations or their interpretations (including changes in regulations governing the number and types of broadcast and cable system properties, newspapers and licenses that a person may control in a given market or in total);
- changes in legislation or customs relating to the collection, management and aggregation and use of consumer information through telemarketing and electronic communication efforts;
- the availability of quality broadcast programming at competitive prices;
- changes in network affiliation agreements;
- quality and rating of network over-the-air broadcast programs, including programs changing networks and changing competitive dynamics regarding how and when programs are made available to our viewers;
- effects of the loss of commercial inventory resulting from uninterrupted television news coverage and potential advertising cancellations due to war or terrorist acts;
- effects of the rapidly changing nature of the publishing, broadcasting and printing industries, including general business issues, competitive issues and the introduction of new technologies;
- an other than temporary decline in operating results and enterprise value that could lead to further non-cash impairment charges due to the impairment of goodwill, broadcast licenses, other intangible assets and property, plant and equipment;
- the impact of changing economic and financial market conditions and interest rates on our liquidity, on the value of our pension plan assets and on the availability of capital;
- our ability to remain in compliance with the terms of our credit agreement;
- changes in interest rates;
- the outcome of pending or future litigation;
- energy costs;
- the availability and effect of acquisitions, investments, dispositions and other capital expenditures including share repurchases on our results of operations, financial condition or stock price; and
- changes in general economic conditions.

We caution you not to place undue reliance on these forward-looking statements, which we have made as of the date of this Annual Report on Form 10-K.

PART I

ITEM 1. BUSINESS

Overview

Our business segments are based on the organizational structure used by management for making operating and investment decisions and for assessing performance. Our reportable business segments are: (i) publishing; (ii) broadcasting; (iii) printing services; and (iv) other. Our publishing segment consists of the *Milwaukee Journal Sentinel*, which serves as the only major daily newspaper for the Milwaukee metropolitan area, and more than 50 community newspapers and shoppers in Wisconsin and Florida. Our broadcasting segment consists of 35 radio stations and 12 television stations in 12 states and the operation of a television station under a local marketing agreement. Our interactive media assets include approximately 120 online enterprises that are associated with our publishing and broadcasting segments. We also provide a wide range of commercial printing services, including printing of publications, professional journals and documentation material, through our printing services segment. Our other segment consists of a direct marketing services business and corporate expenses and eliminations.

We were founded in 1882 as a newspaper publisher serving Milwaukee, Wisconsin. Our media business mix was expanded in 1927 when we signed on radio station WTMJ-AM, and again in 1947 when we put WTMJ-TV on the air. In 1937, Harry J. Grant founded our employee ownership plan, which contributed significantly to our company's positive culture and growth through its termination in 2003, in conjunction with our initial public offering. We believe our current capital structure allows us to continue our longstanding tradition of employee ownership. We have been able to attract and retain motivated people who have a passion for the business and a level of commitment and sense of accountability that is heightened due to our business culture and employees' ability to participate in ownership. Our culture is reinforced by our strong commitment to high ethical standards.

In 2008, our total revenue was $544.9 million, 82.9% of which was generated from our publishing and broadcasting operations and 17.1% from printing services and other operations. The revenue generated by each operating segment, as a percentage of our consolidated revenue, for the last three years is shown below:

	2008	2007	2006
Publishing	44.4%	45.7%	45.3%
Broadcasting	38.5	37.4	37.9
Printing Services	12.0	11.9	10.7
Other	5.1	5.0	6.1
Total	100.0%	100.0%	100.0%

More information regarding us is available at our website at www.journalcommunications.com. We are not including the information contained on our website as part of, or incorporating it by reference into this Annual Report on Form 10-K. Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports are made available to the public at no charge, other than a reader's own internet access charges, through a link appearing on our website. We provide access to such material through our website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission.

Publishing

Our publishing business is conducted through our wholly owned subsidiaries, Journal Sentinel, Inc., and Journal Community Publishing Group, Inc., and consists of our daily newspaper, the *Milwaukee Journal Sentinel*, and our community newspapers and shoppers. Our publishing business accounted for 44.4% of our revenue for the year ended December 28, 2008. Within our publishing segment, our daily newspaper accounted for 84.1% of our publishing revenue. See Management's Discussion and Analysis and Note 12 to our Consolidated Financial Statements for additional financial information regarding our publishing business.

Daily Newspaper

Published continuously from 1882, our daily newspaper has the largest circulation among all newspapers published in Wisconsin, with a six-month average net paid circulation reported to the Audit Bureau of Circulations in our Publisher's Statement at September 30, 2008 of 375,432 on Sunday and 212,157 daily. The *Milwaukee Journal Sentinel* serves as the only major daily and Sunday newspaper for the Milwaukee metropolitan area. According to a 2008 readership survey conducted by Scarborough Research, the Sunday *Milwaukee Journal Sentinel* ranks number two in readership among the 50 highest populated markets in the United States and the daily newspaper ranks number three. Over the course of a week, readership of our daily newspaper, online and niche products ranks number one with a 66% penetration rate. These rankings are calculated by dividing the number of adults reading an average issue of the newspaper in a newspaper's Designated Market Area (DMA) by the number of persons over the age of 18 in the newspaper's DMA. The *Milwaukee Journal Sentinel's* DMA, which ranks among the top 50 in the United States, consists of the 10-county area surrounding Milwaukee, Wisconsin.

Our daily newspaper and our reporters have recently won numerous media-editorial awards. A six-month investigation into the Milwaukee County pension system won a Pulitzer Prize for local reporting. The story detailed how hundreds of county workers boosted their pensions—violating county ordinances and Internal Revenue Service rules in the process. "Chemical Fallout," an ongoing series that exposed the dangers of common household chemicals—particularly bisphenol A—and the failures of the Environmental Protection Agency and the Food and Drug Administration to protect the public, won three major awards: the John B. Oakes Award for Distinguished Environmental Journalism, the Society of Professional Journalists first place for non-deadline reporting, and a first place award from the Society of American Business Editors and Writers. The Thomas L. Stokes Award was awarded for a year-long examination of global warming through a regional lens, with an emphasis on the area's increasing dependence on coal. The *Milwaukee Journal Sentinel*, which was selected from a field of 30 entries, was named "Innovator of the Year" by the Associated Press Managing Editors for its investigative and watchdog reporting in print and on the internet. In early 2009, *Editor & Publisher*, the leading newspaper industry publication, named the *Milwaukee Journal Sentinel's* editor the 2009 Editor of the Year.

In addition to our traditional print media, we operate a number of websites that provide editorial and advertising content, including JSOnline.com, MilwaukeeMarketplace.com, Milwaukeemoms.com and the MyCommunityNOW family of 26 community websites, which we operate under the name of Journal Interactive. Also, we produce a subscription-based website, PackerInsider.com, dedicated to coverage of the Green Bay Packers. Our employment site, JobNoggin.com, which is co-branded with Monster Worldwide, Inc. (Monster ®), combines the promotional strength of our daily newspaper, JSOnline.com and our Milwaukee television and radio properties with Monster®'s product and brand. In 2008, our daily newspaper joined the Yahoo! Consortium, a newspaper and Yahoo! partnership that shares content, advertising and technology. In January 2009, our daily newspaper launched a new co-branded online automotive offering under a new franchise agreement with CarSoup of Minnesota, Inc. (CarSoup). In 2008, advertising revenue of $14.7 million for Journal Interactive at our daily newspaper increased 9.3% compared to $13.4 million in 2007.

The *Milwaukee Journal Sentinel* is distributed primarily by independent contract carriers throughout southeastern Wisconsin. Agents deliver the *Milwaukee Journal Sentinel* to single copy outlets throughout the rest of Wisconsin.

The following table sets forth our average net paid circulation:

	Six-Months Ended September 30			12-Months Ended March 31		
	2008	2007	2006	2008	2007	2006
Daily (Five-day average)	212,157	220,676	231,781	219,214	230,503	236,523
Sunday	375,432	390,842	401,379	387,756	400,871	405,175

Circulation revenue accounted for 24.8% of our daily newspaper's total revenue in 2008. The *Milwaukee Journal Sentinel* single copy prices are $0.75 for daily and $2.00 for Sunday in our five county primary market area. We believe our average net paid circulation is decreasing due to, among other factors, increased competition for readers from new media products and other free sources and economic pressures on consumers. Advertising revenue accounted for 67.9% of our daily newspaper's total revenue in 2008. Our daily newspaper experienced decreases in revenue in all advertising categories in 2008 compared to 2007. Other revenue, which consists of revenue from commercial printing, commercial delivery and promotional revenue, accounted for 7.3% of our daily newspaper's total revenue in 2008.

Community Newspapers and Shoppers

We own and operate more than 50 community newspapers and shoppers in Wisconsin and Florida and a printing plant in Wisconsin through our subsidiary, Journal Community Publishing Group, Inc.

Our community newspapers have a combined paid and free average weekly distribution of approximately 280,000. Our community newspapers focus on local news and events that are of interest to the local residents. In some markets, our community newspapers are the only source of local news.

Our shoppers have a combined average weekly distribution of approximately 310,000. Shoppers are free-distribution publications, primarily carrier-delivered to each household in a geographic area, featuring advertisements primarily from local and regional businesses. A few of our shoppers also include local interest stories and weekly columns, such as fishing/hunting reports, obituaries and television listings.

We also publish niche publications that appeal to very specific advertisers and readers, with a combined paid and free average weekly distribution of approximately 130,000. A few examples of the niche products are lifestyle, sports, automotive and boating- focused publications.

Advertising revenue and circulation revenue accounted for 87.6% and 3.3%, respectively, of our community newspapers' and shoppers' total revenue in 2008. In addition to our publishing operations, we also provide commercial printing services, including cold-web printing, sheet-fed printing, electronic prepress, mailing services, bindery and inserting, mostly for other weekly and monthly publications. Revenue from commercial printing accounted for 9.1% of our community newspapers' and shoppers' total revenue in 2008.

Our community newspapers, shoppers and niche publications groups are as follows:

	February 2009 Average Distribution	December 2007 Average Distribution	Number of Newspapers		Number of Shoppers		Number of Niche Publications	
			2009	2007	2009	2007	2009	2007
Northern Wisconsin	360,000	300,000	9	7	12	11	5	3
Southeastern Wisconsin	225,000	230,000	14	14	4	4	—	—
Florida	135,000	122,000	4	4	1	1	5	5

The changes in the average distribution and number of newspapers, shoppers and niche publications reflect the acquisitions of the *Iola Herald, Manawa Advocate, Clintonville Shopper's Guide, Wittenberg Northerner Shopping News* and Waupaca Publishing Company acquired during 2008.

Newsprint

The basic raw material of newspapers is newsprint. We currently purchase the majority of our estimated newsprint requirements from a single supplier. We may purchase our remaining estimated newsprint requirements in the spot market from other suppliers.

We believe we will continue to receive an adequate supply of newsprint for our needs. Newsprint prices fluctuate based upon market factors, which include newsprint production capacity, currency exchange rates, manufacturer's cost drivers, inventory levels, demand and consumption. Price fluctuations for newsprint can have a significant effect on our results of operations. The average net price per ton was $692 in 2008 compared to an average net price per ton of $597 in 2007. Our consumption of newsprint decreased to 35,822 metric tons in 2008 from 40,885 metric tons in 2007, and our total cost of newsprint increased $0.4 million in 2008. Based on the consumption of newsprint in 2008 by our daily newspaper and by our community newspapers and shoppers, a $10 per ton increase or decrease in the price of newsprint would increase or decrease our total cost of newsprint by $0.4 million.

The decrease in consumption in 2008 is primarily due to decreases in run-of-press (ROP) advertising at our daily newspaper and our community newspapers and shoppers business, a decrease in average net paid circulation, a decrease in waste and a decrease in content pages in the daily newspaper and community newspapers and shoppers.

Industry and Competition

Newspaper publishing is the oldest segment of the media industry. Metropolitan and community newspapers often represent the primary medium for news and local advertising due to their historic importance to the communities they serve.

Over the past few years, fundamentals in the newspaper industry have deteriorated significantly. Continuing weakness in automotive advertising (driven primarily by the domestic automobile industry), reductions in retail and classified ROP advertising (due in part to department store consolidation, weakened employment and real estate economics and a migration of advertising to the internet), circulation declines and online competition have negatively impacted newspaper industry revenues. Additionally, the continued housing market downturn has adversely impacted the newspaper industry, including real estate classified advertising as well as the home improvement, furniture and financial services advertising categories.

Advertising revenue is the largest component of a newspaper's total revenue and it is affected by cyclical changes in national and regional economic conditions. Classified advertising is generally the most sensitive to economic cycles and secular changes in the newspaper business because it is driven primarily by the demand for employment, real estate transactions and automotive sales. Newspaper advertising revenue is seasonal and our publishing business tends to see increased revenue due to increased advertising activity during certain holidays, in time for summer shopping and just prior to students returning to school in the fall.

We believe newspapers and their online and niche products continue to be one of the most effective mediums for retail and classified advertising because they allow advertisers to promote the price and selection of goods and to maximize household reach. Notwithstanding the advertising advantages newspapers offer, newspapers have many competitors for advertising dollars and paid circulation. These competitors include local, regional and national newspapers, shoppers, magazines, broadcast and cable television, radio, direct mail, Yellow Pages, the internet and other media. Competition for newspaper advertising revenue is based largely upon advertiser results, advertising rates, readership, demographics and circulation levels, while competition for circulation revenue is based largely upon the content of the newspaper, its price, editorial quality, and customer service. On occasion, our businesses compete with each other for regional and local advertising, particularly in the Milwaukee market.

Broadcasting

Our broadcasting business is conducted through our wholly owned subsidiary, Journal Broadcast Corporation, and its subsidiaries, which together operate 35 radio stations and 12 television stations in 12 states and a television station under a local marketing agreement. Our broadcasting business accounted for 38.5% of our revenue for the year ended December 28, 2008. See Management's Discussion and Analysis and Note 12 to our Consolidated Financial Statements for additional financial information regarding our broadcasting business.

Our radio and television stations focus on providing targeted and relevant local programming that is responsive to the interests of the communities in which they compete. We promote a local focus that allows our stations and clusters to serve listeners, viewers and advertisers more effectively, strengthens each station's brand identity and allows our stations to provide effective marketing solutions for local advertisers by reaching their targeted audiences.

In an effort to maximize our operating margins, we have implemented a centralized management approach to certain functions such as engineering, IT, finance and human resources to generate economies of scale and incorporate best practices. We intend to continue to explore cost reduction and efficiency measures across our stations and pursue market share and ratings growth which we believe will generate increased operating efficiency and revenue, and continue to drive operating margin improvement.

In five of our markets, Milwaukee, Wisconsin, Boise, Idaho, Tucson, Arizona, Omaha, Nebraska and Palm Springs, California, we either own and operate both television and radio stations or own and operate more than one television station.

Television Broadcasting

Based on the November 2008 Nielsen ratings book, we are ranked among the top three stations in terms of station audience rating in seven of the 10 markets in which our television stations operate. As of November 2008, WTMJ-TV, our Milwaukee television station, had the top-rated late night local newscast (Monday-Friday) in its Designated Market Area in 73 of the previous 77 ratings periods (based on the percentage of the total potential household audience). In 2008, revenue from television operations accounted for 62.2% of our broadcasting revenue.

Our television stations are:

Station	Market	Year Acquired	Network Affiliation	Station Market Rank[1]	Station Audience Share[1]	Total Stations in Market[2]
WTMJ-TV	Milwaukee, WI	1947	NBC	2+	10	13
KTNV-TV	Las Vegas, NV	1979	ABC	3	6	12
WSYM-TV	Lansing, MI	1984	FOX	4	6	7
KMIR-TV	Palm Springs, CA	1999	NBC	3+	6	11
KPSE-LP[3][4]	Palm Springs, CA	2008	MNT	N/A	N/A	11
KIVI-TV	Boise, ID	2001	ABC	3	10	9
KSAW-LP[3]	Twin Falls, ID	2001	ABC	4	4	7
WGBA-TV	Green Bay/ Appleton, WI[6]	2004	NBC	4	7	7
WACY-TV[5]	Green Bay/ Appleton, WI[6]	2004	MNT	N/A	N/A	7
KGUN-TV	Tucson, AZ	2005	ABC	3	10	10
KWBA-TV[7]	Tucson, AZ	2008	CW	N/A	N/A	10
WFTX-TV	Naples/Fort Myers, FL	2005	FOX	3	5	11
KMTV-TV	Omaha, NE	2005	CBS	3	12	7

(1) Station market rank is based upon station audience ratings, which equal the percentage of the total potential household audience in the Designated Market Area. Station audience share equals the percentages of the audience in the Designated Market Area actually watching our television station. The percentages are based on surveys conducted 5:00 a.m. to 2:00 a.m., seven days a week, as published in the November 2008 Nielsen ratings book. A "+" indicates a tie with another station in the market.

(2) Includes all television stations whose city of origin is within the Designated Market Area (DMA) that meet the minimum reporting standards.

(3) Low-power television station.

(4) We acquired KPSE-LP on January 28, 2008. KPSE-LP did not qualify to be reported in the November 2008 Nielsen ratings book.

(5) We operate WACY-TV under a local marketing agreement between WGBA-TV and WACY-TV. WACY-TV did not qualify to be reported in the November 2008 Nielsen ratings book.

(6) Green Bay, WI and Appleton, WI are considered one DMA.

(7) We acquired certain assets of KWBA-TV on July 21, 2008. KWBA-TV did not qualify to be reported in the November 2008 Nielsen ratings book.

The affiliation by a station with one of the four major networks (NBC, ABC, CBS and FOX) has a significant impact on the composition of the station's programming, revenue, expenses and operations. Lower ratings of NBC network programming have continued to have an adverse affect on revenue in our Milwaukee, Green Bay, and Palm Springs markets. We believe all of our television stations are strong affiliates with good relationships with the respective networks. We believe that Las Vegas, Boise, Palm Springs, Tucson and Fort Myers/Naples are markets with attractive demographic and growth profiles and that as a result, there is significant opportunity for growth and operating improvement at these stations.

In all of our markets and regardless of network affiliation, we focus on delivering leading local news programming, locally produced programming and contracting for popular syndicated programming with the objective of maximizing our ratings and in turn our share of advertising spending in a given market. Based on the Five-day Average DMA Persons 25-54 Rating in the November 2008 Nielsen ratings book, we had the number one local late evening news program at WTMJ-TV in Milwaukee and we tied for number one at both KMIR-TV in Palm Springs and KGUN-TV in Tucson.

We derive the vast majority of our television broadcasting revenue from advertising. Our television advertising revenue and rates in even-numbered years benefit from political, issue and Olympics-related advertising. Absent political and issue advertising, there is less pressure on inventory, which drives rates downward. Television political and issue advertising revenue was $11.6 million in 2008 compared to $1.3 million in 2007. Olympics-related advertising on our three NBC affiliates was $2.3 million in 2008. NBC has purchased the right to broadcast the Olympics through 2012, and we expect higher revenue in these years because the expected increased ratings during the Olympic time period for our three NBC affiliates will allow them to sell advertising at premium rates.

We have also made substantial investments in digital transmission equipment at our stations and are fully compliant with Federal Communications Commission (FCC) mandates on digital transmission. We anticipate investing in digital infrastructure in several of our television markets as we make the continuing transition to HDTV (high-definition television). In some cases, this investment replaces aging analog equipment. Also, we expect these investments to create additional operating efficiencies and improve the transfer of program content to our internet websites.

Radio Broadcasting

Based on the Fall 2008 Arbitron ratings book, we have the number one station in terms of station audience rank in four of the eight markets in which our radio stations operate, including in Milwaukee where WTMJ-AM has been the top-rated radio station for 52 consecutive Arbitron rating periods. We have grown our radio operations primarily through acquisitions of stations in mid-sized growth markets. We have acquired 17 of our 35 radio stations since 1999. In 2008, revenue from radio operations accounted for 37.8% of our broadcasting revenue.

Our radio stations are:

Market and Station	City of License	Year Acquired	Format	Station Audience Rank[1]	Total Stations in Market[2]	FCC License Class[3]
Milwaukee, WI						
WTMJ-AM[5]	Milwaukee, WI	1927	News/Talk/Sports	1	29	B
WLWK-FM[5]	Milwaukee, WI	1959	Variety Hits	10+	29	B
Omaha, NE						
KEZO-FM[5]	Omaha, NE	1995	Rock	5	21	C
KKCD-FM[5]	Omaha, NE	1995	Classic Hits	9	21	C2
KSRZ-FM[5]	Omaha, NE	1998	Hot Adult Contemporary	7	21	C
KXSP-AM	Omaha, NE	1999	Sports	15+	21	B
KQCH-FM[5]	Omaha, NE	1999	Contemporary Hits	6	21	C
Tucson, AZ						
KFFN-AM	Tucson, AZ	1996	Sports	21+	26	C
KMXZ-FM[5]	Tucson, AZ	1996	Adult Contemporary	1	26	C
KQTH-FM[5]	Tucson, AZ	1996	Talk	9	26	A
KGMG-FM	Oracle, AZ	1998	Rhythmic Oldies	11	26	C2
Knoxville, TN						
WKTI-AM[4]	Powell, TN	1998	Sports	N/A	17	D
WCYQ-FM[5]	Karns, TN	1997	Country	11+	17	A
WWST-FM[5]	Sevierville, TN	1997	Contemporary Hits	4	17	C1
WKHT-FM	Knoxville, TN	1998	Rhythmic Contemporary Hits	5	17	A
Boise, ID						
KGEM-AM	Boise, ID	1998	Adult Standards	23.+	25	B
KJOT-FM	Boise, ID	1998	Rock	15+	25	C
KQXR-FM	Boise, ID	1998	Alternative Rock	9+	25	C1
KTHI-FM	Caldwell, ID	1998	Classic Hits	5	25	C
KRVB-FM	Nampa, ID	2000	Adult Alternative	14	25	C
KCID-AM	Caldwell, ID	1998	Oldies	20+	25	C
Wichita, KS						
KFDI-FM[5]	Wichita, KS	1999	Country	1	20	C
KICT-FM[5]	Wichita, KS	1999	Rock	5	20	C1
KFXJ-FM[5]	Augusta, KS	1999	Classic Rock	5	20	C2
KFTI-AM	Wichita, KS	1999	Traditional Country	13+	20	B
KYQQ-FM	Arkansas City, KS	1999	Regional Mexican	17+	20	C
KFTI-FM	Newton, KS	2000	Classic Country	15	20	C1
Springfield, MO						
KSGF-AM/FM	Springfield, MO/ Ash Grove, MO	1999/2003	News/Talk (Simulcast)	3+	17	B/C3
KTTS-FM	Springfield, MO	1999	Country	1	17	C
KSPW-FM	Sparta, MO	1999	Contemporary Hits	3+	17	C2
KZRQ-FM	Mt. Vernon, MO	2003	Active Rock	15	17	C3
Tulsa, OK						
KFAQ-AM[5]	Tulsa, OK	1999	Talk	7	26	A
KVOO-FM[5]	Tulsa, OK	1999	Country	3	26	C
KXBL-FM[5]	Henryetta, OK	1999	Classic Country	9	26	C1

(1) Station audience rank equals the ranking of each station, in its market, according to the Fall 2008 Arbitron ratings book. The ranking is determined based on the estimated share of persons 12 years and older listening during an average 15-minute increment (also known as "average quarterly hour," or "AQH," share) occurring Monday-Sunday between 6:00 a.m. and midnight. A "+" indicates a tie with another station in the market.

(2) Includes stations qualified to be reported in the Fall 2008 Arbitron ratings book. In order to be qualified to be reported, a station must have received five or more minutes of listening in at least 10 diaries in the market from midnight to midnight, Monday through Sunday, during the survey period.

(3) The FCC license class is a designation for the type of license based upon the radio broadcast service area according to radio broadcast rules compiled in the Code of Federal Regulations.

(4) WKTI-AM did not qualify to be reported in the Fall 2008 Arbitron ratings book.

(5) Stations that are broadcasting in digital.

We employ a variety of sales-related and programming strategies. Our sales-related strategy includes maximizing our share of the local advertisers' advertising spending. We believe development of local station clusters allows us to maximize market share because it allows us to offer a variety of format alternatives to appeal to a broader range of local advertisers. Our programming strategy includes developing and retaining local on-air talent to drive ratings. We have long-term contracts with many of our on-air personalities. In addition, our Milwaukee radio station, WTMJ-AM, currently maintains exclusive radio broadcast rights for the Green Bay Packers, Milwaukee Bucks and Milwaukee Brewers, and arranges a statewide radio network for the broadcast of their games.

Most of our radio broadcasting revenue is generated from the sale of local advertising, including developmental revenue, which refers to non-transactional revenue that targets non-traditional advertisers, with the balance generated from the sale of national advertising, political and issue advertising and other sources. We have predetermined the number of commercials that are broadcast each hour, depending on the format of a particular station. We attempt to determine the number of commercials broadcast hourly that can maximize available revenue dollars without diminishing listening levels. Although the number of advertisements broadcast during a given time period may vary, the total number of advertisements broadcast on a particular station generally does not vary significantly from year to year, unless there has been a format change.

We have aligned our radio stations in clusters within a market, in many cases building out the cluster around a lead station. We seek to build a unique and differentiated brand position at each station within a cluster so that we can offer distinct solutions for a variety of advertisers in any given market. This clustering strategy has allowed us to target our stations' formats and sales efforts to better serve advertisers and listeners as well as leverage operating expenses to maximize the performance of each station and the cluster. We are currently broadcasting 17 radio stations in digital.

Industry and Competition

We compete with other radio and television stations, newspapers, cable television, satellite television, direct mail services, billboards, the internet and, in the future, may also compete with the emerging satellite radio technology for advertising dollars. We believe some of the factors an advertiser considers when choosing an advertising medium include its overall marketing strategy and reaching its targeted audience in the most cost-effective manner. In both radio and television broadcasting, revenue is derived primarily from advertising. Ratings, which estimate the number of viewers or listeners tuning in to a given station, highly influence competition in broadcasting because they affect the advertising rates the broadcaster can charge—higher ratings generally mean the broadcaster can charge higher rates for advertising. By having a cluster of several stations within one market, we can offer advertisers the opportunity to purchase air time on more than one of our stations in order to reach a broader audience.

Revenues in the broadcast industry are derived primarily from the sale of advertising time to local, national and political advertisers and to a lesser extent from barter, digital revenues, retransmission fees, network compensation and other revenues. Because television and radio broadcasters rely upon advertising revenue, they are subject to cyclical changes in the economy. The size of advertisers' budgets, which are affected by broad economic trends, affects the broadcast industry in general and the revenue of individual television and radio stations. The broadcast industry continues to experience softness in television and radio advertising resulting from general economic pressure now impacting local and national economies, primarily in the housing, automobile and retail segments.

Changes in market demographics, the entry of competitive stations, the adoption of competitive formats by existing stations and the inability to retain popular on-air talent could result in lower ratings, which could in turn reduce advertising revenue. Technology can play an important role in competition as the ratings each station receives also depend upon the strength of the station's signal in each market and, therefore, the number of listeners who have access to the signal. We continue to invest in the technology needed to maintain, and, where possible, strengthen our signals.

Commercial television stations generally fall into one of three categories. The first category of stations includes those affiliated with one of the four major national networks (NBC, ABC, CBS and FOX). The second category comprises stations affiliated with more recently developed national networks, such CW and MyNetwork TV (MNT). The third category includes independent stations that are not affiliated with any network and rely principally on local and syndicated programming. Affiliation with a television network can have a significant influence on the revenue of a television station because the audience ratings generated by a network's programming can affect the rates at which a station can sell advertising time. Generally, each station determines rates and receives all of the revenue, net of agency commissions, for national and local spot advertising sold by us.

Seasonal revenue fluctuations are common in the broadcasting industry and are primarily due to fluctuations in advertising expenditures by retailers and automobile manufacturers. Broadcast advertising is typically strongest in the second and fourth quarters of the year, which coincides with increased advertising around certain holidays. Historically, the second quarter tends to show an increase in automotive advertising as well as increases in tourism and travel advertising before the summer months. In even-numbered years, the Olympics, which typically occur during the first quarter or third quarter, and political advertising, which typically is strongest in the third and fourth quarters, tend to cause increases in advertising revenue.

Printing Services

Our printing services business is conducted through our wholly owned subsidiary IPC Print Services, Inc. (IPC). Our printing services business accounted for 12.0% of our revenue for the year ended December 28, 2008. See Management's Discussion and Analysis and Note 12 to our Consolidated Financial Statements for additional financial information regarding our printing services business.

IPC, which was founded in 1949 and acquired by us in 1992, provides a wide range of printing services including complete production of magazines, professional journals and documentation material, as well as distribution solutions and fulfillment. The foundation of our printing business includes printing scientific, medical and technical journals and magazines. We generally utilize conventional and electronic pre-press processes, web-and sheet-fed printing and complete bindery and finishing in our production processes. All of these markets are served through our direct national sales force or by the use of print brokers.

The printing services industry is highly competitive and generally characterized by low operating margins. As a result, we maintain control over our costs and ensure we align our cost base to changes in our revenue streams. We consistently seek opportunities to grow revenue through existing or new business.

Dell Computer Corporation (Dell) accounted for 10.9% and 10.7% of our printing services revenue in 2008 and 2007, respectively. We believe our revenue from Dell will be significantly reduced in early 2009 and eventually end in mid-2009.

Industry and Competition

The printing services industry continues to experience consolidation. This trend has resulted in fewer private, independent competitors, creating several competitors that are larger than us in size with broader product offerings. The major competitive factors that impact our printing services business are price and schedule flexibility, paper prices, oil prices, United States Postal Service (USPS) rates, customer service and finished products quality, time to market and distribution capabilities.

We compete with a large number of companies, some of which have greater resources and capacity. In recent years, there has been excess capacity in the printing industry and consolidation within the industry that has increased competition. Rapid technological changes as well as a more global marketplace, both in terms of supply and demand, have also brought new competitors to the marketplace. To lessen exposure to larger competitors with greater resources, we focus generally on specialized markets with small- to medium-sized print run requirements where we can achieve market differentiation and gain competitive advantages through knowledge of the market and the ability to offer high quality solutions to customers.

The vast majority of our customers rely on advertising spending and subscriptions, both of which can be impacted by economic conditions. We closely watch trends affecting our customer base to ensure that we are appropriately aligning our resources and costs.

Other

Our other business consists of our direct marketing services business, PrimeNet, and corporate intercompany eliminations and corporate expenses, and accounted for 5.1% of our revenue for the year ended December 28, 2008. See Management's Discussion and Analysis and Note 12 to our Consolidated Financial Statements for additional financial information regarding our direct marketing services business and corporate expenses and eliminations.

Our direct marketing business provides direct marketing support services to major brands and marketers of automotive, retail, publishing, financial and other services in the United States and Canada. Our direct marketing business is committed to providing innovative data, print and mail solutions that are on time and right.

Compliance with Environmental Laws

As the owner, lessee or operator of various real properties and facilities, we are subject to various federal, state and local environmental laws and regulations. Historically, compliance with these laws and regulations has not had a material adverse effect on our business. In 2008, we paid a $0.2 million assessment by the Environmental Protection Agency related to NorthStar Print Group, Inc., which was sold in January 2005. Compliance with existing or new environmental laws and regulations may require us to make future expenditures.

Regulation

Our television and radio businesses are subject to regulation by governmental authorities in the United States.

Introduction

Our television and radio broadcasting operations are subject to regulation by the FCC under the Communications Act of 1934, as amended (which we refer to as the Communications Act). Under authority of the Communications Act, the FCC, among other things, assigns frequency bands for broadcast and other uses; determines the location, frequency and operating power of stations; grants permits and licenses to construct and operate television and radio stations on particular frequencies; issues, revokes, modifies and renews radio and television broadcast station licenses; regulates equipment used by stations; determines whether to approve changes in ownership or control of station licenses; regulates the content of some forms of programming; adopts and implements regulations and policies which directly or indirectly affect the ownership, operations and profitability of broadcasting stations; and has the power to impose penalties for violations of its rules.

Licensed broadcast stations must pay FCC regulatory and application fees and comply with various rules promulgated under the Communications Act that regulate, among other things, political advertising, sponsorship identification, closed captioning of certain television programming, obscene, indecent and profane broadcasts, and technical operations, including limits on radio frequency radiation. Additionally, the FCC's rules require licensees to implement equal employment opportunity outreach programs and maintain records and make filings with the FCC evidencing such efforts.

The following is a brief summary of certain provisions of the Communications Act and specific FCC rules and policies. The summaries are not intended to describe all present and proposed statutes and FCC rules and regulations that impact our television and radio operations. Failure to observe the provisions of the Communications Act and the FCC's rules and policies can result in the imposition of various sanctions, including monetary forfeitures, the grant of "short-term" (less than the maximum term) license renewal or, for particularly egregious violations, the denial of a license renewal application, the revocation of a license or the withholding of approval for acquisition of additional broadcast properties.

Broadcast Licenses/Renewals

The Communications Act permits the operation of a broadcast station only in accordance with a license issued by the FCC upon a finding that the grant of a license would serve the public interest, convenience and necessity. The FCC grants broadcast licenses for specified periods of time and, upon application, may renew the licenses for additional terms (ordinarily for the maximum eight years). Generally, the FCC renews a broadcast license upon a finding that (i) the broadcast station has served the public interest, convenience and necessity; (ii) there have been no serious violations by the licensee of the Communications Act or the FCC's rules; and (iii) there have been no other violations by the licensee of the Communications Act or other FCC rules which, taken together, indicate a pattern of abuse. After considering these factors, the FCC may renew a broadcast station's license, either with conditions or without, or it may designate the renewal application for hearing. Although there can be no assurance that our licenses will be renewed, we have not to date had a violation of the FCC's regulations that jeopardized the renewal of our licenses, and we are not currently aware of any facts that would prevent their renewal. On November 1, 2005, the Milwaukee Public Interest Media Coalition ("MPIMC") filed a petition at the FCC asking it to deny the pending license renewal applications of all eleven commercial television stations in the Milwaukee Designated Market Area (DMA), including our station, WTMJ-TV, on the grounds that the stations failed to provide adequate coverage of state and local issues during the 2004 election campaign. In June 2007, the FCC issued an Order denying MPIMC's Petition. In July 2007, MPIMC filed a Petition for Reconsideration with the FCC requesting it to reconsider the denial of MPIMC's Petition to Deny. We opposed MPIMC's Petition for Reconsideration and in July 2008, the FCC issued a decision denying the Petition for Reconsideration. In August 2008, MPIMC filed a second Petition for Reconsideration of the FCC's June 2007 Order. We filed an Opposition to MPIMC's Second Petition in August 2008. The matter remains pending. We believe the petition is without merit and will continue to defend against it vigorously.

Ownership Restrictions

The Communications Act and FCC rules and policies include a number of limitations regarding the number and reach of broadcast stations that any person or entity may own, directly or by attribution. FCC approval is also required for transfers of control and assignments of station licenses. A person or entity requesting FCC approval to acquire a radio or television station license must demonstrate that the acquisition complies with the FCC's Ownership rules or that a waiver of the rules is in the public interest.

The FCC is required to review quadrennially the following media ownership rules and to modify, repeal or retain any rules as it determines to be in the public interest: the Newspaper Broadcast Cross-Ownership Rule; the

Local Radio Ownership Rule; the Radio-Television Cross-Ownership Rule; the Dual Network Rule; and the Local Television Ownership Rule. In 2003 the FCC completed a comprehensive review of its ownership rules and adopted revised rules. The FCC's new rules were to have become effective on September 4, 2003. However, a number of parties sought reconsideration of the new rules and others filed judicial appeals. The U.S. Court of Appeals for the Third Circuit issued a stay of the new rules on September 3, 2003. Then, in an opinion issued on June 24, 2004, the court remanded most of the revised rules to the FCC for additional analysis and justification. On December 18, 2007, the FCC adopted an Order that modified only the newspaper broadcast cross-ownership rule to permit cross-ownership of one newspaper and one television or radio station in the top twenty markets under certain circumstances, and establishing a waiver procedure for such combinations in markets smaller than the top twenty. The FCC declined to make changes to any other broadcast ownership rules. The FCC's Order states that newspaper broadcast combinations that were grandfathered in 1975 when the newspaper-broadcast cross-ownership rule was adopted, including our Milwaukee operations, will continue to be grandfathered. The FCC's Order is subject to reconsideration and appeal. At this time, it is impossible to predict whether the new rule will ultimately go into effect. The FCC's ownership rules are briefly summarized below.

Newspaper Broadcast Cross-Ownership Rule. Under the currently effective newspaper broadcast cross-ownership Rule, unless grandfathered or subject to waiver, no party can have an attributable interest in both a daily English-language newspaper and either a television station or a radio station in the same market if specified signal contours of the television station or the radio station encompass the entire community in which the newspaper is published. Our media operations in Milwaukee are grandfathered under this rule.

Local Radio Ownership Rule. The local radio ownership rule limits the number of radio stations an entity may own in a given market depending on the size of the radio market. Specifically, in a radio market with 45 or more commercial and noncommercial radio stations, a party may own, operate, or control up to eight commercial radio stations, not more than five of which are in the same service (AM or FM). In a radio market with between 30 and 44 radio stations, a party may own, operate, or control up to seven commercial radio stations, not more than four of which are in the same service. In a radio market with between 15 and 29 radio stations, a party may own, operate, or control up to six commercial radio stations, not more than four of which are in the same service. In a radio market with 14 or fewer radio stations, a party may own, operate, or control up to five commercial radio stations, not more than three of which are in the same service, except that a party may not own, operate, or control more than 50% of the stations in the market, except for combinations of one AM and one FM station, which are permitted in any size market. For stations located in a market in which the Arbitron ratings service provides ratings, the definition of "radio market" is based on the radio market to which BIA Financial Network assigns the affected radio stations. For stations that are not in an Arbitron market, the market definition is based on technical service areas, pending a further FCC rulemaking. Also under the rule, a radio station that provides more than 15% of another in-market station's weekly programming will be deemed to have an attributable interest in the brokered station.

Radio-Television Cross-Ownership Rule. The radio-television cross-ownership rule generally allows common ownership of one or two television stations and up to six radio stations, or, in certain circumstances, one television station and seven radio stations, in any market where at least 20 independent voices would remain after the combination; two television stations and up to four radio stations in a market where at least 10 independent voices would remain after the combination; and one television and one radio station notwithstanding the number of independent voices in the market. A "voice" generally includes independently owned, same-market commercial and noncommercial broadcast television and radio stations, newspapers of certain minimum circulation, and one cable system per market.

Local Television Ownership Rule. Under the local television ownership rule, one party may own up to two television stations in a market, so long as the market would have at least eight independently owned full power television stations after the combination and at least one of the stations is not one of the top-four-rated stations (based on audience share) in the television market. The rule also permits the ownership of two television stations in a market as long as the stations' Grade B contours do not overlap. The FCC will waive this rule to permit ownership of these television stations in a market that will not otherwise be permissible if one of the stations is in bankruptcy or is "failing" (i.e. stations with negative cash flow and less than a four share all day audience rating).

Dual Network Rule. The dual network rule prohibits any of the four major networks—ABC, CBS, Fox and NBC—from merging with each other.

Television National Audience Reach Limitation. Although the rules adopted by the FCC in June 2003 provided for increasing the national television ownership rule cap on aggregate television audience reach to 45% of all television households, the 2004 Consolidated Appropriations Act enacted by Congress, which superceded the FCC's rules, set the cap at 39%. Under the rule, a person or entity is prohibited from having an attributable interest in television stations whose aggregate audience reach exceeds 39% of the television households in the United States. In calculating the number of households a station reaches, the FCC attributes a UHF station with only 50% of the television households in the market.

Attribution of Ownership. An "attributable" interest for purposes of the FCC's broadcast ownership rules generally includes: equity and debt interests which combined exceed 33% of a licensee's total assets, if the interest holder supplies more that 15% of the licensee's total weekly programming, or has an attributable same-market media interest, whether television, radio, cable or newspaper; a 5% or greater direct or indirect voting stock interest, including certain interests held in trust, unless the holder is a qualified passive investor in which case the threshold is a 20% or greater voting stock interest; any equity interest in a limited liability company or a partnership, including a limited partnership, unless properly "insulated" from management activities; and any position as an officer or director of a licensee or of its direct or indirect parent.

Alien Ownership

The Communications Act restricts the ability of foreign entities or individuals to own or hold interests in U.S. broadcast licenses. Foreign governments, representatives of foreign governments, non-U.S. citizens, representatives of non-U.S. citizens, and corporations or partnerships organized under the laws of a foreign country (collectively, "aliens") are prohibited from holding broadcast licenses. Aliens may directly or indirectly own or vote, in the aggregate, up to 20% of the capital stock of a licensee. In addition, a broadcast license may not be granted to or held by any corporation that is controlled, directly or indirectly, by any other corporation more than 25% of whose capital stock is owned or voted by aliens if the FCC finds that the public interest will be served by the refusal or revocation of such license. The FCC has interpreted this provision to require an affirmative finding that foreign ownership in excess of 25% would serve the public interest and, in the broadcast context, has made such a finding only in highly limited circumstances.

Obscenity, Indecency and Profanity

The FCC's rules prohibit the broadcast of obscene material at any time and indecent or profane material between the hours of 6:00 a.m. and 10:00 p.m. Recently, the FCC has begun enforcing its indecency rules more vigorously and has threatened to initiate license revocation proceedings against broadcast licensees for "serious" indecency violations. The FCC has intensified its enforcement activities with respect to programming it considers indecent and has issued numerous fines to licensees found to have violated the indecency rules. Several appeals of certain of the FCC's recent enforcement actions and of the FCC's underlying indecency standards are pending in the federal courts.

Formerly, the maximum permitted fines for adjudicated violations of the FCC's indecency rules were $32,500 per incident and $300,000 for each continuing violation. In June 2006, Congress increased the maximum permitted fines to $325,000 per incident and $3,000,000 for any continuing violation arising from a single act or failure to act. The FCC implemented the increased forfeiture amounts in July 2007.

Because the FCC may investigate indecency complaints on an *ex parte* basis, a licensee may not have knowledge of an indecency complaint unless and until the complaint results in the issuance of a formal FCC letter of inquiry or notice of apparent liability for forfeiture. From time to time, our television and radio stations receive letters of inquiry and notices of proposed forfeitures from the FCC alleging that they have broadcast indecent material. We do not believe that broadcasts identified in any currently pending complaints violate the indecency standards.

Sponsorship Identification

Both the Communications Act and the FCC rules generally require that, when payment or other consideration has been received or promised to a broadcast licensee for the airing of program material, at the time of the airing, the station must disclose that fact and identify who paid or promised to provide the consideration. In response to a complaint by a public interest organization, the FCC issued letters of inquiry to several dozen television stations seeking to determine whether their broadcast of "video news releases" (VNRs) violated the sponsorship identification rules by failing to disclose the source and sponsorship of the VNR materials. VNRs are news stories and feature materials produced by government agencies and commercial entities, among others, for use by broadcasters. Two of our television stations received and have responded to the VNR letter of inquiry. We cannot predict the outcome of the FCC's investigation; however in 2007, the FCC issued a forfeiture notice to one cable company for alleged violations of the sponsorship identification rules based on the use of VNRs.

Digital Television

The FCC has taken several actions to implement HDTV service. The transition from analog to digital format will (i) enable stations to transmit high-definition television or several streams of standard definition television and data simultaneously, and (ii) reduce the amount of spectrum needed for broadcast television to the spectrum located between what are now television channels 2 through 51 (called the "core spectrum"). During the digital television transition period, all established television stations have been allocated a separate 6-megahertz channel on which to conduct digital operations and the FCC has attempted to provide digital television coverage areas that are comparable to Stations' existing service areas. As part of the transition to digital broadcasting, all full power commercial television stations are required to transmit a digital signal 100% of the time they are transmitting an analog signal. All of our full power television stations are broadcasting analog and digital signals.

To the extent a station has "excess" digital capacity (i.e., digital capacity not used to transmit a single free, over-the-air video program), it may elect to use that capacity in any manner consistent with FCC technical requirements, including for additional free program streams, data transmission, interactive or subscription video services, or paging and information services. If a station uses its digital capacity to provide any such "ancillary or supplementary" services on a subscription or otherwise "feeable" basis, it must pay the FCC an annual fee equal to 5% of the gross revenues realized from such services.

Congress has directed that the transition to HDTV be completed by June 12, 2009. After the transition, broadcasters will be required to return one of their two assigned channels to the FCC and broadcast exclusively in digital format. In a 2004 order, the FCC established procedures for stations to elect which of their two currently-assigned 6-megahertz channels they will retain for their permanent digital operations at the conclusion of the digital television transition period. In December 2007, the FCC released an order establishing additional rules related to the transition to digital television. These rules imposed (i) obligations on stations to report to the FCC on the status of construction of digital facilities (ii) construction deadlines, and (iii) new interference standards for stations seeking to improve their digital signals.

The effect digital broadcasting will have on us remains to be seen. Like other television broadcasters, we have made substantial capital investments in digital transmission equipment in order to meet the FCC's mandates. We are broadcasting programs on a secondary digital channel in several of our markets and we are continuing to explore the opportunities provided by digital broadcasting, which remain in their formative stage. We are unable to predict the effect the cessation of analog broadcasting will have on viewership of our stations.

Relationship With Cable/Satellite

A number of provisions of the Communications Act and FCC rules govern aspects of the relationship between broadcast television and subscriber services such as cable and satellite. The rules generally provide certain protections for broadcast stations, for which cable and satellite services are both an important means of distribution and a provider of competing program channels.

To ensure that every local television station can be received in its local market without requiring a cable subscriber to switch between cable and off-air signals, the FCC allows every full-power television broadcast station to require that all local cable systems transmit that station's analog programming (or digital programming, if the station has ceased analog operations) to their subscribers within the station's market (the so-called "must-carry" rule). The FCC has ruled that following the cessation of analog service cable operators will be required to ensure that all of their subscribers are able to receive the digital signals of local broadcast stations. Alternatively, a station can elect to forego its must-carry rights and seek a negotiated agreement to establish the terms of its carriage by a local cable system—referred to as "retransmission consent." A station electing retransmission consent assumes the risk that it will not be able to strike a deal with the cable operator and will not be carried. A station has the opportunity to elect must-carry or retransmission consent every three years. A station that fails to notify a cable system of its election is presumed to have elected must-carry.

The FCC has declined to impose a "dual carriage" must-carry requirement on cable operators, which would have required them to simultaneously carry broadcasters' analog and digital signals for the balance of the digital transition period. The FCC also has declined to modify the must-carry rule to require cable operators to carry more than a single digital programming stream from any particular television station following the transition to digital broadcasting. Consequently, if we engage in multicasting, as we have begun to do on some of our television stations, only one of each station's digital program streams will be entitled to mandatory carriage pursuant to the digital must-carry rule after the end of the digital transition period. However, because the FCC's action does not affect digital retransmission consent agreements, we are free to negotiate with cable operators for the carriage of additional programming streams under mutually agreed terms and conditions.

A similar must-carry and retransmission consent regime governs carriage of local broadcast channels by direct-to-home satellite television operators. A satellite provider is not required to transmit the signal of any television station to its subscribers in that station's market. However, if a satellite provider chooses to provide one local station to its subscribers in a market, the provider also must transmit locally every other station in that market that elects must-carry status. (As with cable, stations may opt to pursue retransmission consent agreements.) A local television station that fails to make any election is deemed to have elected retransmission consent and is not guaranteed carriage. Satellite must-carry election periods occur every three years, consistent with cable must-carry periods.

Children's Television Programming. Federal legislation and FCC rules limit the amount and content of commercial matter that may be shown on television stations during programming designed for children 12 years and younger, and require stations to broadcast three hours per week of educational and informational programming ("E/I programming") designed for children 16 years of age and younger. Beginning in 2007, FCC rules require television stations to broadcast E/I programming on each additional digital multicast program stream transmitted, with the requirement increasing in proportion to the additional hours of free programming offered on multicast channels. These rules also limit the display during children's programming of internet addresses of websites that contain or link to commercial material or that use program characters to sell products.

Digital Radio. For a number of years, the FCC has been developing rules that would permit existing AM and FM radio broadcast stations to broadcast digitally in order both to improve sound quality and to provide spectrum for enhanced data services to complement the existing programming service and provide new business opportunities for radio broadcasters, including multicasting opportunities. The FCC has authorized AM and FM radio stations to broadcast digital signals using excess spectrum within the same allotted bandwidth used for analog transmissions.

Employees

As of December 28, 2008, we and our subsidiaries had approximately 2,700 full-time and 1,300 part-time employees compared to approximately 3,000 full-time and 1,500 part-time employees at December 30, 2007. Currently, there are 12 bargaining units representing approximately 700 (or approximately 18%) of our total number of employees. We have entered into various collective bargaining agreements with these bargaining units. Ten of these agreements have expired or will expire within the next two years. An agreement covering 40 employees of our broadcasting business expired in February 2008 and another agreement covering 197 employees of our daily newspaper expired on December 31, 2008. These employees continue to work without a contract. The majority of employees covered by a collective bargaining agreement work at the daily newspaper.

ITEM 1A. RISK FACTORS

You should carefully consider the following risk factors and warnings before making an investment decision. If any of the risks below actually occur, our business, financial condition, results of operations or prospects could be materially adversely affected. In that case, the price of our securities could decline and you could lose all or part of your investment. You should also refer to the other information set forth or incorporated by reference in this document.

Risks Relating to Our Diversified Media Business

Decreases in advertising spending, resulting from economic downturn, war, terrorism, advertiser consolidation or other factors, could adversely affect our financial condition and results of operations.

Approximately 70% of our revenue in 2008 was generated from the sale of local, regional and national advertising appearing in our newspapers and shoppers and for broadcast on our radio and television stations. Advertisers generally reduce their advertising spending during economic downturns and some advertisers may go out of business or declare bankruptcy. The merger or consolidation of advertisers also generally leads to a reduced amount of collective advertising spending. A recession or economic downturn, as we are currently experiencing, as well as a consolidation of advertisers, has had, and in the future could continue to have, an adverse effect on our financial condition and results of operations. In addition, our advertising revenue tends to decline in times of national or local crisis because our radio and television stations broadcast more news coverage and sell less advertising time. For example, the threatened outbreak of hostilities in Iraq in March 2003 and the war itself had a negative impact on our broadcast results due to reduced spending levels by some advertisers, cancellations by some advertisers for the duration of war coverage and elimination of advertising inventory available from our television networks during their continuous coverage of the war. As a result, the war in Iraq, additional terrorist attacks or other wars involving the United States or any other local or national crisis could adversely affect our financial condition and results of operations.

Additionally, some of our printed publications and our radio and television stations generate a large percentage of their advertising revenue from a limited number of sources, including the automotive industry, political advertising and professional sports contracts. As a result, even in the absence of a recession or economic downturn, adverse changes specifically affecting these advertising sources could significantly reduce advertising revenue and have a material adverse affect on our financial condition and results of operations.

In addition, our advertising revenue and circulation revenue depend upon a variety of other factors specific to the communities that we serve. Changes in those factors could negatively affect those revenues. These factors include, among others, the size and demographic characteristics of the local population, the concentration of retail stores and local economic conditions in general. If the population demographics, prevailing retail environment or local economic conditions of a community served by us were to change adversely, revenue could decline and our financial condition and results of operations could be adversely affected. This is especially true with respect to the metropolitan Milwaukee market, which is served by our daily newspaper, the *Milwaukee Journal Sentinel*, one of our television stations, two of our radio stations, a number of our community newspapers and shoppers and about 40 websites, and, collectively, from which we derived approximately 48.1% of our revenue in 2008.

Our diversified media businesses operate in highly competitive markets, and during a time of rapid competitive changes, we may lose market share and advertising revenue to competing newspapers, radio and television stations or other types of media competitors, as well as through consolidation of media competitors or changes in advertisers' media buying strategies.

Our diversified media businesses operate in highly competitive markets. Our newspapers, shoppers, radio stations, television stations and internet sites compete for audiences and advertising revenue with other newspapers, shoppers, radio stations, television stations and internet sites as well as with other media such as magazines, cable television, satellite television, satellite radio, outdoor advertising, direct mail and the evolving on-line advertising space. Some of our current and potential competitors have greater financial, marketing, programming and broadcasting resources than we do or, even if smaller, the ability to create on-line niche products and communities and may respond faster or more aggressively to changing competitive dynamics. This competition has intensified as a result of digital media technologies. While the amount of advertising in our internet sites has continued to increase, we have experienced, and in the future may continue to experience, a decrease in advertising revenues if we are unable to attract advertising to our internet sites in volumes and prices sufficient to offset decreases in advertising in our traditional media products, for which rates are generally higher than for internet advertising.

In newspapers and shoppers, our revenue primarily consists of advertising and paid circulation. Competition for advertising expenditures and paid circulation comes from local, regional and national newspapers, shoppers, magazines, broadcast and cable television, radio, direct mail, yellow pages, the internet and other media. Competition for newspaper advertising revenue is based largely upon advertiser results, advertising rates, readership, demographics and circulation levels, while competition for circulation revenue is based largely upon the content of the newspaper, its price, editorial quality and customer service. On occasion, our businesses compete with each other for regional and local advertising, particularly in the Milwaukee market. Our local and regional competitors in community newspapers and shoppers are typically unique to each market, but we have many competitors for advertising revenue that are larger and have greater financial and distribution resources than us. Circulation revenue and our ability to achieve price increases for our print products are affected by competition from other publications and other forms of media available in our various markets, declining consumer spending on discretionary items like newspapers, decreasing amounts of free time, and declining frequency of regular newspaper buying among young people. We may incur increasing costs competing for advertising expenditures and paid circulation. If we are not able to compete effectively for advertising expenditures and paid circulation, our revenue may decline and our financial condition and results of operations may be adversely affected.

Our radio and television broadcasting businesses compete for audiences and advertising revenue primarily on the basis of programming content and advertising rates. Our ability to maintain market share and competitive advertising rates depends in part on audience acceptance of our network, syndicated and local programming. Changes in market demographics, the entry of competitive stations to our markets, the introduction of competitive local news or other programming by cable, satellite or other news providers, or the adoption of competitive formats by existing radio stations could result in lower ratings and have a material adverse effect on our financial condition and results of operations. Changes in ratings technology or methodology or metrics used by advertisers or other changes in advertisers' media buying strategies also could have a material adverse effect on our financial condition and results of operations.

Further, our operations may be adversely affected by consolidation in the broadcast industry, especially if competing stations in our markets are acquired by competitors who have a greater national scope, can offer a greater variety of national and syndicated programming for listeners and viewers and have enhanced opportunities for advertisers to reach broader markets. In 2003 the FCC completed a comprehensive review of its ownership rules and adopted revised rules. These rules were stayed in September 2003 and most of the revised rules were remanded to the FCC for additional analysis and justification. In December 2007, the FCC adopted an Order that modified only the newspaper broadcast cross-ownership rule to permit cross-ownership of one newspaper and one television or radio station in the top twenty markets under certain circumstances. The FCC declined to make changes to any other broadcast ownership rules. The FCC's Order is subject to reconsideration and appeal. We cannot predict the outcome of any further administrative or judicial proceedings related to the rules.

Seasonal and cyclical changes in advertising volume affect our quarterly revenue and results of operations and may cause our stock price to be volatile.

Our quarterly revenue and results of operations are subject to seasonal and cyclical fluctuations that we expect to continue to affect our results of operations in future periods. Our first quarter of the year tends to be our weakest quarter because advertising volume is typically at its lowest levels following the holiday season. Our fourth quarter tends to be our strongest quarter primarily because of revenue from holiday season advertising. Our quarterly revenue also varies based on the dynamics of the television broadcast industry. In particular, we experience fluctuations, primarily during our third and fourth quarters, during political voting periods as advertising significantly increases. Also, since NBC has exclusive rights to broadcast the Olympics through 2012, our NBC affiliated stations experience increased viewership and revenue during Olympic broadcasts in the first or third quarters of the years in which the Olympics are held. Other factors that affect our quarterly revenue and results of operations may be beyond our control, including changes in the pricing policies of our competitors, the hiring and retention of key personnel, wage and cost pressures, changes in newsprint prices, changes in the buying strategies of advertisers and general economic factors. These quarterly fluctuations in revenue and results of operations may cause our stock price to be volatile.

We may not be able to acquire radio stations, television stations, newspapers or assets related to our internet-based growth strategy, successfully manage acquired properties, or increase our profits from these operations.

Our diversified media business has in the past expanded through acquisitions of radio and television stations and community newspapers and shoppers in selected markets. We intend to pursue continued growth through selected acquisitions, including acquisitions and investments related to our internet-based growth strategy, if we are able to identify strategic acquisition candidates, negotiate definitive agreements on acceptable terms and, as necessary, secure additional financing.

Our acquisition strategy includes certain risks. For example:

- we may not be able to identify suitable acquisition candidates or, if identified, negotiate successfully their acquisition;
- we may not be able to secure additional financing necessary to complete acquisitions;
- we may encounter unforeseen expenses, difficulties, complications or delays in connection with the integration of acquired entities and the expansion of operations;
- we may fail to achieve anticipated financial benefits from acquisitions;
- we may encounter regulatory changes or delays or other impediments in connection with proposed transactions;
- our acquisition strategy may divert management's attention from the day-to-day operation of our businesses;
- key personnel at acquired companies may leave employment; and
- we may be required to focus resources on integration of operations rather than more profitable areas.

In addition, we compete for certain acquisition targets with companies having greater financial resources. We cannot assure you that we will be able to successfully make future acquisitions or what effects those acquisitions may have on our financial condition and results of operations.

We have in the past and may in the future cluster multiple radio and television stations in markets that we believe have demographic characteristics and growth potential suitable to further our business objectives. Multiple stations in the same geographic market area could make our results of operations more vulnerable to adverse local economic or demographic changes than they would otherwise be if our stations were located in geographically diverse areas.

We anticipate that we would finance potential acquisitions through cash provided by operating activities and/or borrowings, which would reduce our cash available for other purposes. We cannot assure you, however, that we would be able to obtain needed financing in the event strategic acquisition opportunities are identified. We may also consider financing acquisitions by issuing additional shares of class A common stock, which would dilute current shareholders' ownership. Another potential source of financing for future acquisitions is to incur more debt, which would lead to increased leverage and debt service requirements. Inherent in any future acquisitions is the risk of transitioning company cultures and facilities, which could have a material adverse effect on our financial condition and results of operations, particularly during the period immediately following any acquisitions.

Decreases or slow growth in circulation may adversely affect our revenues.

Advertising and circulation revenues are affected by circulation, readership levels and overall audience reach. Our daily newspaper, and the newspaper industry as a whole, is experiencing difficulty maintaining and increasing print circulation and related revenues. This is due to, among other factors, increased competition from new media products and sources other than traditional newspapers (often free to users), and shifting preferences among some consumers to receive all or a portion of their news other than from a newspaper.

A prolonged decrease in circulation copies could have a material effect on our revenues, particularly if we are not able to otherwise grow our readership levels and overall audience reach. To maintain our circulation base, we may incur additional costs, and we may not be able to recover these costs through circulation and advertising revenues.

Our publishing business may suffer if there is a significant increase in the cost of newsprint or a reduction in the availability of newsprint.

The basic raw material for newspapers and shoppers is newsprint. Our newsprint consumption related to our publications totaled $24.8 million in 2008, which was 10.2% of our total publishing revenue. We currently purchase our newsprint primarily from a single supplier, with our current pricing agreement ending in December 2011. Our inability to obtain an adequate supply of newsprint in the future or significant increases in newsprint costs could have a material adverse effect on our financial condition and results of operations.

Changes relating to consumer information collection and use could adversely affect our ability to collect and use data, which could harm our business.

Public concern over methods of information gathering has led to the enactment of legislation in most jurisdictions that restricts the collection and use of consumer information. Our publishing business relies in part on telemarketing sales, which are affected by recent "do not call" legislation at both the federal and state levels. We also engage in e-mail marketing and the collection and use of consumer information in connection with our publishing and broadcasting businesses and our growing internet efforts. Further legislation, industry regulations, the issuance of judicial interpretations or a change in customs relating to the collection, management, aggregation and use of consumer information could materially increase the cost of collecting that data, or limit our ability to provide information to our customers or otherwise utilize telemarketing or e-mail marketing, and could adversely affect our results of operations.

If we are unable to respond to changes in technology and evolving industry standards, our radio stations may not be able to effectively compete.

The broadcast media industry is subject to the emergence of new media technologies and evolving industry standards. Several new technologies are being developed and/or utilized that may compete with our radio stations, including:

- audio programming by cable television systems, direct broadcast satellite systems, personal communications and wireless systems, internet content providers and other digital audio broadcast formats;
- satellite digital audio radio service, with sound quality comparable to that of compact discs and that provide numerous niche formats;
- in-band on-channel digital radio, which could improve the quality of existing AM and FM stations, including stations owned by us;

- expanded approval of low-power FM radio, which could result in additional FM radio broadcast outlets designed to serve small, localized areas; and
- enhanced capabilities of cell phones, MP3 players, and other mobile devices.

These new technologies have the potential to introduce new market competitors or change the means by which radio advertisers can most efficiently and effectively reach their target audiences. We may not have the resources to acquire new technologies or to introduce new services that could compete with these new technologies.

If we are unable to respond to changes in technology and evolving industry standards, our television stations may not be able to effectively compete.

New technologies could also adversely affect our television stations. Programming alternatives such as cable, direct satellite-to-home services, mobile media services, pay-per-view, on-demand programming, the internet and home video and entertainment systems have fractionalized television viewing audiences. Over the past decade, cable television programming services have captured an increasing market share, while the aggregate viewership of the major television networks has declined. In addition, the expansion of cable television and other technological changes, including the recent entry by certain of the regional Bell operating companies into the video services delivery market, has increased, and may continue to increase, competitive demand for programming. Such increased demand, together with rising production costs may, in the future, increase our programming costs or impair our ability to acquire programming. The enhanced video and audio capabilities of cell phones, MP3 players and other mobile devices also has the potential to affect television viewership.

In addition, video compression techniques now in use with direct broadcast satellites and, increasingly, by cable and wireless cable, are expected to permit greater numbers of channels to be carried within existing bandwidth. These compression techniques, as well as other technological developments, which are applicable to all video delivery systems and enable television broadcasters operating digital signals to offer multiple channels, have the potential to provide vastly expanded programming to highly targeted audiences. Reduction in the cost of creating additional channel capacity could lower entry barriers for new channels and encourage the development of increasingly specialized niche programming. This ability to reach very narrowly defined audiences may alter the competitive dynamics for advertising expenditures. We are unable to predict the effect that these technological changes will have on the television industry or the future results of our television broadcast business.

As part of the conversion from analog to digital broadcasting, our television stations will be required to cease analog broadcasts at the end of the transition, which was scheduled to occur February 17, 2009 and has now been delayed to June 12, 2009. We are unable to predict the effect of the cessation of analog broadcasting on viewership.

If the network programming we broadcast pursuant to network affiliation agreements does not maintain satisfactory viewership levels or if the networks we are affiliated with terminate or do not renew our agreements, our advertising revenues, financial condition and results of operations may be adversely affected.

The television viewership levels, and ultimately advertising revenue, for each of our stations are materially dependent upon network programming, which is provided pursuant to network affiliation agreements. We cannot assure you that network programming will achieve or maintain satisfactory viewership levels. In particular, because four of our stations (including one of our low-power stations) are parties to affiliation agreements with ABC, three with NBC, two with FOX, one with CBS and one with CW, failures of ABC, NBC, FOX, CBS or CW network programming to attract viewers or generate satisfactory ratings may have an adverse effect on our financial condition and results of operations. In addition, we cannot assure you that we will be able to renew our network affiliation agreements on as favorable terms or at all. The termination or non-renewal, or renewal on less favorable terms, of the affiliation agreements could have an adverse effect on us.

Changes in the relationship of television networks with their affiliates and other content providers and distribution channels also could affect our results of operation. For example, networks and other content providers recently have begun to sell programming content through new distribution channels and offer viewers the ability to watch programs on-demand, rather than on an established "live" television broadcast schedule.

The costs of television programming may increase, which could adversely affect our results of operations.

Television programming is a significant operating cost component in our broadcasting operations. We cannot assure you that we will not be exposed in the future to increased programming costs. Should such an increase occur, it could have an adverse effect on our results of operations. Television networks have been seeking arrangements from their affiliates to share the networks' programming costs. We cannot predict the nature or scope of any such potential compensation arrangements or the effect, if any, on our operations. In addition, acquisitions of program rights for syndicated programming are usually made two or three years in advance and may require multi-year commitments, making it difficult to predict accurately how a program will perform. In some instances, programs must be replaced before their costs have been fully amortized, resulting in write-offs that increase station operating costs and decrease station earnings.

If our key on-air talent does not remain with us or loses popularity, our advertising revenue and results of operations may be adversely affected.

We employ or independently contract with a number of on-air personalities and hosts of television and radio programs whose ratings success depends in part on audience loyalty in their respective markets. Although we have entered into long-term agreements with some of our key on-air talent and program hosts to protect our interests in those relationships, we cannot assure you that all or any of these key employees will remain with us over the long term. Furthermore, the popularity and audience loyalty to our key on-air talent and program hosts is highly sensitive to rapidly changing public tastes. A loss of such popularity or audience loyalty could reduce ratings and may impact our ability to generate advertising revenue.

In addition, our key local management employees are extremely important to our business since we believe that our growth and future success depends on retaining local management with knowledge of the community, its audience and its advertisers. Our inability to attract or retain these skilled personnel could have a material adverse impact on our financial condition and results of operations.

Changes in the professional sports industry or changes in our contractual relationships with local professional sports teams could result in decreased ratings for our Milwaukee radio station and adversely affect our results of operations and financial condition.

Our Milwaukee radio station, WTMJ-AM, currently maintains exclusive radio broadcast rights for the Green Bay Packers, Milwaukee Bucks and Milwaukee Brewers, and arranges a statewide radio network for the broadcast of their games. Our advertising revenue could be adversely affected by changes in the professional sports industry, such as a relocation of one of the local professional sports teams from the Wisconsin market or the potential loss of exclusivity due to league or team initiatives such as pay-per-listen, satellite radio or internet broadcast of games. In addition, we could lose our exclusive broadcast rights during periodic competitive bidding, or suffer damage to the marketplace value of sports advertising due to factors such as a players' strike, negative publicity or downturn in on-field performance of a team.

If cable systems and other video distribution systems do not carry our new digital channels or we do not enter into acceptable agreements with such systems, our revenue and results of operations may be adversely affected.

Since our television stations are highly dependent on carriage by cable systems in many of the areas they service, any modifications to rules regarding the obligations of cable systems to carry digital television signals in their local markets could result in some of our television stations or channels not being carried on cable systems, which could adversely affect our revenue and results of operations. Our television stations have the option to elect to negotiate retransmission agreements with cable systems. If certain stations make this election and we are unable to negotiate these agreements in a timely manner or on favorable economic terms, some of our stations may not be carried on certain cables systems for a period of time and our revenue and results of operations could be adversely affected. We may also be unable to negotiate or renegotiate acceptable agreements with other types of video distribution systems, which could also cause our revenue and results of operations to be adversely affected.

If we cannot renew our FCC broadcast licenses, our business will be impaired.

Our business depends upon maintaining our broadcast licenses, which are issued by the FCC for a term of eight years and are renewable. Pursuant to FCC rules, our broadcast license for station WTMJ-TV that expired in 2005 remains in effect pending processing by the FCC of its timely filed renewal application. Interested parties may challenge a renewal application. The FCC has the authority to revoke licenses, not renew them, or renew them with conditions, including renewals for less than a full term. We cannot assure you that our future renewal applications will be approved, or that the renewals, even if granted, will not include conditions or qualifications that could adversely affect our operations. If we fail to renew any of our licenses, or renew them with substantial conditions or modifications (including renewing one or more of our licenses for a term of fewer than eight years), it could prevent us from operating the affected station and generating revenue from it.

The FCC may impose sanctions or penalties for violations of rules or regulations.

If we or any of our officers, directors or significant shareholders materially violate the FCC's rules and regulations or are convicted of a felony or are found to have engaged in unlawful anticompetitive conduct or fraud upon another government agency, the FCC may, in response to a petition by a third party or on its own initiative, in its discretion, commence a proceeding to impose sanctions upon us that could involve the imposition of monetary penalties, the denial of a license renewal application, revocation of a broadcast license or other sanctions. If the FCC were to issue an order denying a license renewal application or revoking a license, we would be required to cease operating the broadcast station only after we had exhausted all administrative and judicial review without success. In addition, the FCC has recently emphasized more vigorous enforcement of indecency standards and the prohibition on "payola," which could result in increased costs associated with the adoption and implementation of stricter compliance procedures at our broadcast facilities or FCC fines.

We could experience delays in expanding our business due to antitrust laws.

The Federal Trade Commission, the United States Department of Justice and the FCC carefully review our proposed business acquisitions and dispositions under their respective regulatory authority, focusing on the effects on competition, the number and types of stations owned in a market and the effects on concentration of market revenue share. The Department of Justice has challenged proposed acquisitions of radio stations, particularly in instances where an existing licensee seeks to acquire additional radio stations in the same market. Some of these challenges ultimately resulted in consent decrees requiring, among other things, divestitures of certain stations. In general, the Department of Justice has more closely scrutinized radio station acquisitions that result in local market shares in excess of 40% of radio advertising revenue. Any delay, prohibition or modification required by regulatory authorities could adversely affect the terms of a proposed transaction or could require us to modify or abandon an otherwise attractive acquisition opportunity. The filing of petitions or complaints against us or any FCC licensee from which we acquire a station could result in the FCC delaying the grant of, refusing to grant or imposing conditions on its consent to the assignment or transfer of control of licenses.

Regulatory changes may result in increased competition in our radio and television broadcasting business.

The radio and television broadcasting industry is subject to extensive and changing federal regulation. Among other things, the Communications Act of 1934, as amended, and FCC rules and policies require FCC approval for transfers of control and assignments of licenses, and limit the number and types of broadcast properties in a market in which any person or entity may have an attributable interest. Media ownership restrictions include a variety of limits on local ownership, such as a limit of one television station in medium and smaller markets and two stations in larger markets as long as one station is not a top-four rated station (known as the duopoly rule), a prohibition on ownership of a daily English-language newspaper and a television or radio station in the same market, and limits both on the ownership of radio stations, and on common ownership of radio stations and television stations, in the same local market. In response to a court order and to satisfy its statutory obligation to conduct a quadrennial review of its media ownership rules, the FCC undertook further review of changes to its ownership rules adopted in 2003 (the effectiveness of which had been stayed pending judicial review). In December, 2007, the FCC adopted an order relaxing only the newspaper broadcast cross-ownership rule and declining to make changes in its other broadcast ownership rules. Requests for reconsideration and judicial review of the FCC's decision to relax the newspaper broadcast cross-ownership rule in the top twenty markets have been filed and are pending. It is impossible to predict the outcome of this further review.

In addition, the 2004 Consolidated Appropriations Act prohibits any person or entity from having an attributable interest in broadcast television stations with an aggregate audience reach exceeding 39% of television households nationally. The increase in the national television viewership cap gave the largest television operators the ability to continue to hold or to acquire additional stations, which may give them a competitive advantage over us, since they have much greater financial and other resources than we have. In addition, the networks' ability to acquire additional stations could give them "leverage" over their affiliates on issues such as compensation and program clearance, in part because of the risk that a network facing an uncooperative affiliate could acquire a station in the market and terminate its agreement with that affiliate.

Congress, the FCC or other federal agencies may in the future consider and adopt new laws, regulations and policies regarding a wide variety of matters that could, directly or indirectly, affect the operation, ownership and profitability of our television and radio stations and result in the loss of audience share and advertising revenue for our stations. Examples of such changes include:

- proposals to increase regulatory fees or to impose spectrum use or other fees on FCC licenses;
- proposals to restrict or prohibit the advertising of beer, wine and other alcoholic beverages;
- proposals to limit the tax deductibility of advertising expenses by advertisers;
- proposals to impose sales tax on advertising expense;
- proposals to revise the rules relating to political broadcasting;
- proposals to require broadcast stations to operate studios in the communities to which they are licensed, requiring construction of new studios, and to provide staffing on a 24 hour per day basis; and
- proposals to require radio broadcasters to pay royalties to musicians and record labels for the performance of music played on the stations.

Risks Relating to Our Printing Services Business and Other Segment

Postal rate increases and disruptions in postal services could lead to reduced volumes of business.

Our printing services business, as well as our direct marketing business, has been negatively impacted from time to time during the past years by postal rate increases. Rate increases may result in customers mailing fewer pieces with reduced page counts. The USPS most recently announced an increase in postal rates effective May 2009, and has implemented a policy of annual cost of living increases with the cost of postage that are targeted to be implemented in May each year. Additionally, the amount of mailings could be reduced in response to disruptions in and concerns over the security of the United States mail system. Such responses by customers could negatively impact us by decreasing the amount of printing and direct marketing services or other services that our customers purchase from us, which could result in decreased revenue.

Material cost increases could lead to reduced volumes of business.

Our printing services business has been negatively affected by increases in the cost of raw materials, such as paper, ink, chemicals and packaging. These price increases are often passed along to our customers and, in turn, our customers have reduced the number of pieces they mail and/or the number of pages they have us print. Such cost increases may continue to result in customers mailing fewer pieces and/or reducing the number of pages they have us print.

Revenue from our direct marketing business may decline if our data and laser print personalization products do not maintain technological competitiveness.

Our direct marketing service business is affected by the complexity and uncertainty of new technologies. If we are not able to maintain technological competitiveness in our data and print personalization products, processing functionality or software systems and services, we may not be able to provide effective or efficient service to our customers, and our revenue may decline.

Changes in economic conditions in the markets we serve may produce volatility in demand for our products and services.

Customers of our printing services business and our direct marketing services business may reduce their spending during economic downturns; a recession or economic downturn has had and may continue to have an adverse effect on our financial condition and results of operations.

Other Business Risks

Our business has been and may be in the future negatively affected by an impairment charge of goodwill, broadcast licenses or other intangible assets.

Due to deteriorating macro-economic factors, a prolonged adverse change in the business climate, deteriorating market conditions and results and a further decline in our stock price, we performed interim impairment testing of goodwill and intangible assets as of September 28, 2008. As a result of the testing, we recorded a pre-tax, non-cash impairment charge related to four television and 13 radio broadcast licenses of $38.8 million. Due to the continuation of the downturn in the economy that adversely impacted our fourth quarter 2008 operating results and caused us to significantly reduce our expected cash flows for 2009 and beyond, and further declines in the market value of our common stock, we performed an interim impairment test as of December 28, 2008 on goodwill relating to our reporting units and broadcast licenses and other identifiable assets at individual television and radio stations. As a result of the fourth quarter interim testing, we recorded a pre-tax, non-cash impairment charge for goodwill of $245.9 million and a pre-tax non-cash impairment charge for eight television broadcast licenses and 24 radio broadcast licenses of $90.4 million. After such charges, as of December 28, 2008, we had a total of $132.1 million of goodwill, broadcast licenses and other intangible assets on our balance sheet, representing 24.3% of our total assets. The 2008 impairment charges had, and any future non-cash impairment charge of goodwill, broadcast licenses or other intangible assets would have, an adverse effect on our financial condition and results of operations.

We may not be able to utilize deferred tax assets to offset future federal and state taxable income.

As of December 28, 2008, we had a total of $69.3 million of deferred tax assets on our balance sheet. We expect to utilize the deferred tax assets to reduce our consolidated federal and state income tax liabilities over a period of time not to exceed 20 years. However, we may not be able to fully utilize the deferred tax assets if our future federal and state taxable income and related income tax liability is insufficient to permit their use. In addition, in the future, we may be required to record a valuation allowance against the deferred tax assets if we believe we are unable to utilize them, which would have an adverse effect on our financial condition and results of operations.

The current economic crisis and volatility in US credit markets could affect our financing arrangements.

Given the current economic crisis, including the current instability of financial institutions, one or more of the lenders in our revolving credit facility syndicate could fail or be unable to fund future draws thereunder or take other positions adverse to us. In such an event, our liquidity could be severely restrained. In addition, our ability to meet our credit agreement's financial covenants may also be affected by events beyond our control, including a further deterioration of current economic and industry conditions, which could negatively affect our earnings. If it is determined we are not in compliance with these financial covenants, the lenders in our credit facility syndicate will be entitled to take certain actions, including acceleration of all amounts due under the facility. If the lenders take such action, we may be forced to amend the terms of the credit agreement, obtain a waiver or find alternative sources of capital. Because of the current volatility in US credit markets, obtaining new financing arrangements or amending our existing one may result in significantly higher fees and ongoing interest costs as compared to those in our current arrangement.

If we are unable to obtain alternative sources of capital, it may be necessary to significantly restructure our business operations or sell assets, or, in the event of a prolonged and extensive economic decline, seek bankruptcy protection.

We depend on key personnel, and we may not be able to operate and grow our business effectively if we lose the services of any of our senior executive officers or are unable to attract qualified personnel in the future.

We are dependent upon the efforts of our senior executive officers. The success of our business is heavily dependent on our ability to retain our current management and to attract and retain qualified personnel in the future. Competition for senior management personnel is intense, and we may not be able to retain our personnel. We have not entered into employment agreements with our key personnel, other than with our Chairman and Chief Executive Officer, and these individuals may not continue in their present capacity with us for any particular period of time. We have, however, entered into change in control agreements with certain of our senior executives which provide, within two years after a change in control, severance payments and benefits to the executive if his or her employment is terminated without cause or the executive resigns for good reason. We do not have key man insurance for any of our executive officers or key personnel. The loss of any senior executive officer could require the remaining executive officers to divert immediate and substantial attention to seeking a replacement. Our inability to find a replacement for any departing executive officer on a timely basis could adversely affect our ability to operate and grow our business.

Our business may be negatively affected by work stoppages, slowdowns or strikes by our employees.

Currently, there are 12 bargaining units representing approximately 700 (or approximately 18%) of our total number of employees. We have entered into various collective bargaining agreements with these bargaining units. Ten of these agreements have expired or will expire within the next two years. An agreement covering 40 employees of our broadcasting business expired in February 2008 and another agreement covering 197 employees of our daily newspaper expired on December 31, 2008. These employees continue to work without a contract. The majority of employees covered by a collective bargaining agreement work at the daily newspaper. We cannot assure you the results of negotiations of future collective bargaining agreements or of negotiations related to reopening of collective bargaining agreements in order to reduce our labor costs or achieve other objectives will be negotiated without interruptions in our businesses. We cannot assure you that strikes will not occur in the future in connection with labor negotiations or otherwise. Any prolonged strike or work stoppage could have a material adverse effect on our financial condition and results of operations. We also cannot assure you the impact of future collective bargaining agreements will not have an adverse impact on our financial condition and results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our corporate headquarters are located in Milwaukee, Wisconsin. We believe all of our properties are well maintained, are in good conditions, and suitable for present operations. There are no material encumbrances on any of our owned properties or equipment. The following are the principal properties operated by us and our subsidiaries and the approximate square footage, as December 28, 2008.

	Owned	Leased
Publishing		
Printing plants, newsrooms, offices and distribution centers located in:		
Milwaukee, WI(1)	522,000	41,000
West Milwaukee(2)	479,000	—
Cedarburg, WI	17,000	—
Waukesha, WI	34,000	—
Wauwatosa, WI	18,000	—
Sturtevant, WI	—	10,000
Madison, WI	—	8,000
Menomonee Falls, WI	12,000	—
Waupaca, WI(7)	93,000	—
Hartland, WI	13,000	9,000
Mukwonago, WI	—	6,000
Elkhorn, WI	—	5,000
Waterford, WI	—	5,000
West Bend, WI	7,000	—
Hartford, WI	7,000	—
New London, WI	6,000	—
Rhinelander, WI	7,000	—
Clintonville, WI	6,000	—
Antigo, Beaver Dam, Fond du Lac, Iola, Jefferson, Johnson Creek, Marshfield, Menasha, Merrill, Muskego, Oconomowoc, Oshkosh, Port Washington, Seymour, Sheboygan, Stevens Point, Wausau, Wisconsin Rapids and Wittenberg, WI	9,000	52,000
Venice, Orange Park, Sarasota and Ponte Vedra, FL	—	13,000
Broadcasting		
Offices, studios and transmitter and tower sites located in:		
Milwaukee, WI(3)	109,000	—
Green Bay, WI	22,000	2,000
Las Vegas, NV	33,000	—
Lansing, MI	2,000	11,000
Palm Springs, CA	19,000	1,000
Omaha, NE	62,000	—
Tucson, AZ(8)	29,000	10,000
Knoxville, TN(4)	26,000	—
Boise, ID	49,000	13,000
Wichita, KS(5)	23,000	6,000
Springfield, MO	2,000	9,000
Tulsa, OK	22,000	1,000
Fort Myers, FL	25,000	1,000
Mount Bigelow, AZ	2,000	—
Printing services		
Offices, printing plants and warehouses located in:		
St. Joseph, MI(3)	—	208,000

	Owned	Leased
Direct marketing services		
Offices, plants and warehouses located in:		
St. Paul, MN(3)	—	87,000
Clearwater, FL	—	45,000
Discontinued operations		
Printing plant located in:		
Green Bay, WI(6)	40,000	—

(1) Includes our corporate headquarters and Journal Sentinel, Inc.'s business and editorial offices.

(2) Production facility housing printing, packaging, inserting, recycling, distribution, and transportation operations of the *Milwaukee Journal Sentinel.*

(3) Includes our business operations' headquarters.

(4) Includes 5,000 square feet leased to third party pursuant to lease expiring in September 2012 and 9,000 square feet not in use.

(5) Includes 4,700 square feet not in use.

(6) Property to be sold to Multi-Color Corporation, in connection with the 2005 sale of the assets of NorthStar Print Group, Inc., upon the achievement of certain environmental standards. The property is currently being leased to Multi-Color.

(7) Includes 20,000 square feet not in use.

(8) Lease covering 10,000 square feet expired on December 31, 2008.

ITEM 3. LEGAL PROCEEDINGS

We are subject to various legal actions, administrative proceedings and claims arising out of the ordinary course of business. We believe that such unresolved legal actions and claims will not materially adversely affect our consolidated results of operations, financial condition or cash flows.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of 2008.

Executive Officers of Registrant

The following table sets forth the names, ages and positions of our executive officers as of February 26, 2009.

Name	Title	Age
Steven J. Smith	Chairman of the Board, Chief Executive Officer and Director	58
Douglas G. Kiel	President	60
Elizabeth Brenner	Executive Vice President	54
Andre J. Fernandez	Executive Vice President, Finance & Strategy and Chief Financial Officer	40
Mary Hill Leahy	Senior Vice President, General Counsel, Secretary and Chief Compliance Officer	54
Anne M. Bauer	Vice President and Controller	44
James P. Prather	Vice President	51
Karen O. Trickle	Vice President and Treasurer	52
Kenneth L. Kozminski	Vice President	43
Mark J. Keefe	Vice President	49
Steven H. Wexler	Vice President	48

Steven J. Smith is Chairman of the Board and Chief Executive Officer. Mr. Smith was elected Chief Executive Officer in March 1998 and Chairman in December 1998. Mr. Smith was President from 1992 to 1998 and he added the title Chief Operating Office in 1996. Mr. Smith has been a director since May 2003. Mr. Smith was a director of our predecessor company since 1987.

Douglas G. Kiel is President. Mr. Kiel was elected President in December 1998. In addition, Mr. Kiel has been the Vice Chairman and Chief Executive Officer of Journal Broadcast Group since December 2001. He was Executive Vice President between June 1997 and December 1998 and President of Journal Broadcast Group from June 1992 to December 1998.

Elizabeth Brenner is Executive Vice President. Ms. Brenner was elected Vice President in December 2004. In addition, Ms. Brenner is Chief Operating Officer of our publishing businesses and has been President of Journal Sentinel, Inc. and Publisher of the *Milwaukee Journal Sentinel* since January 2005. Ms. Brenner was Publisher of *The News Tribune*, a Tacoma, Washington publication of the McClatchy Company, from 1998 to December 2004.

Andre J. Fernandez is Executive Vice President, Finance & Strategy and Chief Financial Officer. Mr. Fernandez was elected Executive Vice President in October 2008 and Chief Financial Officer in November 2008. Prior thereto, Mr. Fernandez held various financial leadership positions with the General Electric Company (GE) since 1997, and most recently served as Senior Vice President, Chief Financial Officer and Treasurer for Telemundo Communications Group, Inc., a U.S. Spanish-language television network and a wholly-owned division of NBC Universal. NBC Universal is 80-percent owned by GE.

Mary Hill Leahy is Senior Vice President, General Counsel, Secretary and Chief Compliance Officer. Ms. Leahy was elected Senior Vice President and General Counsel in May 2003, Secretary in January 2008 and Chief Compliance Officer in April 2005. Prior thereto, she served as Vice President and General Counsel-Business Services since July 2001. Ms. Leahy was General Counsel Americas, GE Medical Systems, a developer and manufacturer of medical diagnostic equipment, from January 1999 to July 2001.

Anne M. Bauer is Vice President and Controller. Ms. Bauer was elected Vice President and Controller in June 2000. She was Controller from January 1999 to June 2000 and Assistant Controller from January 1995 to January 1999.

James P. Prather is a Vice President. Mr. Prather was elected Vice President in March 1999. In addition, Mr. Prather has been Executive Vice President, Television and Radio Operations of Journal Broadcast Group since April 2005 and President of News and Vice President and General Manager of KTNV-TV since August 2003. He was Senior Vice President and President of News, Journal Broadcast Group from August 2003 to April 2005. Mr. Prather was President-Television, Journal Broadcast Group from December 1998 to August 2003 and General Manager of WTMJ-TV from 1995 to August 2003.

Karen O. Trickle is Vice President and Treasurer. Ms. Trickle was elected Treasurer in December 1996 and Vice President in March 1999.

Kenneth L. Kozminski is a Vice President. Mr. Kozminski was elected Vice President in December 1999. In addition, Mr. Kozminski has been President of IPC Print Services, Inc. since July 1999. He was Vice President and General Manager of Eastern Region-IPC Print Services from July 1998 to July 1999.

Mark J. Keefe is a Vice President. Mr. Keefe was elected Vice President in March 1996. Mr. Keefe has also been President of PrimeNet since October 1995.

Steven H. Wexler is a Vice President. Mr. Wexler was elected Vice President in May 2007. In addition, Mr. Wexler has been Executive Vice President of Journal Broadcast Group since January 2007. From 2005 to 2006, Mr. Wexler was Senior Vice President of Journal Broadcast Group and he held various other positions within Journal Broadcast Group from 1993 to 2004.

There are no family relationships between any of the executive officers. All of the officers are elected annually at the first meeting of the board of directors held after each Annual Meeting of Shareholders and hold office until their successors are elected and qualified. There is no arrangement or understanding between any executive officer and any other person pursuant to which he or she was elected as an officer.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

We are authorized to issue 170 million shares of class A common stock; 120 million shares of class B common stock; 10 million shares of class C common stock; and 10 million shares of preferred stock.

Class C shares are held by Matex Inc., members of the family of our former chairman Harry J. Grant, trusts for the benefit of members of the family (which we collectively refer to as the "Grant family shareholders") and Proteus Fund, Inc., a non-profit organization. The class C shares are entitled to two votes per share. These shares are convertible into either (i) 1.363970 shares of class A common stock or (ii) a combination of 0.248243 shares of class A common stock and 1.115727 shares of class B common stock at any time at the option of the holder. There is no public trading market for the class C shares.

Class B shares are primarily held by our current and former employees and Grant family shareholders. These shares are entitled to ten votes per share. Each class B share is convertible into one class A share at any time, but first must be offered for sale to other eligible purchasers through the offer procedures set forth in our amended and restated articles of incorporation. As of February 26, 2009, there were 8,676,705 class B shares held by our subsidiary, The Journal Company. There is no public trading market for the class B shares, although shares can be offered for sale to eligible purchasers under our amended and restated articles of incorporation.

Class A shares are listed for trading on the New York Stock Exchange under the symbol "JRN." Class A shareholders are entitled to one vote per share.

In February 2005, April 2006, May 2007, October 2007 and May 2008, our Board of Directors authorized the repurchase of up to 5.0 million shares of our class A common stock in each authorization over the following 18 months, with the April 2006 and May 2007 authorizations subsequently amended to permit the purchase of 3.2 million class B shares from Matex, Inc. Under the authorizations, share purchases may be made at our discretion, from time to time, in the open market and/or in private transactions. Our share purchases will depend on market conditions, share price, trading volume and other factors. In 2006, we completed our repurchases pursuant to the February 2005 authorization. We completed our repurchases pursuant to the April 2006 authorization in August 2007 and we completed our repurchase pursuant to the May 2007 authorization in December 2007. As part of these repurchases, on August 22, 2007, we repurchased 3.2 million of our class B shares from Matex, Inc. for $32.0 million, or $10.00 per share. Through December 30, 2007, we repurchased 0.9 million of our class A shares pursuant to our October 2007 authorization and we completed our repurchases pursuant to this authorization in March 2008. Repurchases pursuant to the October 2007 and the May 2008 authorizations, by fiscal period, for 2008 were as follows:

	Class A Shares Repurchased	Average Price	Cumulative Number of Shares Repurchased	Shares That May Yet Be Repurchased
Through Dec. 30, 2007			15,872,400	4,127,600
Period 1 (4 weeks ended Jan. 27, 2008)(1)	1,327,600	$7.92	17,200,000	2,800,000
Period 2 (4 weeks ended Feb. 24, 2008)(1)	484,200	7.62	17,684,200	2,315,800
Period 3 (5 weeks ended Mar. 30, 2008)(1)	2,315,800	7.05	20,000,000	—
Period 4 (4 weeks ended Apr. 27, 2008)	—	—	20,000,000	—
Period 5 (4 weeks ended May 25, 2008)(2)	686,000	5.89	20,686,000	4,314,000
Period 6 (5 weeks ended June 29, 2008)(2)	1,091,200	5.51	21,777,200	3,222,800
Period 7 (4 weeks ended July 27, 2008)(2)	573,000	4.66	22,350,200	2,649,800
Period 8 (4 weeks ended Aug. 24, 2008)	—	—	22,350,200	2,649,800
Period 9 (5 weeks ended Sept. 28, 2008)(2)	271,000	4.99	22,621,200	2,378,800
Period 10 (4 weeks ended Oct. 26, 2008)(2)	8,300	5.00	22,629,500	2,370,500
Period 11 (4 weeks ended Nov. 23, 2008)	—	—	22,629,500	2,370,500
Period 12 (5 weeks ended Dec. 28, 2008)	—	—	22,629,500	2,370,500

(1) Shares repurchased pursuant to our October 2007 authorizations.

(2) Shares repurchased pursuant to our May 2008 authorizations.

In October 2008, given the challenging economic environment, we suspended our share repurchase program.

As of February 26, 2009, there were 1,868 holders of class B common stock, 246 record holders of Class A common stock and 13 record holders of class C common stock. We have no outstanding shares of preferred stock.

The high and low sales prices of our class A common shares for the four quarters of 2008 and 2007 as reported on the New York Stock Exchange and the dividends declared per class A and Class B common share for the four quarters of 2008 and 2007 were as follows:

	2008			2007		
	High	Low	Cash Dividend	High	Low	Cash Dividend
First Quarter	$9.11	$6.37	$0.080	$13.56	$12.44	$0.075
Second Quarter	7.60	4.69	0.080	14.00	12.67	0.075
Third Quarter	5.97	4.34	0.080	13.53	9.19	0.075
Fourth Quarter	5.22	1.27	0.080	10.04	8.07	0.075

Dividends

The declaration of future dividends is subject to the discretion of our board of directors in light of all relevant factors, including earnings, general business conditions, working capital requirements, capital spending needs, debt levels and contractual restrictions. Our board of directors reviews these factors at each quarterly board of directors meeting. Pursuant to our amended and restated articles of incorporation, each class of common stock has equal rights with respect to cash dividends, except that dividends on class C shares are cumulative and will not be less than approximately $0.57 per year.

On February 10, 2009, our board of directors declared a quarterly dividend of $0.02 per share on all of our class A and class B shares held of record as of the close of business on February 24, 2009. The quarterly dividend will be paid on March 6, 2009. Our board made the decision to reduce the dividend in order to help maintain financial flexibility in this difficult economic environment. If conditions do not improve, our board may suspend the dividend on class A and class B shares in the future. The quarterly dividend on our class C shares remained at its historical level for the first quarter of 2009.

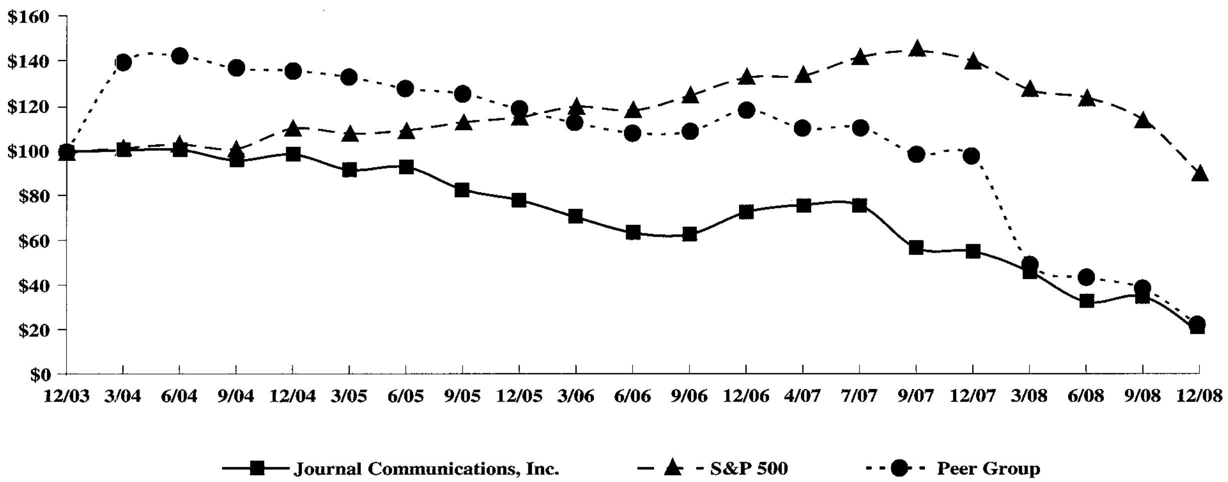
The terms of our credit facility provide that we cannot make distributions or dividends (other than distributions or dividends payable solely in stock) if an event of default under our credit facility then exists or would result therefrom.

Stock Performance Information

The following information in this Item 5 of this Annual Report on Form 10-K is not deemed to be "soliciting material" or to be "filed" with the SEC or subject to Regulation 14A or 14C under the Securities Exchange Act of 1934 or to the liabilities of Section 18 of the Securities Exchange Act of 1934, and will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent we specifically incorporate it by reference into such a filings.

The following graph compares, on a cumulative basis, changes in the total return on our class A common stock with the total return on the Standard & Poor's 500 Stock Index and the total return on a peer group comprised of eight corporations that concentrate on newspapers and broadcast operations. Our peer group is comprised of Belo Corp., Gannett, Inc., Lee Enterprises, Inc., McClatchy Newspapers, Inc., The New York Times Company, The E.W. Scripps Company, Media General, Inc., and The Washington Post Company. This graph assumes the investment of $100.00 on December 31, 2003 and the reinvestment of all dividends since that date.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN
Among Journal Communications, Inc., The S&P 500 Index
And A Peer Group



	12/03	12/04	12/05	12/06	12/07	12/08
Journal Communications, Inc.	$100.00	$ 98.76	$ 77.33	$ 71.78	$ 53.44	$15.72
S&P 500 Index	100.00	110.88	116.33	134.70	142.10	89.53
Peer Group	100.00	137.98	119.84	119.63	97.56	18.19

ITEM 6. SELECTED FINANCIAL DATA

The following table presents our selected financial data. The selected financial data for the years ended December 28, 2008, December 30, 2007 and December 31, 2006 and as of December 28, 2008, and December 30, 2007 have been derived from our audited consolidated financial statements, including the notes thereto, appearing elsewhere in this Annual Report on Form 10-K. The selected financial data for the years ended December 25, 2005 and December 26, 2004 and as of December 31, 2006, December 25, 2005 and December 26, 2004 have been derived from our audited consolidated financial statements, including the notes thereto, not included in this Annual Report on Form 10-K. This table should be read together with our other financial information, including "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements, including the notes thereto, appearing elsewhere in this Annual Report on Form 10-K. Three regional publishing and printing operations of our community newspapers and shoppers business, Norlight Telecommunications, Inc. and NorthStar Print Group, Inc. have been reflected as discontinued operations in all years presented.

	2008(1)	2007(2)	2006	2005(3)	2004(4)
	(dollars and shares in thousands, except for per share amounts)				
Statement of Operations Data					
Revenue	$ 544,931	$ 582,654	$ 628,763	$ 581,700	$ 586,740
Operating costs and expenses	492,524	503,866	524,163	506,496	503,454
Goodwill and broadcast license impairment(5)	375,086	—	—	—	—
Operating (loss) earnings	(322,679)	78,788	104,600	75,204	83,286
Total other income and (expense)(5)	(8,164)	(9,144)	(15,570)	(3,798)	(2,057)
Earnings (loss) from continuing operations before income taxes	(330,843)	69,644	89,030	71,406	81,229
Provision (benefit) for income taxes(5)	(106,040)	26,626	35,247	28,234	32,421
Earnings (loss) from continuing operations	(224,803)	43,018	53,783	43,172	48,808
Gain from discontinued operations, net of taxes	400	67,060	10,590	23,071	29,672
Net earnings (loss)(5)	$(224,403)	$ 110,078	$ 64,373	$ 66,243	$ 78,480
Diluted weighted average shares outstanding	51,917	66,809	71,985	75,415	77,387
Diluted – Class A and B common stock:					
Continuing operations	$ (4.37)	$ 0.65	$ 0.75	$ 0.57	$ 0.63
Discontinued operations	0.01	1.00	0.14	0.31	0.38
Net earnings	$ (4.36)	$ 1.65	$ 0.89	$ 0.88	$ 1.01
Cash dividends					
Class C	$ 0.57	$ 0.57	$ 0.57	$ 0.57	$ 0.57
Class B	$ 0.32	$ 0.30	$ 0.26	$ 0.26	$ 0.26
Class A	$ 0.32	$ 0.30	$ 0.26	$ 0.26	$ 0.26
Segment Data					
Revenue:					
Publishing	$ 241,972	$ 266,142	$ 284,894	$ 296,539	$ 295,301
Broadcasting	209,914	218,118	238,536	168,316	172,073
Printing Services	65,201	69,377	66,956	72,463	76,308
Other	27,844	29,017	38,377	44,382	43,058
Total revenue	$ 544,931	$ 582,654	$ 628,763	$ 581,700	$ 586,740

	2008[1]	2007[2]	2006	2005[3]	2004[4]
			(dollars in thousands)		
Operating earnings (loss):					
Publishing	$ (2,792)	$ 31,040	$ 34,835	$ 39,224	$ 40,661
Broadcasting	(322,706)	41,349	65,887	35,094	44,404
Printing Services	2,424	5,932	2,600	2,324	(367)
Other	395	467	1,278	(1,438)	(1,412)
Total operating earnings (loss)	$(322,679)	$ 78,788	$ 104,600	$ 75,204	$ 83,286
Other Financial Data					
Depreciation[5]	$ 27,438	$ 27,407	$ 27,080	$ 24,343	$ 25,143
Amortization[5]	$ 1,998	$ 1,961	$ 1,998	$ 936	$ 1,229
Adjusted EBITDA[5]	$ 81,843	$ 108,156	$ 133,678	$ 100,483	$ 109,658
Capital expenditures	$ 22,225	$ 35,906	$ 21,735	$ 19,352	$ 21,978
Cash dividends	$ 18,527	$ 20,445	$ 19,433	$ 20,289	$ 20,792
Cash Flow Data					
Net cash provided by (used for):					
Operating activities	$ 71,791	$ 66,641	$ 89,731	$ 77,467	$ 91,042
Investing activities	$ (47,416)	$ 160,271	$ (11,657)	$(221,880)	$ (64,792)
Financing activities	$ (26,670)	$(178,634)	$ (91,893)	$ 130,815	$ (66,763)
Discontinued operations	$ 79	$ (49,945)	$ 14,878	$ 14,088	$ 38,477
Balance Sheet Data					
Property and equipment, net	$ 221,158	$ 224,691	$ 218,103	$ 225,920	$ 205,354
Intangible assets, net	$ 132,111	$ 481,769	$ 455,120	$ 477,010	$ 274,790
Total assets	$ 542,599	$ 856,967	$ 955,258	$ 984,666	$ 747,175
Total debt	$ 215,090	$ 178,885	$ 235,000	$ 274,545	$ 70,310
Shareholders' equity	$ 168,062	$ 487,562	$ 480,892	$ 484,068	$ 489,495

(1) On January 9, 2008, we completed the purchase of the *Iola Herald* and *Manawa Advocate* in Waupaca County, Wisconsin. On January 28, 2008, we completed the purchase of My Network affiliate KPSE-LP, Channel 50, in Palm Springs, California. On March 19, 2008, we completed the purchase of the *Clintonville Shopper's Guide* and the *Wittenberg Northerner Shopping News* in Waupaca County, Wisconsin. On July 22, 2008, we completed the purchase of CW Network affiliate, KWBA-TV, Analog Channel 58, Digital Channel 44, in Sierra Vista, Arizona. On October 6, 2008, we completed the purchase of Waupaca Publishing Company in Waupaca, Wisconsin.

(2) On March 27, 2007, we completed the purchase of the KMTV-TV FCC license.

(3) Includes Fort Myers, Florida television station WFTX-TV and Tucson, Arizona Television station KGUN-TV, and a local marketing agreement for Omaha, Nebraska television station, KMTV-TV, from December 5, 2005, the date we acquired these television stations.

(4) Includes Green Bay, Wisconsin television station WGBA-TV and a local marketing agreement between WGBA-TV and WACY-TV from October 6, 2004, the date we acquired these television stations.

(5) We define adjusted EBITDA as net earnings (loss) excluding gain from discontinued operations, net, provision (benefit) for income taxes, total other expense, net (which is entirely comprised of interest income and expense), depreciation and amortization and non-cash impairment charges. Management uses adjusted EBITDA, among other things, to evaluate our operating performance and to value prospective acquisitions. Adjusted EBITDA is not a measure of performance calculated in accordance with accounting principles generally accepted in the United States. Adjusted EBITDA should not be considered in isolation of, or as a substitute for, net earnings as an indicator of operating performance or cash flows from operating activities as a measure of liquidity. Adjusted EBITDA, as we calculate it, may not be comparable to EBITDA measures reported by other companies.

The following table presents a reconciliation of our consolidated net earnings to consolidated adjusted EBITDA:

	2008[1]	2007[2]	2006	2005[3]	2004[4]
	(dollars in thousands)				
Net earnings (loss)	$(224,403)	$ 110,078	$ 64,373	$ 66,243	$ 78,480
Gain from discontinued operations, net	(400)	(67,060)	(10,590)	(23,071)	(29,672)
Provision (benefit) for income taxes	(106,040)	26,626	35,247	28,234	32,421
Total other expense, net	8,164	9,144	15,570	3,798	2,057
Depreciation	27,438	27,407	27,080	24,343	25,143
Amortization	1,998	1,961	1,998	936	1,229
Goodwill and broadcast license impairment	375,086	—	—	—	—
Adjusted EBITDA	$ 81,843	$ 108,156	$ 133,678	$ 100,483	$ 109,658

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read together with our audited consolidated financial statements for the three years ended December 28, 2008, including the notes thereto, appearing elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements. See "Forward-Looking Statements" for a discussion of uncertainties, risks and assumptions associated with these statements.

Overview

Our business segments are based on the organizational structure used by management for making operating and investment decisions and for assessing performance. Our reportable business segments are: (i) publishing; (ii) broadcasting; (iii) printing services; and (iv) other. Our publishing segment consists of the *Milwaukee Journal Sentinel*, which serves as the only major daily newspaper for the Milwaukee metropolitan area, and more than 50 community newspapers and shoppers in Wisconsin and Florida. Our broadcasting segment consists of 35 radio stations and 12 television stations in 12 states and the operation of a television station under a local marketing agreement. Our interactive media assets include approximately 120 online enterprises that are associated with our publishing and broadcasting segments. We also provide a wide range of commercial printing services, including printing of publications, professional journals and documentation material, through our printing services segment. Our other segment consists of a direct marketing services business and corporate expenses and eliminations.

Over the past few years, fundamentals in the newspaper industry have deteriorated significantly. Continuing weakness in automotive advertising (driven primarily by the domestic automobile industry), reductions in retail and classified ROP advertising (due in part to department store consolidation, weakened employment and real estate economics and a migration of advertising to the internet), circulation declines and online competition have negatively impacted newspaper industry revenues. Additionally, the continued housing market downturn has adversely impacted the newspaper industry, including real estate classified advertising as well as the home improvement, furniture and financial services advertising categories. These conditions, along with a weakening economy, persisted in 2008 and we expect them to continue in future periods.

Revenues in the broadcast industry are derived primarily from the sale of advertising time to local, national and political advertisers and to a lesser extent from barter, digital revenues, retransmission fees, network compensation and other revenues. The broadcast industry continues to experience softness in television and radio advertising resulting from general economic pressures now impacting local and national economies, primarily in the housing, automobile and retail segments.

Our publishing business was challenged in 2008 due to the continued softening of business conditions driven by the secular and cyclical influences affecting the newspaper industry. Classified advertising revenue, specifically for employment, real estate and automotive, decreased $15.0 million in 2008 compared to 2007. Retail advertising also decreased in 2008 compared to 2007 with weakness in a number of categories, including automotive, home improvement, finance/insurance, furniture and furnishings, real estate and department store categories. Interactive revenue increased 9.7% to $14.9 million at our publishing businesses in 2008 compared to $13.6 million in 2007. Our publishing business recorded a $16.7 million non-cash impairment charge for goodwill and $4.6 million for workforce reduction charges in 2008. Our publishing business experienced a 15.9% increase in newsprint pricing in 2008 and newsprint costs increased $0.4 million compared to 2007. Partially offsetting the increase in newsprint pricing, our consumption decreased by 12.4% due to decreases in ROP advertising, average net paid circulation and a decrease in waste. Our publishing business focused on expense controls and, despite the newsprint increase and excluding the non-cash impairment charge and workforce reduction charges, total operating expenses decreased by 5.0% in 2008 compared to 2007. The expense decrease was primarily due to a decrease in payroll and employee benefit costs.

Revenue from broadcasting in 2008 decreased 3.8% due to decreases in local and national advertising revenue, partially offset by increases in political and issue and Olympic advertising revenue and an increase in revenue from our newly acquired television stations, KPSE-LP and KWBA-TV, in Palm Springs, CA and Sierra Vista, AZ (Tucson market), respectively. Our broadcasting business recorded a $358.4 million non-cash impairment charge for goodwill and broadcast licenses and a workforce reduction charge of $0.5 million in 2008. Total revenue and operating expenses were $2.1 million and $2.0 million, respectively, related to our newly acquired television stations. Excluding the non-cash impairment and workforce reduction charges, total operating expenses decreased 1.7% in 2008 compared to 2007, including the newly acquired stations, as we remained diligent in focusing on cost reductions.

Revenue at our printing services business decreased 6.0% in 2008 compared to 2007 primarily due to a decrease in revenue from printing catalogs and documentation materials. Operating earnings at our printing services business decreased primarily due to the decrease in revenue. Revenue at our direct marketing services business decreased 4.0% in 2008 compared to 2007 primarily due to a decrease in mailing services revenue. The operating loss at our direct marketing services business narrowed in 2008 compared to 2007 primarily due a decrease in operating costs and expenses due to the decrease in revenue and a decrease in payroll and benefit costs.

Intangible Asset Impairment Tests

Due to deteriorating macro-economic factors, a prolonged adverse change in the business climate, deteriorating market conditions and results of operations and a further decline in our stock price, we performed an interim impairment test as of September 28, 2008 on goodwill relating to our reporting units and broadcast licenses and other identifiable assets at individual television and radio stations. We applied the interim impairment testing provisions in accordance with FASB Statement No. 142, "Goodwill and Other Intangible Assets." Our interim impairment tests in the third quarter of 2008 indicated there was no goodwill impairment; however, four television broadcast licenses and 13 radio broadcast licenses were impaired. We recorded a $38.8 million non-cash impairment charge in the third quarter of 2008.

We perform our annual impairment test on our indefinite-lived intangible assets, including goodwill related to our reporting units and broadcast licenses and other identifiable assets at individual television and radio stations, as of the beginning of the fourth quarter. Since the third quarter interim impairment test was performed as of the end of the third quarter, the third quarter results were used to satisfy the annual testing requirement. However, due to the continuation of the downturn in the economy that adversely impacted our fourth quarter operating results and caused us to significantly reduce our expected cash flows for 2009 and beyond, and further declines in the market value of our common stock, we performed an interim impairment test as of December 28, 2008 on goodwill relating to our reporting units and broadcast licenses and other identifiable assets at individual television and radio stations. Our interim impairment tests in the fourth quarter of 2008 indicated goodwill impairment due to a decline in our expected cash flows and further impairment of our television and radio broadcast licenses due to a decline in projected market revenues and increases in discount rates. We recorded a $245.9 million non-cash impairment charge for goodwill at our publishing and broadcasting reporting units and a $90.4 million non-cash impairment charge for eight television broadcast licenses and 24 radio broadcast licenses in the fourth quarter of 2008.

For purposes of testing the carrying values of goodwill related to our reporting units, we determined fair value by using an income and a market valuation approach. The income approach uses expected cash flows for each reporting unit. The cash flows were then discounted for risk and time value. In addition, the present value of the projected residual value was estimated and added to the present value of the cash flows. The market approach was based on price multiples of publicly traded stocks of comparable companies to derive fair value. Each approach was weighted equally to determine a fair value estimate of each reporting unit.

We based our fair value estimates, in large measure, on projected financial information which we believe to be reasonable. However, actual future results may differ from those projections, and those differences may be material. The valuation methodology used to estimate the fair value of our total company and our reporting units requires inputs and assumptions (i.e. market growth, operating profit margins, and discount rates) that reflect current market conditions as well as management judgment. The current economic downturn has negatively impacted many of those inputs and assumptions. If expected cash flows of our community newspapers and shoppers reporting unit continues to deteriorate and management concludes expected cash flows will not improve within a reasonable period of time, we may be required to recognize a goodwill impairment charge in future periods, which could have an adverse impact on our financial condition and results of operations.

For broadcast licenses at individual television and radio stations, we used an income approach to estimate fair value. The fair value estimates of our broadcast licenses contain significant assumptions incorporating variables that are based on past experiences and judgments about future performance using industry normalized information for an average station within a market with the type of signal that each subject station produces. These variables include, but are not limited to: the forecasted growth rate of each market, (including market population, household income and retail sales), market share and profit margins of an average station within a market, estimated capital expenditures and start-up costs, risk-adjusted discount rate, likely media competition within the market and expected growth rates into perpetuity to estimate terminal values. Adverse changes in significant assumptions such as an increase in discount rates or a decrease in projected market revenues could result in additional non-cash impairment charges on our broadcast licenses in future periods, which could have a material impact on our financial condition and results of operations.

Results of Operations

2008 compared to 2007

Continuing Operations

The following table presents our total revenue by segment, total operating costs and expenses, selling and administrative expenses, goodwill and broadcast license impairment and total operating earnings (loss) as a percent of total revenue for 2008 and 2007:

	2008	Percent of Total Revenue	2007	Percent of Total Revenue
		(dollars in millions)		
Continuing operations:				
Revenue:				
Publishing	$ 242.0	44.4%	$266.1	45.7%
Broadcasting	209.9	38.5	218.1	37.4
Printing services	65.2	12.0	69.4	11.9
Other	27.8	5.1	29.1	5.0
Total revenue	544.9	100.0	582.7	100.0
Total operating costs and expenses	318.0	58.4	323.0	55.4
Selling and administrative costs	174.5	32.0	180.9	31.1
Goodwill and broadcast license impairment	375.1	68.8	—	—
Total operating costs and expenses and selling and administrative expenses	867.6	159.2	503.9	86.5
Total operating earnings (loss)	$(322.7)	(59.2)%	$ 78.8	13.5%

The decrease in total revenue was due to a decrease in classified ROP advertising at our publishing businesses, a decrease in local advertising revenue at our television and radio stations, a decrease in retail ROP and preprint advertising at our publishing business, a decrease in national advertising revenue at our television and radio stations, a decrease in revenue from printing catalogs at our printing services business, a decrease in national ROP and preprint advertising revenue at our daily newspaper, a decrease in mailing services revenue at our direct marketing services business, and a decrease in direct marketing advertising revenue at our daily newspaper. These revenue decreases were partially offset by an increase in political and issue advertising revenue at our television and radio stations, an increase in commercial printing and commercial delivery revenue at our daily newspaper, an increase in Olympic advertising revenue at our NBC affiliated television stations and an increase in interactive advertising revenue at our publishing and broadcasting businesses.

The decrease in total operating costs and expenses was due to a decrease in payroll costs (excluding the workforce reduction charges in 2008 and 2007), a decrease in postage costs due to a decrease in direct marketing revenue, a decrease in material costs due to a decrease in revenue at our publishing and direct marketing services businesses, a decrease in pension costs and a decrease in outside printing costs at our daily newspaper due to the decrease in direct marketing advertising revenue. Partially offsetting these operating cost and expense decreases were operating costs and expenses related to our newly acquired television stations, KPSE-LP and KWBA-TV, and our newly acquired publications in Northern Wisconsin and Florida, workforce reduction charges across all of our businesses, an increase in depreciation expense due to our investment in digital and high-definition equipment and the new building constructed in Las Vegas, Nevada.

The decrease in selling and administrative expenses is primarily due to decreases in payroll and employee benefit costs across all of our businesses (excluding the workforce reduction charges), a decrease in advertising and promotion expenses at our publishing and broadcasting businesses, a decrease in depreciation expense and decreases due to various other cost reductions across all of our businesses. These expense decreases were partially offset by workforce reduction charges across all of our businesses, an increase in bad debt expense, an increase in legal fees, a gain on the sale of the Hartland, Wisconsin printing facility in 2007 and selling and administrative expenses related to our newly acquired television stations and publications.

We recorded $375.1 million non-cash impairment charges in 2008 for goodwill at our publishing and broadcasting reporting units and for eight television broadcast licenses and 26 radio broadcast licenses. We recorded a $0.4 million non-cash impairment charge for goodwill in 2007 at our direct marketing services business.

Our consolidated operating loss in 2008 was $322.7 million compared to operating earnings of $78.8 million 2007. The following table presents our operating earnings (loss) by segment for 2008 and 2007:

	2008	Percent of Total Operating Earnings	2007	Percent of Total Operating Earnings
	(dollars in millions)			
Publishing	$ (2.8)	0.9%	$31.0	39.4%
Broadcasting	(322.7)	100.0	41.4	52.5
Printing services	2.4	(0.8)	5.9	7.5
Other	0.4	(0.1)	0.5	0.6
Total operating earnings (loss)	$(322.7)	100.0%	$78.8	100.0%

The decrease in total operating earnings was primarily due to the $375.1 million non-cash impairment charges for goodwill and broadcast licenses and the decrease in revenue in our publishing, broadcasting, printing services and direct marketing services businesses.

Our consolidated adjusted EBITDA in 2008 was $81.8 million, a decrease of $26.3 million, or 24.3%, compared to $108.2 million in 2007. We define adjusted EBITDA as net earnings (loss) excluding gain from discontinued operations, net, provision (benefit) for income taxes, total other expense, net (which is entirely comprised of interest income and expense), depreciation and amortization and non-cash impairment charges. Management uses adjusted EBITDA, among other things, to evaluate our operating performance and to value prospective acquisitions. Adjusted EBITDA is not a measure of performance calculated in accordance with accounting principles generally accepted in the United States. Adjusted EBITDA should not be considered in isolation of, or as a substitute for, net earnings as an indicator of operating performance or cash flows from operating activities as a measure of liquidity. Adjusted EBITDA, as we calculate it, may not be comparable to EBITDA measures reported by other companies.

The following table presents a reconciliation of our consolidated net earnings to consolidated adjusted EBITDA for 2008 and 2007:

	2008	2007
	(dollars in millions)	
Net earnings (loss)	$(224.4)	$110.1
Gain from discontinued operations, net	(0.4)	(67.1)
Provision (benefit) for income taxes	(106.0)	26.6
Total other expense, net	8.2	9.2
Depreciation	27.4	27.4
Amortization	1.9	2.0
Goodwill and broadcast license impairment	375.1	—
Adjusted EBITDA	$ 81.8	$108.2

The decrease in adjusted EBITDA is consistent with decreases in operating earnings in our broadcasting, publishing, printing services and other segments for the reasons described above.

Publishing

Revenue from publishing in 2008 was $242.0 million, a decrease of $24.1 million, or 9.1%, compared to $266.1 million in 2007. Operating loss from publishing in 2008 was $2.8 million compared to operating earnings of $31.0 million in 2007. We recorded a $16.7 million non-cash impairment charge for goodwill at our publishing reporting units in 2008. Excluding the non-cash impairment charge, operating earnings in 2008 would have been $13.9 million, a decrease of $17.1 million, or 55.1%, compared to 2007.

The following table presents our publishing revenue by category and operating earnings (loss) for 2008 and 2007:

	2008			2007			
	Daily Newspaper	Community Newspapers & Shoppers	Total	Daily Newspaper	Community Newspapers & Shoppers	Total	Percent Change
	(dollars in millions)						
Advertising revenue:							
Retail	$ 83.6	$ 27.7	$111.3	$ 90.3	$29.3	$119.6	(6.8)
Classified	43.4	5.7	49.1	58.1	6.0	64.1	(23.5)
National	7.6	—	7.6	9.2	—	9.2	(18.1)
Direct Marketing	3.4	—	3.4	4.4	—	4.4	(24.8)
Other	—	0.4	0.4	—	0.4	0.4	(0.5)
Total advertising revenue	138.0	33.8	171.8	162.0	35.7	197.7	(13.1)
Circulation revenue	50.5	1.3	51.8	51.2	1.1	52.3	(0.9)
Other revenue	14.9	3.5	18.4	12.2	3.9	16.1	14.4
Total revenue	$203.4	$ 38.6	$242.0	$225.4	$40.7	$266.1	(9.1)
Goodwill impairment	$ 2.9	$ 13.8	$ 16.7	$ —	$ —	$ —	NA
Operating earnings (loss)	$ 10.4	$(13.2)	$ (2.8)	$ 30.5	$ 0.5	$ 31.0	NA

Advertising revenue in 2008 accounted for 71.0% of total publishing revenue compared to 74.3% in 2007.

In 2008, our daily newspaper discontinued publishing *MKE*, the free weekly publication aimed at young adults. The publication was launched in 2004. Advertising revenue peaked in 2006 and it had decreased consistently since then. The weak advertising climate, competition with other websites and publications and increasing costs prompted the decision.

Retail advertising revenue in 2008 was $111.3 million, a decrease of $8.3 million, or 6.8%, compared to $119.6 million in 2007. The $6.7 million decrease at our daily newspaper was primarily due to a decrease in ROP advertising in nearly all categories. The most significant decreases were in the automotive, home improvement, finance/insurance, furniture and furnishings, real estate and communications categories. Retail preprint advertising decreased primarily in the home improvement, furniture and furnishings and department store categories. *MKE* retail advertising decreased due to discontinuing the product in 2008. These decreases were partially offset by increases in interactive, specialty magazines, event marketing related to a special promotion with the Milwaukee Brewers and Market Place retail advertising. The $1.6 million decrease at our community newspapers and shoppers was primarily due to decreases in automotive and real estate advertising, partially offset by revenue from newly acquired publications in Northern Wisconsin and Florida.

Classified advertising revenue in 2008 was $49.1 million, a decrease of $15.0 million, or 23.5%, compared to $64.1 million in 2007. Decreases in ROP, *MKE* and Market Place classified advertising at our daily newspaper were partially offset by an increase in interactive classified advertising. The $15.0 million decrease in ROP, *MKE* and Market Place classified advertising revenue at our daily newspaper was primarily due to decreases in the following categories: employment advertising of $7.8 million, real estate advertising of $4.6 million and automotive advertising of $2.9 million and the discontinuation of the *MKE* product. Other classified advertising increased $0.3 million in 2008 compared to 2007. Employment advertising accounted for 38.5% of classified advertising revenue at the daily newspaper in 2008 compared to 42.2% in 2007. The $0.3 million decrease at our community newspapers and shoppers was primarily due to decreases in automotive, employment and real estate advertising, partially offset by revenue from newly acquired publications in Northern Wisconsin and Florida.

Interactive advertising revenue is reported in the various advertising revenue categories. Total retail and classified interactive advertising revenue at our publishing business was $14.9 million in 2008, an increase of $1.3 million, or 9.7%, compared to $13.6 million in 2007 primarily due to an increase in online sponsorship advertising and online classified advertising, including ancillary services from our Jobnoggin.com co-branded employment site with Monster®.

National advertising revenue in 2008 was $7.6 million, a decrease of $1.6 million, or 18.1%, compared to $9.2 million in 2007. The decrease was primarily due to a decrease in ROP advertising in the communications, dining and entertainment and airline and travel categories and a decrease in preprint advertising in the business services categories.

Direct marketing revenue, consisting of revenue from the sale of direct mail products of our daily newspaper, was $3.4 million in 2008, a decrease of $1.0 million, or 24.8%, compared to $4.4 million in 2007 primarily due to a decrease in direct mail products sold and a decrease in postage amounts billed to customers.

Other advertising revenue, consisting of revenue from company-sponsored event advertising at our community newspapers and shoppers, was $0.4 million in 2008 and 2007.

Circulation revenue in 2008 accounted for 21.4% of total publishing revenue compared to 19.6% in 2007. Circulation revenue of $51.8 million in 2008 decreased $0.5 million, or 0.9%, compared to $52.3 million in 2007 primarily due to decreases in average net paid circulation for the daily and Sunday editions, partially offset by an increase in the daily average rate per copy at our daily newspaper reflecting prices increases put into effect earlier in 2008.

Other revenue, which consists of revenue from promotional, distribution and commercial printing revenue at our daily newspaper and commercial printing at the printing plants for our community newspapers and shoppers, accounted for 7.6% of total publishing revenue in 2008 compared to 6.1% in 2007. Other revenue in 2008 was $18.4 million, an increase of $2.3 million, or 14.4%, compared to $16.1 million in 2007. The $2.7 million increase at our daily newspaper was primarily due to an increase in commercial printing revenue from new customers, the *Chicago Reader*, which was added in the fourth quarter of 2007, and *La Raza*, which was added in the second quarter of 2008. The *Chicago Reader* recently filed Chapter 11 bankruptcy. We recorded a $0.2 million reserve for our pre-bankruptcy accounts receivable and we continue to print on a pre-payment basis. Commercial printing revenue decreased $0.4 million at our community newspapers and shoppers primarily due to a decrease in the number of pages printed for existing customers.

In May 2008, our daily newspaper signed a three-year agreement and began printing *La Raza*, a Spanish language newspaper, for distribution in the greater Chicago, Illinois area.

Publishing operating loss in 2008 was $2.8 million compared to operating earnings of $31.0 million in 2007. Operating earnings decreased $20.1 million in 2008 at the daily newspaper primarily due to the impact of the decrease in classified and retail ROP advertising, workforce reduction charges of $4.5 million, a non-cash impairment charge for goodwill of $2.9 million, an increase in interactive online fees of $1.5 million due to the increase in interactive revenue, an increase in legal fees of $1.0 million due to an insurance settlement in 2007 and 2008 legal activity, and an increase in bad debt expense of $0.6 million. These operating earnings decreases were partially offset by an $8.4 million decrease in payroll and employee benefit costs, a $2.1 million decrease in defined benefit pension expense, web-width reduction costs of $0.5 million in 2007, a $0.5 million decrease in advertising expenses and various other cost reductions. Operating earnings decreased $13.7 million in 2008 at our community newspapers and shoppers primarily due to a $13.8 million non-cash impairment charge for goodwill. Excluding the non-cash impairment charge for goodwill, operating earnings increased $0.1 million in

2008 compared to 2007 primarily due to a $1.3 million decrease in payroll and employee benefit costs and $0.6 million in earnings from our newly acquired publications in Northern Wisconsin and Florida, partially offset by the operating earnings impact from the decrease in revenue and an increase in newsprint costs. Total newsprint and paper costs for our publishing businesses in 2008 were $26.6 million, a decrease of $0.1 million, or 0.4%, compared to $26.7 million in 2007 primarily due to a 12.4% decrease in newsprint consumption, partially offset by a 15.9% increase in average newsprint pricing per metric ton. Consumption of metric tonnes of newsprint in 2008 decreased primarily due to decreases in ROP advertising, average net paid circulation and a reduction in waste at our daily newspaper and a decrease in ROP advertising at our community newspapers and shoppers.

Broadcasting

Revenue from broadcasting in 2008 was $209.9 million, a decrease of $8.2 million, or 3.8%, compared to $218.1 million in 2007. The operating loss from broadcasting in 2008 was $322.7 million compared to operating earnings of $41.4 million in 2007. We recorded a $229.2 million non-cash impairment charge for goodwill at our broadcasting reporting unit and $129.2 million non-cash impairment charge for eight television and 26 radio broadcast licenses in 2008. Excluding the non-cash impairment charges, operating earnings in 2008 would have been $35.7 million, a decrease of $5.7 million, or 13.8%, compared to 2007.

The following table presents our broadcasting revenue, goodwill and broadcast license non-cash impairment charges and operating earnings (loss) for 2008 and 2007:

	2008				2007				
	Television	Radio	Goodwill Impairment	Total	Television	Radio	Goodwill Impairment	Total	Percent Change
	(dollars in millions)								
Revenue	$130.6	$ 79.3		$ 209.9	$134.0	$84.1		$218.1	(3.8)
Broadcast license impairment	$ (77.9)	$(51.3)		$(129.2)	$ —	$ —		$ —	NA
Operating earnings (loss)	$ (60.7)	$(32.8)	$(229.2)	$(322.7)	$ 20.5	$20.9	$ —	$ 41.4	NA

Revenue from our television stations in 2008 was $130.6 million, a decrease of $3.4 million, or 2.6%, compared to $134.0 million in 2007. The revenue decrease was primarily from our television markets of Fort Myers/Naples, Las Vegas, Tucson and Boise, partially offset by an increase in revenue in our Milwaukee, Lansing and Green Bay markets and our newly acquired stations. The decrease was due to a $10.6 million decrease in local advertising revenue and a $5.7 million decrease in national advertising revenue. These revenue decreases were partially offset by a $10.3 million increase in political and issue advertising revenue, which includes revenue credits for rebates we believe are due to certain political advertisers in 2008 and 2006 of $0.4 million and $0.6 million, respectively, a $2.3 million increase in Olympic advertising revenue at our NBC affiliates and a $0.4 million increase in other revenue. Developmental revenue decreased $0.1 million in 2008 compared to 2007 and interactive revenue increased $0.3 million in 2008 compared to 2007. Developmental revenue refers to non-transactional revenue that targets non-traditional advertisers. Both interactive and developmental revenue are reported in local advertising revenue.

The operating loss from our television stations in 2008 was $60.7 million compared to operating earnings of $20.5 million in 2007. The decrease in operating earnings was primarily due to a $77.9 million non-cash impairment charge for eight television broadcast licenses. Excluding the non-cash impairment charge, operating expenses at our television stations decreased $0.1 million in 2008 compared to 2007 primarily due to $2.0 million in expenses related to our newly acquired television stations. On same station basis, television operating expenses decreased $2.1 million, or 1.9%, in 2008 compared to 2007 primarily due to a decrease in payroll and employee benefit costs, partially offset by an increase in depreciation expense due to our investment in digital and high-definition equipment and the new building constructed in Las Vegas, Nevada, an increase in legal fees, an increase in web-hosting and streaming fees and a workforce reduction charge of $0.1 million.

Revenue from our radio stations in 2008 was $79.3 million, a decrease of $4.8 million, or 5.6%, compared to $84.1 million in 2007. Revenue decreased in all of our radio markets. The decrease was due to a $3.9 million decrease in local advertising revenue and a $1.2 million decrease in national advertising revenue. These revenue decreases were partially offset by a $0.3 million increase in political and issue advertising revenue, which includes revenue credits for rebates we believe are due to certain political advertisers, and a $0.1 million increase in other revenue. Developmental revenue decreased $0.1 million in 2008 compared to 2007. Interactive revenue increased $0.3 million in 2008 compared to 2007. Both developmental and interactive revenue are reported in local advertising revenue.

The operating loss from our radio stations in 2008 was $32.8 million compared to operating earnings of $20.9 million in 2007. The decrease in operating earnings was primarily due to a $51.3 million non-cash impairment charge for 26 radio broadcast licenses and the impact of the decrease in revenue. Excluding the non-cash impairment charge, operating expenses at our radio stations decreased $2.4 million in 2008 compared to 2007 primarily due to a decrease in payroll and employee benefit costs, a decrease in legal fees, a loss on the sale of KOMJ-AM in Omaha, Nebraska in 2007 and a decrease in advertising and promotion expenses, partially offset by a workforce reduction charge of $0.4 million and an increase in sports' rights fees.

In 2008, our Milwaukee, Wisconsin radio station, WTMJ-AM, agreed to an extension of a radio broadcasting rights agreement with the Milwaukee Brewers baseball team.

Printing Services

Revenue from printing services in 2008 was $65.2 million, a decrease of $4.2 million, or 6.0%, compared to $69.4 million in 2007. Operating earnings from printing services in 2008 were $2.4 million, a decrease of $3.5 million, or 59.1%, compared to $5.9 million in 2007.

The decrease in printing services revenue was primarily due to a decrease in printing for original equipment manufacturers and computer related customers, partially offset by an increase in revenue from printing publications. We believe our revenue from Dell, which was $7.4 million in 2008, will be significantly reduced in early 2009 and eventually end in mid-2009.

The decrease in printing services operating earnings was primarily due to the impact from the decrease in revenue, an increase in employee benefit costs, an increase in bad debt expense and a favorable adjustment from the termination of a sublease agreement in 2007, partially offset by a decrease in payroll costs and certain production costs.

Other

Other revenue in 2008 was $27.9 million, a decrease of $1.2 million, or 4.0%, compared to $29.1 million in 2007. Other operating earnings were $0.4 million in 2008, a decrease of $0.1 million, or 15.4%, compared to $0.5 million in 2007.

The following table presents our other revenue and operating earnings for 2008 and 2007:

	2008			2007			
	Direct Marketing Services	Corporate and Eliminations	Total	Direct Marketing Services	Corporate and Eliminations	Total	Percent Change
	(dollars in millions)						
Revenue	$28.4	$(0.5)	$27.9	$29.8	$(0.7)	$29.1	(4.0)
Operating earnings (loss)	$ (1.2)	$ 1.6	$ 0.4	$ (1.8)	$ 2.3	$ 0.5	(15.4)

The decrease in other revenue in 2008 compared to 2007 was primarily due to a decrease in mailing services revenue and postage revenue, partially offset by an increase in offset and laser printing revenue at our direct marketing services business. Included in revenue and operating costs and expenses from our direct marketing services business is $16.3 million and $16.7 million of postage amounts billed to customers in 2008 and 2007, respectively.

The decrease in operating earnings was primarily due to the operating earnings impact of the decrease in revenue at our direct marketing services business and an increase in corporate payroll and employee benefits costs, partially offset by a decrease in payroll and employee benefit costs at our direct marketing services business.

Other Income and Expense and Taxes

Interest income was insignificant in 2008 and 2007. Interest expense was $8.2 million in 2008 compared to $9.2 million in 2007. The decrease is primarily due to a decrease in our weighted average interest rate partially offset by an increase in the average debt outstanding due to repurchases of our class A common stock and acquisitions of businesses. Amortization of deferred financing costs was $0.3 million in 2008 and 2007.

Our effective tax benefit rate from continuing operations was 32.1% in 2008 compared to an effective tax provision rate of 38.2% in 2007. The difference is primarily due to the impact of the non-cash impairment charges, a decrease in our liability for unrecognized tax benefits for positions taken in prior years and the settlement of certain state income tax audits.

Discontinued Operations

On February 26, 2007, Q-Comm Corporation acquired 100% of the stock of Norlight Telecommunications, Inc. (Norlight). On June 25, 2007, July 6, 2007 and August 2, 2007, we sold our Ohio publishing and printing operations, our Louisiana publishing operation and our New England publishing and printing operations, respectively. The operations of Norlight and the three regional publishing and printing operations of our community newspapers and shoppers business have been reflected as discontinued operations in our consolidated financial statements for all periods presented.

Gain from discontinued operations, net of income taxes, was $0.4 million in 2008 compared to $67.1 million in 2007. Income tax expense related to discontinued operations was $43.3 million in 2007.

In 2008, we recorded a gain on discontinued operations of $0.4 million for a reduction in the reserve related to a settlement between the Environmental Protection Agency and NorthStar Print Group, Inc.

We recorded a $64.0 million net gain on the sale of Norlight and the three regional publishing and printing operations of our community newspapers and shoppers business in 2007. We recorded $3.1 million net gain from the operating results of our discontinued operations in 2007.

Net Earnings (Loss)

Our net loss in 2008 was $224.4 million compared to net earnings of $110.1 million in 2007. The decrease was due to the $253.0 million after-tax non-cash impairment charges, the decrease in gain from discontinued operations in 2008 compared to 2007 and the decrease in operating earnings from continuing operations for the reasons described above.

Diluted Earnings (Loss) per Share for Class A and B Common Stock

Diluted loss per share for class A and B common stock from continuing operations was $4.37 in 2008 compared to diluted earnings per share of $0.65 in 2007. Diluted earnings per share from discontinued operations for class A and B common stock were $0.01 in 2008 compared to $1.00 in 2007. Diluted net loss per share for class A and B common stock was $4.36 in 2008 compared to diluted earnings per share of $1.65 in 2007.

2007 (52 weeks) compared to 2006 (53 weeks)

Continuing Operations

Our consolidated revenue in 2007 was $582.7 million, a decrease of $46.1 million, or 7.3%, compared to $628.8 million in 2006. Our consolidated operating costs and expenses in 2007 were $323.0 million, a decrease of $13.7 million, or 4.1%, compared to $336.7 million in 2006. Our consolidated selling and administrative expenses in 2007 were $180.9 million, a decrease of $6.6 million, or 3.5%, compared to $187.5 million in 2006.

2007 contained 52 weeks compared to 53 weeks in 2006. Although it is difficult to precisely quantify the impact of the additional week, we estimate the revenue impact to be $10.4 million, the total operating costs and expenses and selling and administrative expenses impact to be $9.0 million and the operating earnings impact to be $1.4 million.

The following table presents our total revenue by segment, total operating costs and expenses, selling and administrative expenses and total operating earnings as a percent of total revenue for 2007 and 2006:

	2007	Percent of Total Revenue	2006	Percent of Total Revenue
	(dollars in millions)			
Continuing operations:				
Revenue:				
Publishing	$266.1	45.7%	$284.9	45.3%
Broadcasting	218.1	37.4	238.5	37.9
Printing services	69.4	11.9	67.0	10.7
Other	29.1	5.0	38.4	6.1
Total revenue	582.7	100.0	628.8	100.0
Total operating costs and expenses	323.0	55.4	336.7	53.6
Selling and administrative expenses	180.9	31.0	187.5	29.8
Total operating costs and expenses and selling and administrative expenses	503.9	86.5	524.2	83.4
Total operating earnings	$ 78.8	13.5%	$104.6	16.6%

The decrease in total revenue was due to a decrease in political and issue advertising at our television and radio stations, a decrease in postage amounts billed to customers and a decrease in mailing services at our direct marketing services business, a decrease in classified ROP advertising, primarily for real estate and employment, and a decrease in retail ROP advertising at our publishing businesses, a decrease in Olympic advertising revenue at our NBC television affiliates, a decrease in circulation revenue at our publishing businesses and a decrease in local advertising at our radio stations. These revenue decreases were partially offset by an increase in Interactive advertising revenue at our daily newspaper and television and radio stations, a revenue reduction in 2006 related to a litigation settlement, an increase in developmental revenue at our broadcasting business, an increase in revenue from the printing of publications and manuals at our printing services business and an increase in commercial printing revenue at our daily newspaper.

The decrease in total operating costs and expenses was due to a decrease in newsprint and paper costs at our publishing businesses, a decrease in production costs at our community newspapers and shoppers due to the consolidation of our Wisconsin printing plants, a decrease in postage and freight expense at our direct marketing services business, a decrease in workers' compensation expenses at our printing services business and a decrease in broadcasting rights fees for Milwaukee Bucks' basketball games. These cost decreases were partially offset by an increase in news and programming expenses at our television stations, a charge for a workforce reduction and an increase in costs associated with the increased Interactive and commercial delivery revenue at our daily newspaper.

The decrease in selling and administrative expenses is primarily due to a decrease in payroll and benefits expenses at our community newspapers and shoppers business due to the consolidation of our Wisconsin printing plants, a decrease in net litigation-related expenses associated with a litigation settlement at our daily newspaper in 2007 and 2006, a decrease in moving and relocation expenses at our daily newspaper, a gain in 2007 on the sale of the Hartland, Wisconsin printing facility and a decrease in payroll and benefits expenses at our direct marketing services business. These decreases were partially offset by $2.5 million gain on the sale of KBBX-FM in Omaha, Nebraska in 2006, a pension plan curtailment gain in 2006, receipt of $1.1 million insurance proceeds in 2006 from a business interruption claim from the impact of Hurricane Katrina and a charge for a workforce reduction at our daily newspaper in 2007.

Our consolidated operating earnings in 2007 were $78.8 million, a decrease of $25.8 million, or 24.7%, compared to $104.6 million in 2006. The following table presents our operating earnings by segment for 2007 and 2006:

	2007	Percent of Total Operating Earnings	2006	Percent of Total Operating Earnings
	(dollars in millions)			
Publishing	$ 31.0	39.4%	$ 34.8	33.3%
Broadcasting	41.4	52.5	65.9	63.0
Printing services	5.9	7.5	2.6	2.5
Other	0.5	0.6	1.3	1.2
Total operating earnings	$ 78.8	100.0%	$ 104.6	100.0%

The decrease in total operating earnings was primarily due to the operating earnings impact from the decrease in advertising revenue and the increase in news and programming expenses at our television stations, the operating earnings impact from the decrease in advertising revenue and the gain on the sale of KBBX-FM in Omaha, Nebraska in 2006 at our radio stations, a decrease in retail and classified ROP advertising revenue at our publishing businesses, a charge for a workforce reduction at our daily newspaper and the decrease in revenue and a goodwill impairment charge at our direct marketing services business. Partially offsetting these operating earnings decreases were a decrease in newsprint and paper costs at our publishing businesses, the operating earnings impact from a revenue reduction for a litigation settlement and litigation-related expenses in 2006 at our daily newspaper and the increase in revenue and production efficiencies at our printing services business.

Our consolidated adjusted EBITDA in 2007 was $108.2 million, a decrease of $25.5 million, or 19.1%, compared to $133.7 million in 2006. We define adjusted EBITDA as net earnings excluding gain from discontinued operations, net, provision for income taxes, total other expense, net (which is entirely comprised of interest income and expense), depreciation and amortization. Our management uses adjusted EBITDA, among other things, to evaluate our operating performance and to value prospective acquisitions. Adjusted EBITDA is not a measure of performance calculated in accordance with accounting principles generally accepted in the United States. Adjusted EBITDA should not be considered in isolation of, or as a substitute for, net earnings as an indicator of operating performance or cash flows from operating activities as a measure of liquidity. Adjusted EBITDA, as we calculate it, may not be comparable to EBITDA measures reported by other companies.

The following table presents a reconciliation of our consolidated net earnings to consolidated adjusted EBITDA for 2007 and 2006:

	2007	2006
	(dollars in millions)	
Net earnings	$110.1	$ 64.4
Gain from discontinued operations, net	(67.1)	(10.6)
Provision for income taxes	26.6	35.2
Total other expense, net	9.2	15.6
Depreciation	27.4	27.1
Amortization	2.0	2.0
Adjusted EBITDA	$108.2	$133.7

The decrease in adjusted EBITDA is consistent with decreases in operating earnings in our broadcasting, publishing and other segments, partially offset by an increase in operating earnings at our printing services segment for the reasons described above.

Publishing

Revenue from publishing in 2007 was $266.1 million, a decrease of $18.8 million, or 6.6%, compared to $284.9 million in 2006. Operating earnings from publishing were $31.0 million, a decrease of $3.8 million, or 10.9%, compared to $34.8 million in 2006. We estimate the impact of the additional week in 2006 on revenue from publishing to be $4.9 million and the impact on operating earnings from publishing to be $1.1 million. Excluding the additional week, revenue decreased 4.9% and operating earnings decreased 8.0%.

The following table presents our publishing revenue by category and operating earnings for 2007 and 2006:

	2007			2006			
	Daily Newspapers	Community Newspaper & Shoppers	Total	Daily Newspaper	Community Newspapers & Shoppers	Total	Percent Change
			(dollars in millions)				
Advertising revenue:							
Retail	$ 90.3	$ 29.3	$119.6	$ 91.0	$ 34.5	$125.5	(4.7)
Classified	58.1	6.0	64.1	64.7	7.8	72.5	(11.6)
National	9.2	—	9.2	11.0	—	11.0	(16.3)
Direct Marketing	4.4	—	4.4	6.0	—	6.0	(25.8)
Other	—	0.4	0.4	—	0.7	0.7	(41.2)
Total advertising revenue	162.0	35.7	197.7	172.7	43.0	215.7	(8.3)
Circulation revenue	51.2	1.1	52.3	52.7	2.3	55.0	(4.9)
Other revenue	12.2	3.9	16.1	10.9	3.3	14.2	13.1
Total revenue	$225.4	$ 40.7	$266.1	$236.3	$ 48.6	$284.9	(6.6)
Operating earnings	$ 30.5	$ 0.5	$ 31.0	$ 31.0	$ 3.8	$ 34.8	(10.9)

Advertising revenue in 2007 accounted for 74.3% of total publishing revenue compared to 75.7% in 2006.

Retail advertising revenue in 2007 was $119.6 million, a decrease of $5.9 million, or 4.7%, compared to $125.5 million in 2006. The $0.7 million decrease at our daily newspaper was primarily due to a decrease in ROP advertising, primarily in the small to mid-sized retailers, department stores, furniture/furnishings, food and entertainment categories, and a decrease in preprints and shared mail advertising. These were partially offset by $4.0 million revenue reduction from a litigation settlement in 2006 and an increase in Interactive and specialty magazine advertising in 2007. The $5.2 million decrease at our community newspapers and shoppers was due primarily to revenue from a mid-week shared mail product previously reported within the division that is now reported under the daily newspaper and a decrease in automotive and real estate advertising.

Classified advertising revenue in 2007 was $64.1 million, a decrease of $8.4 million, or 11.6%, compared to $72.5 million in 2006. Decreases in ROP classified advertising at our daily newspaper were partially offset by an increase in Interactive and Marketplace classified advertising. The $6.6 million decrease in classified advertising revenue at our daily newspaper was primarily due to decreases in real estate advertising of $3.3 million, employment advertising of $2.9 million and automotive advertising of $0.6 million, partially offset by an increase in other classified categories of $0.2 million. Employment advertising accounted for 42.2% of classified advertising revenue at the daily newspaper in 2007. The $1.8 million decrease in classified advertising revenue at our community newspapers and shoppers is primarily due to revenue from a mid-week shared mail product previously reported within the division that is now reported under the daily newspaper and a decrease in classified advertising in our Milwaukee-area community newspapers.

Although Interactive advertising revenue is reported in the various advertising revenue categories, total retail and classified Interactive advertising revenue at our daily newspaper was $13.4 million in 2007, an increase of $3.9 million, or 40.7%, compared to $9.5 million in 2006.

National advertising revenue in 2007 was $9.2 million, a decrease of $1.8 million, or 16.3%, compared to $11.0 million in 2006. The decrease was primarily due to decreases in national ROP advertising in the business services, communications and various other categories and in national preprint advertising.

Direct marketing revenue, consisting of revenue from the sale of direct mail products of our daily newspaper, was $4.4 million in 2007, a decrease of $1.6 million, or 25.8%, compared to $6.0 million in 2006. The decrease was due to The Bon-Ton Stores, Inc.'s consolidation of all Boston Store mail programs and a decrease in postage revenue billed to our solo mail customers.

Other advertising revenue, consisting of revenue from company-sponsored event advertising at our community newspapers and shoppers, was $0.4 million in 2007, a decrease of $0.3 million, or 41.2%, compared to $0.7 million in 2006.

Circulation revenue in 2007 accounted for 19.6% of total publishing revenue compared to 19.3% in 2006. Circulation revenue of $52.3 million in 2007 decreased $2.6 million, or 4.9%, compared to $55.0 million in 2006 primarily due to decreases in daily and Sunday average net paid circulation at our daily newspaper and a change to a free distribution model of the community newspapers in the Milwaukee area at our community newspapers and shoppers business.

Other revenue, which consists of revenue from commercial printing at the printing plants for our community newspapers and shoppers and promotional, distribution and commercial printing revenue at our daily newspaper, accounted for 6.1% of total publishing revenue in 2007 compared to 5.0% in 2006. Other revenue in 2007 was $16.1 million, an increase of $1.9 million, or 13.1%, compared to $14.2 million in 2006. The $1.3 million increase at our daily newspaper was primarily due to an increase in commercial printing revenue from printing the *USA Today* for northern Illinois and eastern Wisconsin and the *Chicago Reader* and an increase in commercial delivery revenue. In September 2007, our daily newspaper signed a three-year agreement to print the *Chicago Reader*, a weekly tabloid newspaper, for distribution in the greater Chicago, Illinois area. Printing commenced in October 2007. The $0.6 million increase at our community newspapers and shoppers is due to an increase in commercial printing revenue from new customers.

Publishing operating earnings in 2007 were $31.0 million, a decrease of $3.8 million, or 10.9%, compared to $34.8 million in 2006. Operating earnings decreased $0.5 million in 2007 at the daily newspaper primarily from the impact of the decrease in retail and classified ROP advertising, a $3.1 million charge for a workforce reduction, a $1.5 million gain on the sale of a garage property in 2006 and a $0.8 million pension plan curtailment gain in 2006. Partially offsetting the operating earnings decrease were a $6.8 million decrease in paper costs, net favorable litigation related adjustments of $4.5 million in 2007 and 2006, a $1.1 million decrease in circulation delivery fees and a decrease in employee moving and relocation expenses. Operating earnings decreased $3.3 million in 2007 at our community newspapers and shoppers primarily due to the decrease in revenue, receipt of $1.1 million insurance proceeds in 2006 from a business interruption claim from the impact of Hurricane Katrina, a $0.3 million increase in workers' compensation expenses, a $0.3 million pension plan curtailment credit in 2006 and costs associated with a lease termination. Partially offsetting the operating earnings decrease was a decrease in payroll and benefits, a $0.9 million gain on the 2007 sale of the Hartland, Wisconsin printing facility and a $0.7 million charge for consolidating the Wisconsin printing operations in 2006. Total newsprint and paper costs for our publishing businesses in 2007 were $26.7 million, a decrease of $7.0 million, or 20.6%, compared to $33.7 million in 2006 primarily due to a 13.0% decrease in newsprint consumption and an 11.3% decrease in average newsprint pricing per metric ton. Consumption of metric tonnes of newsprint in 2007 decreased primarily due to decreases in ROP advertising, average net paid circulation, a web-width reduction to 48 inches and editorial content at our daily newspaper.

Broadcasting

Revenue from broadcasting in 2007 was $218.1 million, a decrease of $20.5 million, or 8.6%, compared to $238.6 million in 2006. Operating earnings from broadcasting in 2007 were $41.4 million, a decrease of $24.5 million, or 37.2%, compared to $65.9 million in 2006. We estimate the impact of the additional week in 2006 on revenue from broadcasting to be $3.6 million and the impact on operating earnings from broadcasting to be $0.3 million. Excluding the additional week, revenue decreased 7.2% and operating earnings decreased 37.0%.

The following table presents our broadcasting revenue and operating earnings for 2007 and 2006:

	2007			2006			
	Television	Radio	Total	Television	Radio	Total	Percent Change
	(dollars in millions)						
Revenue	$134.0	$ 84.1	$218.1	$151.1	$ 87.5	$238.6	(8.6)
Operating earnings	$ 20.5	$ 20.9	$ 41.4	$ 38.8	$ 27.1	$ 65.9	(37.2)

Revenue from our television stations in 2007 was $134.0 million, a decrease of $17.1 million, or 11.2%, compared to $151.1 million in 2006. The decrease was primarily due to a $13.3 million decrease in political and issue advertising revenue, a $3.3 million decrease in Olympic advertising revenue at our NBC affiliates, and a $2.2 million decrease in national advertising revenue, partially offset by a $1.5 million increase in local advertising revenue primarily from developmental and Interactive revenue and a $0.4 million increase in other revenue. Developmental revenue increased $1.9 million in 2007 compared to 2006 and Interactive revenue increased $1.0 million in 2007 compared to 2006.

Operating earnings from our television stations in 2007 were $20.5 million, a decrease of $18.3 million, or 47.1%, compared to $38.8 million in 2006. The decrease in operating earnings was primarily due to the impact from the decrease in political and issue advertising revenue, an increase in programming expenses associated with additional newscasts and new developmental and Interactive products, a $0.5 million increase in bad debt expense, a $0.2 million increase in depreciation expense and a $0.2 million pension plan curtailment gain in 2006 partially offset by a decrease in national representative commissions and incentive compensation expense.

Revenue from our radio stations in 2007 was $84.1 million, a decrease of $3.4 million, or 4.0%, compared to $87.5 million in 2006. The decrease was due to a $2.1 million decrease in local advertising revenue, a $1.0 million decrease in political and issue advertising revenue and a $0.3 million decrease in national advertising revenue. Developmental revenue, which refers to non-transactional revenue that targets non-traditional advertisers and is included in local advertising revenue, increased $2.1 million in 2007 compared to 2006 and

Interactive revenue increased $1.3 million in 2007 compared to 2006. On a same-station basis (excluding revenue generated by KBBX-FM, which was sold in September 2006 and KOMJ-AM, which was sold in March 2007), radio revenue decreased 2.5% in 2007 compared to 2006.

Operating earnings from our radio stations in 2007 were $20.9 million, a decrease of $6.2 million, or 23.1%, compared to $27.1 million in 2006. The decrease in operating earnings is due to the impact from the decrease in revenue, a $2.5 million gain on the sale of KBBX-FM in Omaha, Nebraska in 2006, an increase in selling expenses, an increase in expenses related to a litigation settlement, a $0.3 million pension plan curtailment gain in 2006, and a $0.2 million loss on the sale of KOMJ-AM in Omaha, Nebraska. Partially offsetting these operating earnings decreases was a decrease in broadcasting rights fees for Milwaukee Bucks' basketball games.

Printing Services

Revenue from printing services in 2007 was $69.4 million, an increase of $2.4 million, or 3.6%, compared to $67.0 million in 2006. Operating earnings from printing services in 2007 were $5.9 million, an increase of $3.3 million, or 128.2%, compared to $2.6 million in 2006. We estimate the impact of the additional week on printing services revenue to be $1.4 million and the impact on printing services operating earnings to be $0.2 million. Excluding the additional week, revenue increased 5.8% and operating earnings increased 147.1%.

The increase in printing services revenue was primarily due to a temporary increase in revenue from Dell along with the addition of new printing customers. We do not expect the same level of business from Dell to continue in future periods and we believe our revenue from Dell will decrease.

The increase in printing services operating earnings was primarily due to the increase in revenue, production efficiencies gained from decreases in waste, a decrease in workers' compensation expenses, a change in business mix and a favorable adjustment from the termination of a sublease agreement.

Other

Other revenue in 2007 was $29.1 million, a decrease of $9.3 million, or 24.4%, compared to $38.4 million in 2006. Other operating earnings in 2007 were $0.5 million, a decrease of $0.8 million, or 63.5%, compared to $1.3 million in 2006. We estimate the impact of the additional week on other revenue to be $0.5 million and the impact on other operating earnings to be a loss of $0.2 million. Excluding the additional week, revenue decreased 23.3% and operating earnings decreased 68.3%.

The following table presents our other revenue and operating earnings for 2007 and 2006:

	2007			2006			
	Direct Marketing Services	Corporate and Eliminations	Total	Direct Marketing Services	Corporate and Eliminations	Total	Percent Change
			(dollars in millions)				
Revenue	$29.8	$(0.7)	$29.1	$39.3	$(0.9)	$38.4	(24.4)
Operating earnings (loss)	$(1.8)	$ 2.3	$ 0.5	$(1.2)	$ 2.5	$ 1.3	(63.5)

The decrease in other revenue in 2007 compared to 2006 was primarily due to a decrease in postage amounts billed to customers, mailing services and offset printing services at our direct marketing services business. Included in revenue and operating costs and expenses from our direct marketing services business is $16.7 million and $22.0 million of postage amounts billed to customers in 2007 and 2006, respectively.

The decrease in other operating earnings was primarily due to the decrease in revenue and a goodwill impairment recorded at our direct marketing services business, a gain on the sale of a garage property recorded at corporate in 2006 and a postretirement benefits curtailment gain recorded at corporate in 2006.

Other Income and Expense and Taxes

Interest income was insignificant in 2007 and 2006. Interest expense was $9.2 million in 2007 compared to $15.6 million in 2006. The decrease is primarily due to a decrease in debt outstanding, which was reduced with the proceeds from the sales of Norlight, our former telecommunications subsidiary, and the three regional publishing and printing operations of our community newspapers and shoppers division partially, offset by share repurchases. Amortization of deferred financing costs was $0.4 million in 2007 and 2006.

The effective tax rate for continuing operations was 38.2% in 2007 and 39.6% in 2006. The decrease in our effective tax rate was primarily due to the recovery of federal renewal community zone credits for 2003 to 2007 and a decrease in our current and deferred state income tax expense.

Discontinued Operations

On February 26, 2007, Q-Comm Corporation (Q-Comm) acquired 100% of the stock of Norlight. On June 25, 2007, July 6, 2007 and August 2, 2007, we sold our Ohio publishing and printing operations, our Louisiana publishing operation and our New England publishing and printing operations, respectively. The operations of Norlight and the three regional publishing and printing operations of our community newspapers and shoppers business have been reflected as discontinued operations in our consolidated financial statements for all periods presented.

Gain from discontinued operations, net of income taxes, was $67.1 million in 2007 compared to $10.6 million in 2006. Income tax expense related to discontinued operations was $43.3 million in 2007 compared to $7.1 million in 2006.

We recorded a $64.0 million net gain on the sale of Norlight and the three regional publishing and printing operations of our community newspapers and shoppers division in 2007. We recorded a $3.1 million net gain from the operating results of our discontinued operations in 2007 compared to an $11.6 million net gain from the operating results in the three quarters of 2006. In 2007, we recorded a $0.6 million loss from discontinued operations for a preliminary Environmental Protection Agency assessment for NorthStar Print Group, Inc. (NorthStar). In 2006, we recorded a loss from discontinued operations, net of income taxes, of $1.0 million from a purchase price adjustment related to the January 2005 sale of NorthStar.

Net Earnings

Our net earnings in 2007 were $110.1 million, an increase of $45.7 million, compared to $64.4 million in 2006. The increase was due to the gain from discontinued operations and the decrease in interest expense in 2007, partially offset by the decrease in operating earnings from continuing operations for the reasons described above.

Diluted Earnings per Share for Class A and B Common Stock

Diluted earnings per share for class A and B common stock from continuing operations were $0.65 in 2007 compared to $0.75 in 2006. Diluted earnings per share from discontinued operations for class A and B common stock were $1.00 in 2007 compared to $0.14 in 2006. Diluted net earnings per share for class A and B common stock were $1.65 in 2007 compared to $0.89 in 2006. Our diluted earnings per share were favorably impacted in 2007 and 2006 by our share repurchases.

Liquidity and Capital Resources

Cash balances were $4.0 million at December 28, 2008. We believe our expected cash flows from operations and borrowings available under our credit facility will meet our needs for the next twelve months.

We have a $475.0 million unsecured revolving facility that expires on June 2, 2011. The interest rate on borrowings is either LIBOR plus a margin that ranges from 37.5 basis points to 87.5 basis points, depending on our leverage, or the base rate, which equals the higher of the prime rate set by U.S. Bank, N.A. or the Federal Funds Rate plus 100 basis points. As of December 28, 2008 and December 30, 2007, we had borrowings of $215.1 million and $178.9 million, respectively, under the facility at a weighted average rate of 2.10% and 5.55%, respectively. The increase in our borrowings was primarily used for repurchases of our class A common stock in 2008 Fees in connection with the facility of $1.7 million are being amortized over the term of the facility using the straight-line method which approximates the effective interest method. This agreement includes the following two financial covenants:

- A consolidated funded debt ratio of not greater than 4-to-1, as determined for the four fiscal quarter periods preceding the date of determination. This ratio compares, for any period, our funded debt to our earnings before interest, taxes, depreciation and amortization, as adjusted for non-operational impairment charges recorded as a result of FASB Statement No. 142, "Goodwill and Other Intangible Assets." As of December 28, 2008, our consolidated funded debt ratio was 2.63-to-1, resulting in a current maximum borrowing capacity of $327.4 million.
- An interest coverage ratio of not less than 3-to-1, as determined for the four fiscal quarter periods preceding the date of determination. This ratio compares, for any period, our earnings before interest, taxes, depreciation and amortization, as adjusted for non-operational impairment charges recorded as a result of FASB Statement No. 142, "Goodwill and Other Intangible Assets," to our interest expense. As of December 28, 2008, our interest coverage ratio was 10.02-to-1.

Our ability to remain in compliance with these financial covenants may be impacted by a number of factors, including our ability to continue to generate sufficient revenues and cash flows, as well as interest rates and other risks and uncertainties set forth in Item 1A. "Risk Factors." If it is determined we are not in compliance with these financial covenants, the lenders in our credit facility syndicate will be entitled to take certain actions, including acceleration of all amounts due under the facility. If actual operating and cash flow results over the next 12 months are lower than current projections, the margins by which we will comply with the covenants will decrease. In such case, we may seek to amend or replace our current credit facility with one or more capital sources on appropriate terms. If we were unable to remain in compliance with these covenants or to amend or replace our current facility on appropriate terms, we could face increased pressure to reduce or delay capital expenditures, further decrease dividend payments, dispose of assets or operations, further reduce the size of our workforce or take other steps to revise our capital structure or our business operations. We cannot assure you that we will have the ability to take any of these actions or that these actions would be successful.

Given the current economic crisis, including the current instability of financial institutions, one or more of the lenders in our credit facility syndicate could fail or be unable to fund future draws thereunder or take other positions adverse to us. In such an event, our liquidity could be severely restrained with an adverse impact on our ability to operate our businesses and we may be forced to take the actions described above. We continue to monitor our current lenders and compliance with our credit agreement terms and are working on possible strategies in the event one or more of our lenders is unable or unwilling to fund future demands.

We have $1.2 million of standby letters of credit for business insurance purposes.

In early 2009, in order to help maintain financial flexibility in this difficult economic environment, we suspended our matching contribution to the 401(k) plan.

Dividends

On February 10, 2009, our board of directors declared a quarterly dividend of $0.02 per share on all of our class A and class B shares held of record as of the close of business on February 24, 2009. The quarterly dividend will be paid on March 6, 2009. Our board made the decision to reduce the dividend in order to help maintain financial flexibility in this difficult economic environment. If conditions do not improve, our board may suspend the dividend on class A and class B shares in the future. The quarterly dividend on our class C shares remained at its historical level for the first quarter of 2009. Our board of directors consistently reviews our dividend payment policy, as well as our ability to pay dividends, at each quarterly board of directors meeting.

Acquisitions and Sale

2008

On January 9, 2008, Journal Community Publishing Group, Inc., our community newspapers and shoppers business, acquired the *Iola Herald* and *Manawa Advocate* in Waupaca County in Wisconsin. These are weekly paid publications. On March 19, 2008, Journal Community Publishing group, Inc. acquired two shoppers, the *Clintonville Shopper's Guide* and the *Wittenberg Northerner Shopping News*, in Waupaca County, Wisconsin. The total cash purchase price for these publications was $1.6 million. The acquisitions deepen our media offerings and extend our reach in north central Wisconsin.

On January 28, 2008, Journal Broadcast Corporation and Journal Broadcast Group, Inc., our broadcasting businesses, completed the asset purchase of My Network affiliate KPSE-LP, Channel 50, in Palm Springs, California from Mirage Media LLC for $4.7 million. The acquisition of KPSE allows us to better serve advertisers and viewers in the Coachella Valley and builds a stronger presence in Palm Springs and the surrounding area.

On July 1, 2008, Journal Broadcast Corporation and Journal Broadcast Group, Inc., our broadcasting businesses, entered into an asset purchase agreement with Banks-Boise, Inc. to purchase CW Network affiliate KNIN-TV, Analog Channel 9 and Digital Channel 10, in Boise, Idaho for $8.0 million. The purchase is subject to customary closing conditions and FCC approval, which was preliminarily granted on January 16, 2009, but is not yet final.

On July 22, 2008, Journal Broadcast Corporation and Journal Broadcast Group, Inc., our broadcasting businesses, completed the asset purchase of CW Network affiliate, KWBA-TV, Analog Channel 58, Digital Channel 44, in Sierra Vista, Arizona, from Cascade Broadcasting Group, LLC and Tucson Communications, L.L.C. for $12.0 million. KWBA-TV serves the Tucson, Arizona market. We believe owning cross-platform businesses in this growth market will help us increase our local news focus and better serve our viewers and listeners.

On October 6, 2008, Journal Community Publishing Group, Inc., our community newspapers and shoppers business of our publishing segment, purchased the assets of Waupaca Publishing Company for $7.0 million. We paid $7.0 million and retained from the purchase price $0.1 million for environmental related expenses, which we have agreed to pay on behalf of the seller. The seller remains liable for all obligations relating to the conditions of the property purchased. The purchase consists of several Waupaca-area weekly paid newspapers including the *Waupaca County Post*, *The Chronicle* (Weyauwega/Fremont), *Wisconsin State Farmer* and the *Picture Post*. It also includes the monthly paid niche publications *Wisconsin Horsemen's News*, and *Silent Sports* magazine. The purchase includes additional print publications and associated internet websites as well as Waupaca Publishing Company's commercial printing business and the related real estate and buildings. We believe this purchase combined with our existing paid weekly newspapers in the area will provide additional media offerings in Waupaca County, Wisconsin for our readers and advertisers and will extend our niche media offerings, which help our advertisers reach specialized audiences.

2007

On February 23, 2007, Journal Sentinel, Inc., our daily newspaper, acquired Wisconsin Trails and Milwaukee Home & Fine Living magazines from Trails Media Group, Inc. The total cash purchase price for the magazines was $1.6 million. The acquisition of the two magazines allows us to generate revenue growth through the build-out of our lifestyle websites and print products as well as to take advantage of efficiencies in advertising sales, production and distribution.

On October 11, 2007, Journal Community Publishing Group, Inc., our community newspapers and shoppers business, acquired the *Clintonville Tribune-Gazette* in Clintonville, Wisconsin from GateHouse Media, Inc. The *Clintonville Tribune-Gazette* is a weekly paid publication. On November 5, 2007, Journal Community Publishing Group, Inc. acquired the *Clay County Leader* in Orange Park Florida, a weekly publication, from County Publishing Inc. The total cash purchase price for the weekly publications was $0.6 million. The acquisitions deepen our media offerings and extend our reach in north central Wisconsin and Florida.

On March 27, 2007, Journal Broadcast Group completed the sale of KOMJ-AM in Omaha, Nebraska to Cochise Broadcasting LLC (Cochise) for $0.5 million and recorded a $0.2 million pre-tax loss on the sale. The divestiture of KOMJ-AM was part of Journal Broadcast Group's compliance with the FCC's cross-ownership rules as a result of our December 2005 agreement to acquire KMTV-TV, Omaha, Nebraska from Emmis Communications Corporation (Emmis). Concurrently with the sale of KOMJ-AM, we completed the purchase of the KMTV-TV FCC license and remitted to Emmis a final purchase payment of $10.0 million.

Share Repurchase Authorizations

In February 2005, April 2006, May 2007, October 2007 and May 2008, our Board of Directors authorized the repurchase of up to 5.0 million shares of our class A common stock in each authorization over the following 18 months, with the April 2006 and May 2007 authorization subsequently amended to permit the purchase of 3.2 million class B shares from Matex, Inc. Under the authorizations, share purchases may be made at our discretion, from time to time, in the open market and/or in private transactions. Our share purchases will depend on market conditions, share price, trading volume and other factors. We completed our share repurchases pursuant to the February 2005 authorization in 2006. As part of our repurchases in 2007, we repurchased 3.2 million class B shares from Matex, Inc. for $32.0 million, or $10.00 per share. Share repurchases for 2007 and 2008 were as follows:

	Authorizations			
	April 2006	May 2007	October 2007	May 2008
Shares repurchased in 2007	3,739,900	5,000,000	872,400	—
Shares repurchased in 2008	—	—	4,127,600	2,629,500

In 2008, we paid $44.6 million, or an average of $6.61 per share, excluding commissions, for share repurchases. As of December 28, 2008, 2.4 million shares of our class A common stock remain available to be purchased under our May 2008 authorization.

In October 2008, given the challenging economic environment, we suspended our share repurchase program. We do not know how deeply this recession will impact our cash and earnings in 2009; therefore, we believe the suspension will allow us to direct a significant portion of our cash flow to debt reduction.

Cash Flow

Continuing Operations

Cash provided by operating activities was $71.8 million in 2008 compared to $66.6 million in 2007. The increase was primarily due to an increase in cash provided by accounts receivable collections.

Cash used for investing activities was $47.4 million in 2008 compared to cash provided by investing activities of $160.3 million in 2007. Capital expenditures were $22.2 million in 2008 compared to $35.9 million in 2007. Our capital expenditures at our daily newspaper are primarily targeted towards equipment, building improvements and technology upgrades. Our capital expenditures in our broadcasting segment are targeted towards technology upgrades, including investments in television and radio digital infrastructure. We believe these expenditures will help us to better serve our advertisers and viewers and to facilitate our cost control initiatives. In 2009, our capital expenditures are expected to be significantly less than the amount of capital expenditures in 2008.

Cash used for acquisitions was $25.3 million in 2008 compared to $12.2 million in 2007. Our broadcast business acquired two television stations for $16.7 million and our community newspapers and shoppers acquired several publications in Northern Wisconsin and Florida for $8.6 million. In 2007, we remitted the final purchase payment of $10.0 million to Emmis to acquire the FCC license of KMTV-TV, our daily newspaper acquired two magazines for $1.6 million and our community newspapers and shoppers acquired two weekly publications for $0.6 million in 2007. In 2007, proceeds from the sale of Norlight, the three regional publishing and printing operations of our community newspapers and shoppers business and KOMJ-AM were $205.0 million.

Cash used for financing activities was $26.7 million in 2008 compared to $178.6 million in 2007. Borrowings under our credit facility in 2008 were $209.5 million and we made payments of $173.3 million, reflecting an increase in our debt outstanding compared to borrowings of $343.3 million and payments of $399.4 million in 2007 reflecting the use of proceeds received from the sale of Norlight and the three regional publishing and printing operations of our community newspapers and shoppers business. In 2008 and 2007, we paid $44.9 million and $102.4 million, respectively, to purchase our class A and class B common stock. We paid cash dividends of $18.5 million and $20.4 million in 2008 and 2007, respectively.

Discontinued Operations

Cash used for discontinued operations was $0.1 million in 2008 compared to $49.9 million in 2007. The decrease was primarily due to $54.2 million in estimated tax payments on the gains on the 2007 sales of Norlight and the three regional publishing and printing operations of our community newspapers and shoppers business and a decrease in cash provided by the operations of Norlight due to its sale in February 2007. Capital expenditures, which related primarily to Norlight, were $0.7 million in 2007.

Contractual Obligations

Our contractual obligations as of December 28, 2008 are summarized below.

		Payments due by Period			
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
		(dollars in millions)			
Contractual obligations					
Long-term notes payable to banks(1)	$226.1	$ 4.5	$221.6	$—	$—
Pension and other postretirement benefits(2)	101.0	1.9	23.8	34.3	41.0
Operating leases	14.5	4.8	5.7	2.1	1.9
Purchase commitments	21.9	8.9	11.0	2.0	—
Other liabilities	23.9	10.7	7.2	5.3	0.7
Total	$387.4	$30.8	$269.3	$43.7	$43.6

(1) Includes the associated interest calculated on our borrowings of $215.1 million outstanding as of December 28, 2008 at a weighted average rate of 2.10%.

(2) For the pension and other postretirement benefits, payments included in the table have been actuarially estimated over a ten-year period. These payments are expected to be funded directly from company assets through 2018. While benefit payments under these benefit plans are expected to continue beyond 2018, we believe that an estimate beyond this period is unreasonable.

Our $475 million unsecured revolving facility expires on June 2, 2011. As of December 28, 2008, we had borrowings outstanding of $215.1 million under the facility.

We expect to make contributions to the qualified pension plan from company assets of $80.4 million over a ten-year period. As of December 28, 2008, we expect to make payments over a ten-year period for the non-qualified pension plan and other postretirement benefit plan of $5.1 million and $15.5 million, respectively.

We lease office space, certain broadcasting facilities, distribution centers, buildings used for printing plants and equipment under both short-term and long-term leases accounted for as operating leases. Some of the lease agreements contain renewal options and rental escalation clauses, as well as provisions for the payment of utilities, maintenance and taxes.

We have a purchase commitment relating to printing equipment for our publishing business of approximately $0.1 million as of December 28, 2008. Purchase commitments related to audience research services and cellular phone services for our broadcasting business were approximately $4.0 million as of December 28, 2008. Over the next five years, we are committed to purchase $17.8 million of television program rights that currently are not available for broadcast, including programs not yet produced. If such programs are not produced, our corresponding commitment would expire without obligation.

Other liabilities consist primarily of obligations for syndicated contracts, a national advertising representative litigation settlement, our unrecognized tax benefits, a capital lease, deferred income and deferred compensation arrangements.

As of December 28, 2008, our expected payment for significant contractual obligations includes approximately $3.7 million of liability for unrecognized tax benefits. We have reasonably estimated that our liability for unrecognized tax benefits will be settled as follows: $0.3 million will occur in one to three years; $3.2 million will occur in three to five years; and $0.2 million will occur in more than five years.

Off-Balance Sheet Arrangements

We do not engage in off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons that may have a material current or future effect on our financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues or expenses. We do not rely on off-balance sheet arrangements for liquidity, capital resources, market risk support, credit risk support or other benefits.

Critical Accounting Policies

Our management's discussion and analysis of financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related footnote disclosures. On an on-going basis, we evaluate our estimates, including those related to doubtful accounts, property and equipment, intangible assets, income taxes, litigation, and pension and other postretirement benefits. 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. We do not believe our past results have differed materially from these estimates, however, we cannot predict how actual results may differ from these estimates in the future.

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

Allowance for doubtful accounts

We evaluate the collectability of our accounts receivable based on a combination of factors. We specifically review historical write-off activity by market, large customer concentrations, customer creditworthiness and changes in our customer payment patterns and terms when evaluating the adequacy of the allowance for doubtful accounts. In circumstances where we are aware of a specific customer's inability to meet its financial obligations to us (such as bankruptcy filings, credit history, etc.), we record a specific reserve for bad debts against amounts due us to reduce the net recognized receivable to the amount we reasonably believe will be collected. For all other customers, we recognize reserves for bad debts based on past loss history, the length of time the receivables are past due and the current business environment. If our evaluations of the collectability of our accounts receivable differ from actual results, increases or decreases in bad debt expense and allowances may be required.

Property and equipment and definite-lived intangibles

We assign useful lives for our property and equipment and definite-lived intangibles based on our estimate of the amount of time that we will use those assets and we have selected the straight-line method to depreciate our property and equipment and definite-lived intangibles. A change in the estimated useful lives or the depreciation or amortization method used could have a material impact upon our results of operations.

Accounting standards require that, if the sum of the future cash flows expected to result from an asset or group of assets, undiscounted and without interest charges, is less than the carrying amount of the asset or group of assets, an asset impairment must be recognized in the financial statements. An evaluation of impairment of our property and equipment and definite-lived intangibles was performed in 2008. No impairment resulted from this evaluation. The estimated future cash flows related to an asset or group of assets is highly susceptible to change because we must make assumptions about future revenue and the related cost of sales. Changes in our assumptions could require us to recognize a loss for asset impairment in the future.

Impairment of goodwill and indefinite-lived intangibles

Goodwill and broadcast licenses accounted for 19.4% and 53.2% of total assets as of December 28, 2008 and December 30, 2007, respectively. The annual impairment tests for goodwill and broadcast licenses under Statement No. 142, "Goodwill and Other Intangible Assets" require us to make certain assumptions in determining fair value, including assumptions about the cash flow growth rates of our businesses. Additionally, the fair values are significantly impacted by factors including competitive industry valuations and long-term interest rates that exist at the time the annual impairment tests are performed. Accordingly, we may incur additional impairment charges in future periods under Statement No. 142 to the extent we do not achieve our expected cash flow growth rates, and to the extent that market values and long-term interest rates in general decrease and increase, respectively.

For purposes of testing the carrying values of goodwill related to our reporting units, we determined fair value by using an income and a market valuation approach. The income approach uses expected cash flows for each reporting unit. The cash flows were then discounted for risk and time value. In addition, the present value of the projected residual value was estimated and added to the present value of the cash flows. The market approach was based on price multiples of publicly traded stocks of comparable companies to derive fair value. Each approach was weighted equally to determine a fair value estimate of each reporting unit.

We based our fair value estimates, in large measure, on projected financial information which we believe to be reasonable. However, actual future results may differ from those projections, and those differences may be material. The valuation methodology used to estimate the fair value of our total company and our reporting units requires inputs and assumptions (i.e. market growth, operating profit margins, and discount rates) that reflect current market conditions as well as management judgment. The current economic downturn has negatively impacted many of those inputs and assumptions. If expected cash flows of our community newspapers and shoppers reporting unit continues to deteriorate and management concludes expected cash flows will not improve within a reasonable period of time, we may be required to recognize a goodwill impairment charge in future periods, which could have an adverse impact on our financial condition and results of operations.

For broadcast licenses at individual television and radio stations, we used an income approach to estimate fair value. The fair value estimates of our broadcast licenses contain significant assumptions incorporating variables that are based on past experiences and judgments about future performance using industry normalized information for an average station within a market with the type of signal that each subject station produces.

These variables include, but are not limited to: the forecasted growth rate of each market, (including market population, household income and retail sales), market share and profit margins of an average station within a market, estimated capital expenditures and start-up costs, risk-adjusted discount rate, likely media competition within the market and expected growth rates into perpetuity to estimate terminal values. Adverse changes in significant assumptions such as an increase in discount rates or a decrease in projected market revenues could result in additional non-cash impairment charges on our broadcast licenses in future periods, which could have a material impact on our financial condition and results of operations.

Accrued income taxes

The Internal Revenue Service (IRS) and various state Departments of Revenue routinely examine our federal and state tax returns. From time to time, the IRS and the state Departments of Revenue may challenge certain of our tax positions. We believe our tax positions comply with applicable tax law, and we would vigorously defend these positions if challenged. The final disposition of any positions challenged by the IRS or state Departments of Revenue could require us to make additional tax payments or have an impact on our effective tax rate. Nonetheless, we believe that we have adequately reserved for any foreseeable payments related to such matters and consequently do not anticipate any material earnings impact from the ultimate resolution of such matters. As of December 28, 2008 and December 30, 2007, we recorded liabilities for our unrecognized tax benefits of $3.7 million and $4.4 million, respectively.

We deduct broadcast licenses and tax-deductible goodwill over a period of 15 years from the date of acquisition. The non-cash goodwill and broadcast license impairment charges recorded during 2008 are not currently deductible for income tax purposes and have caused us to recognize deferred tax assets. We have evaluated the realizability of our deferred tax assets and we believe that they will be utilized to offset future taxable income over the next 20 years in accordance with current income tax law. In the future, we may be required to record a valuation allowance against our deferred tax assets if we have future operating losses or reductions in our expected future profitability which would cause us to believe we would be unable to utilize them.

Accrued litigation

We are subject to various legal actions, administrative proceedings and claims. When necessary, we record a liability for an estimate of the probable costs for the resolution of such claims. The estimate would be developed in consultation with counsel and would be based upon an analysis of potential results, assuming a combination of litigation and settlement strategies. We believe that such unresolved legal actions and claims would not materially affect our results of operations, financial position or cash flows.

Employee benefits

We are self-insured for a majority of our employee related health and disability benefits and workers compensation claims. Third party administrators are used to process all claims. Liabilities for unpaid claims are based on our historical claims experience. Liabilities for workers compensation claims are developed from actuarial valuations. Actual amounts could vary significantly from such estimates which would require us to record additional expense in the future.

There are certain assumptions that have a significant effect on our obligations, such as:

- the discount rate–used to arrive at the net present value of the obligations and expense;
- the return on assets–used to estimate the growth in invested asset value available to satisfy certain obligations;
- the salary increases–used to calculate the impact future pay increases will have on pension obligations; and
- the employee turnover statistics–used to estimate the number of employees to be paid pension benefits.

The assumptions used in accounting for pension benefits and other postretirement benefits for 2008 and 2007 are:

	Pension Benefits		Other Postretirement Benefits	
	2008	2007	2008	2007
Discount rate for expense	6.60%	5.90%	6.50%	5.75%
Discount rate for obligations	6.50	6.60	6.15	6.50
Rate of compensation increases for expense	4.80	4.00	—	—
Rate of compensation increases for obligations	4.80	4.80	—	—
Expected return on plan assets	8.50	8.50	—	—

For our pension plans, as of December 28, 2008, a one percent increase or decrease in the discount rate would have the following effects:

	1% Increase	1% Decrease
Effect on total of service and interest cost components in 2008	$ (0.2)	$ 0.9
Effect on pension benefit obligation as of December 28, 2008	$(14.5)	$17.5

To determine the discount rate assumptions for the pension and the other postretirement benefit plans, we studied our plans' specific discount rate by matching our projected benefit payments to a yield curve developed from high grade corporate bonds. The results of those studies were used as the benchmark to determine the discount rate assumptions.

We study historical markets to determine the long-term rate of return assumption for pension plan assets. We preserved the long-term historical relationships between equities and fixed-income securities consistent with the widely accepted capital market principle that assets with higher volatility generate a greater return over the long run. We evaluate current market factors such as inflation and interest rates before we determine long-term capital market assumptions. We review peer data and historical returns to check for reasonability and appropriateness.

We make other assumptions that affect the accounting for pension benefits, such as the rate of compensation increase. Changes in these assumptions affect the benefit obligations and the service and interest cost components of the pension plan and the other postretirement plan and the required funding of the pension plan. We review these assumptions on an annual basis.

The discount rate and medical cost inflation assumptions could have a significant effect on our other postretirement benefits obligations. The discount rate is used to arrive at the net present value of the obligation. The health care cost trend rate is used to calculate the impact future medical costs would have on postretirement obligations. A one percent increase or decrease in the assumed health care cost trend rate would have the following effects:

	1% Increase	1% Decrease
Effect on total of service and interest cost components in 2008	less than $0.1	less than ($0.1)
Effect on postretirement benefit obligation as of December 28, 2008	$ 0.4	$ (0.4)

New Accounting Standards

In December 2007, the FASB issued FASB Statement No. 141 (Revised 2007), "Business Combinations." Statement No. 141R requires that an acquiring entity recognize all the assets acquired and liabilities assumed in a transaction at the acquisition date fair value with limited exceptions. Statement No. 141R will change the accounting treatment for acquisition costs, non-controlling interests, contingent liabilities, in-process research and development, restructuring costs, and income taxes. In addition, it also requires a substantial number of new disclosure requirements. Statement No. 141R applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Earlier adoption is prohibited. We will adopt Statement No. 141R in the first quarter of 2009. We do not believe the effect of adopting Statement No. 141R will have a material impact on our consolidated financial statements.

In February 2008, the FASB issued FASB Staff Position FAS 157-2, "Effective Date of FASB Statement No. 157," which delays the effective date of Statement No. 157 for all nonfinancial assets and liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually) to fiscal years beginning after November 15, 2008. We do not believe the effect of adopting FASB Staff Position FAS 157-2 will have a material impact on our consolidated financial statements.

In April 2008, the FASB issued FASB Staff Position FAS 142-3, "Determination of the Useful Life of Intangible Assets." FASB Staff Position FAS 142-3 requires that in developing assumptions about renewal or extension used to determine the useful life of a recognized intangible asset, an entity shall consider its own historical experience in renewing or extending similar arrangements; however, these assumptions should be adjusted for entity-specific factors. In the absence of that experience, an entity shall consider the assumptions that market participants would use about renewal or extension (consistent with the highest and best use of the asset by market participants), adjusted for the entity-specific factors. For a recognized intangible asset, an entity shall disclose information that enables users of financial statements to assess the extent to which the expected future cash flows associated with the asset are affected by the entity's intent and/or ability to renew or extend the arrangement. This guidance is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Early adoption is prohibited. The guidance for determining the useful life of a recognized intangible asset shall be applied prospectively to intangible assets acquired after the effective date. The disclosure requirements shall be applied prospectively to all intangible assets recognized as of, and subsequent to, the effective date. We will adopt Staff Position FAS 142-3 in the first quarter of 2009. We do not believe the effect of adopting Staff Position FAS 142-3 will have a material impact on our consolidated financial statements.

In May 2008, the FASB issued FASB Statement No. 162, "The Hierarchy of Generally Accepted Accounting Principles." Statement No. 162 is intended to improve financial reporting by identifying a consistent framework, or hierarchy, for selecting accounting principles to be used in preparing financial statements that are presented in conformity with U.S. generally accepted accounting principles for nongovernmental entities. Statement No. 162 is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, "The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles." We adopted Statement No. 162 in the fourth quarter of 2008. The adoption of Statement No. 162 did not have a material impact on our consolidated financial statements.

In June 2008, the FASB issued EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities." EITF 03-6-1 requires that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method. EITF 03-6-1 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those years. All prior-period earnings per share data presented shall be adjusted retrospectively to conform to the provisions of this EITF. Early application is not permitted. We will adopt EITF 03-6-1 in the first quarter of 2009. We do not believe the effect of adopting EITF 03-6-1 will have a material impact on our consolidated financial statements.

In June 2008, the FASB issued EITF 08-3, "Accounting by Lessees for Nonrefundable Maintenance Deposits." EITF 08-3 requires that all nonrefundable maintenance deposits should be accounted for as a deposit. When the underlying maintenance is performed, the deposit is expensed or capitalized in accordance with the lessee's maintenance accounting policy. Once it is determined that an amount on deposit is not probable of being used to fund future maintenance expense, it is recognized as additional expense at the time such determination is made. EITF 08-3 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Earlier application is not permitted. We will adopt EITF 08-3 in the first quarter of 2009. We do not believe the effect of adopting EITF 08-3 will have a material impact on our consolidated financial statements.

In September 2008, the FASB issued FASB Staff Position FIN 45-4 (FIN 45-4), "Amendment to Disclosure Requirements of Interpretation 45-Guarantor's Accounting and Disclosure Requirements for Guarantees." FIN 45-4 requires disclosures of the current status of the payment/performance risk of the guarantee. For example, the current status of the payment/performance risk of a credit-risk-related guarantee could be based on either recently issued external credit ratings or current internal groupings used by the guarantor to manage its risk. An entity that uses internal groupings shall disclose how those groupings are determined and used for management risk. FIN 45-4 is effective for reporting periods ending after November 15, 2008. We adopted FIN 45-4 in the fourth quarter of 2008. The adoption of FIN 45-4 did not have a material impact on our consolidated financial statements.

In October 2008, the FASB issued FASB Staff Position FAS 157-3, "Determining the Fair Value of a Financial Asset when the Market for that Asset is not Active," which clarifies the application of FASB Statement No. 157, "Fair Value Measurements," in a market that is not active and provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for that financial asset is not active. This pronouncement was effective upon issuance, including prior periods for which financial statements have not been issued. The adoption of FASB Staff Position FAS 157-3 did not have a material impact on our consolidated financial statements.

In December 2008, the FASB issued FASB Staff Position FAS 132(R)-1, "Employer's Disclosures about Postretirement Benefit Plan Assets," which amends FASB Statement No. 132 (Revised 2003), "Employers' Disclosures about Pensions and Other Postretirement Benefits," to provide guidance on an employers' disclosures about plan assets of a defined benefit pension or other postretirement plan. This pronouncement is effective for fiscal years ending after December 15, 2009. Upon initial application, the provisions of this FASB Staff Position are not required for earlier periods that are presented for comparative purposes. Earlier application of the provisions is permitted. We do not believe the effect of adopting FASB Staff Position FAS 132(R)-1will have a material impact on our consolidated financial statements.

Effect of Inflation

Our results of operations and financial condition have not been significantly affected by general inflation. We have reduced the effects of rising costs through improvements in productivity, cost containment programs and, where the competitive environment permits, increased selling prices. However, changes in newsprint prices could have an adverse impact on costs, which we may not be able to offset fully in our pricing or cost containment programs.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk stemming from changes in interest rates on our long-term notes payable to banks, which are borrowings under our $475.0 million unsecured revolving credit facility, and in prices for newsprint. Changes in these factors could cause fluctuations in our net earnings and cash flows. Interest rates on our long-term notes payable to banks are variable. The interest rate on our revolving credit facility is either at LIBOR plus a margin that ranges from 37.5 basis points to 87.5 basis points, depending on our leverage, or the Base Rate, which equals the higher of the prime rate set by U.S. Bank, N.A. or the Federal Funds Rate plus 100 basis points. Average interest rates on borrowings under our revolving credit facility ranged from 5.29% at the beginning of 2008 to 2.25% at the end of 2008. If interest rates had been 100 basis points higher, our annual interest expense would have increased $2.1 million, assuming comparable borrowing levels. We have not entered into derivative instruments to manage our exposure to interest rate risk.

Price fluctuations for newsprint can have a significant effect on our results of operations. The average net price per ton was $692 in 2008. Based on the consumption of newsprint in 2008 for the *Milwaukee Journal Sentinel* and by our community newspapers and shoppers, a $10 per ton increase or decrease in the price of newsprint would increase or decrease our total cost of newsprint by $0.4 million. We have not entered into derivative instruments to manage our exposure to newsprint price risk.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

CONSOLIDATED BALANCE SHEETS
December 28, 2008 and December 30, 2007
(in thousands, except per share amounts)

	2008	2007
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,040	$ 6,256
Receivables, net	79,418	86,197
Inventories, net	5,935	6,367
Prepaid expenses	15,560	13,066
Deferred income taxes	4,869	6,821
Total Current Assets	**109,822**	**118,707**
Property and equipment:		
Land and land improvements	35,066	33,691
Buildings and building improvements	133,252	132,170
Equipment	277,653	275,757
Construction in progress	8,567	4,346
	454,538	445,964
Less accumulated depreciation	233,380	221,273
Net property and equipment	221,158	224,691
Goodwill	4,285	232,538
Broadcast licenses	101,120	223,529
Other intangible assets, net	26,706	25,702
Prepaid pension costs	—	15,298
Deferred income taxes	64,420	—
Other assets	15,088	16,502
Total Assets	**$ 542,599**	**$ 856,967**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 26,929	$ 30,026
Accrued compensation	15,046	16,871
Accrued employee benefits	7,214	10,390
Deferred revenue	15,001	14,936
Accrued income taxes	43	219
Other current liabilities	6,668	7,757
Current portion of long-term liabilities	10,610	4,508
Total Current Liabilities	**81,511**	**84,707**
Accrued employee benefits	64,620	25,157
Long-term notes payable to banks	215,090	178,885
Deferred income taxes	—	67,664
Other long-term liabilities	13,316	12,992
Commitments and contingencies (see Note 5)		
Shareholders' equity:		
Preferred stock, $0.01 par – authorized 10,000,000 shares, no shares outstanding at December 28, 2008 and December 30, 2007		
Common stock, $0.01 par:		
Class C – authorized 10,000,000 shares; issued and outstanding: 3,264,000 shares at December 28, 2008 and December 30, 2007	33	33
Class B – authorized 120,000,000 shares; issued: 9,938,816 shares at December 28, 2008 and 11,528,044 shares at December 30, 2007	183	201
Class A – authorized 170,000,000 shares; issued and outstanding: 40,553,107 shares at December 28, 2008 and 45,351,893 shares at December 30, 2007	406	454
Additional paid-in capital	256,716	295,017
Accumulated other comprehensive loss	(34,355)	(615)
Retained earnings	53,794	301,187
Treasury stock, at cost (8,676,705 class B shares)	(108,715)	(108,715)
Total Shareholders' Equity	**168,062**	**487,562**
Total Liabilities and Shareholders' Equity	**$ 542,599**	**$ 856,967**

See accompanying notes.

CONSOLIDATED STATEMENTS OF OPERATIONS
Years Ended December 28, 2008, December 30, 2007 and December 31, 2006
(in thousands, except per share amounts)

	2008	2007	2006
Continuing operations:			
Revenue:			
Publishing	$ 241,972	$ 266,142	$ 284,894
Broadcasting	209,914	218,118	238,536
Printing services	65,201	69,377	66,956
Other	27,844	29,017	38,377
Total revenue	**544,931**	**582,654**	**628,763**
Operating costs and expenses:			
Publishing	138,582	142,441	149,175
Broadcasting	100,904	99,706	97,724
Printing services	54,536	55,313	56,129
Other	24,022	25,539	33,616
Total operating costs and expenses	318,044	322,999	336,644
Selling and administrative expenses	174,480	180,867	187,519
Goodwill and broadcast license impairment	375,086	—	—
Total operating costs and expenses and selling and administrative expenses	**867,610**	**503,866**	**524,163**
Operating earnings (loss)	**(322,679)**	**78,788**	**104,600**
Other income and expense:			
Interest income and dividends	2	36	37
Interest expense, net	(8,166)	(9,180)	(15,607)
Total other income and expense	(8,164)	(9,144)	(15,570)
Earnings (loss) from continuing operations before income taxes	(330,843)	69,644	89,030
Provision (benefit) for income taxes	(106,040)	26,626	35,247
Earnings (loss) from continuing operations	(224,803)	43,018	53,783
Gain from discontinued operations, net of applicable income tax expense of $0, $43,250 and $7,132, respectively	400	67,060	10,590
Net earnings (loss)	**$(224,403)**	**$ 110,078**	**$ 64,373**
Earnings (loss) per share:			
Basic – Class A and B common stock:			
Continuing operations	$ (4.37)	$ 0.65	$ 0.75
Discontinued operations	0.01	1.02	0.15
Net earnings (loss)	**$ (4.36)**	**$ 1.67**	**$ 0.90**
Diluted – Class A and B common stock:			
Continuing operations	$ (4.37)	$ 0.65	$ 0.75
Discontinued operations	0.01	1.00	0.14
Net earnings (loss)	**$ (4.36)**	**$ 1.65**	**$ 0.89**
Basic and diluted – Class C common stock:			
Continuing operations	$ 0.57	$ 0.92	$ 1.05
Discontinued operations	0.01	1.02	0.15
Net earnings	**$ 0.58**	**$ 1.94**	**$ 1.20**

See accompanying notes

JOURNAL COMMUNICATIONS, INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
Years Ended December 28, 2008, December 30, 2007 and December 31, 2006
(in thousands, except per share amounts)

	Preferred Stock	Common Stock			Additional Paid-in-Capital
		Class C	Class B	Class A	
Balance at December 25, 2005	**$—**	**$33**	**$354**	**$422**	**$353,567**
Net earnings and comprehensive income					
Change in pension and postretirement (net of deferred tax benefit of $11,457)					
Dividends declared:					
Class C ($0.57 per share)					
Class B ($0.26 per share)					
Class A ($0.26 per share)					
Issuance of shares:					
Conversion of class B to class A			(87)	87	
Stock grants					710
Employee stock purchase plan			1		1,321
Shares purchased and retired				(28)	(21,172)
Stock-based compensation					522
Balance at December 31, 2006	—	**33**	**268**	**481**	**334,948**
Comprehensive income:					
Net earnings					
Other comprehensive income, net:					
Change in pension and postretirement (net of deferred tax of $11,045)					
Comprehensive income					
Dividends declared:					
Class C ($0.57 per share)					
Class B ($0.30 per share)					
Class A ($0.30 per share)					
Issuance of shares:					
Conversion of class B to class A			(36)	36	
Stock grants					695
Employee stock purchase plan					358
Shares purchased and retired			(32)	(63)	(42,818)
Reversal of reserve for unrecognized tax benefits					771
Adoption of FIN 48					
Stock-based compensation			1		1,063
Balance at December 30, 2007	—	**33**	**201**	**454**	**295,017**
Comprehensive income (loss):					
Net loss					
Other comprehensive loss, net:					
Change in pension and postretirement (net of deferred tax benefit of $22,623)					
Comprehensive loss					
Dividends declared:					
Class C ($0.57 per share)					
Class B ($0.32 per share)					
Class A ($0.32 per share)					
Issuance of shares:					
Conversion of class B to class A			(18)	18	
Stock grants					382
Employee stock purchase plan					585
Shares purchased and retired				(66)	(40,338)
Shares withheld from employees for tax withholding					(102)
Stock-based compensation					1,172
Balance at December 28, 2008	**$—**	**$33**	**$183**	**$406**	**$256,716**

See accompanying notes.

Unearned Compensation	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock, at cost	Total	Comprehensive Income (loss)
$(679)	**$ —**	**$ 239,086**	**$(108,715)**	**$ 484,068**	
		64,373		64,373	$ 64,373
	(17,114)			(17,114)	
		(1,854)		(1,854)	
		(6,816)		(6,816)	
		(10,763)		(10,763)	
				—	
				710	
				1,322	
		(13,037)		(34,237)	
679		2		1,203	
—	**(17,114)**	**270,991**	**(108,715)**	**480,892**	
		110,078		110,078	$ 110,078
	16,499			16,499	16,499
					$ 126,577
		(1,854)		(1,854)	
		(4,274)		(4,274)	
		(14,327)		(14,327)	
				—	
				695	
				358	
		(59,483)		(102,396)	
				771	
		45		45	
		11		1,075	
—	**(615)**	**301,187**	**(108,715)**	**487,562**	
		(224,403)		(224,403)	$(224,403)
	(33,740)			(33,740)	(33,740)
					$(258,143)
		(1,854)		(1,854)	
		(3,376)		(3,376)	
		(13,297)		(13,297)	
				—	
				382	
				585	
		(4,471)		(44,875)	
				(102)	
		8		1,180	
$ —	**$(34,355)**	**$ 53,794**	**$(108,715)**	**$ 168,062**	

See accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 28, 2008, December 30, 2007 and December 31, 2006
(in thousands)

	2008	2007	2006
Cash flow from operating activities:			
Net earnings (loss)	$(224,403)	$ 110,078	$ 64,373
Less gain from discontinued operations	400	67,060	10,590
Earnings from continuing operations	(224,803)	43,018	53,783
Adjustments for non-cash items:			
Depreciation	27,438	27,407	27,080
Amortization	1,998	1,961	1,998
Provision for doubtful accounts	2,774	1,646	1,694
Deferred income taxes	(107,505)	(1,275)	6,867
Non-cash compensation	1,600	1,829	1,373
Curtailment gains for defined benefit pension and other postretirement benefit plans	—	—	(2,402)
Net (gain) loss from disposal of assets	268	(744)	(3,398)
Impairment of goodwill and broadcast licenses	375,086	410	—
Net changes in operating assets and liabilities, excluding effect of sales and acquisitions:			
Receivables	4,457	(412)	(7,748)
Inventories	626	(506)	726
Accounts payable	(3,168)	(1,082)	(6,156)
Other assets and liabilities	(6,980)	(5,611)	15,914
Net Cash Provided By Operating Activities	**71,791**	**66,641**	**89,731**
Cash flow from investing activities:			
Capital expenditures for property and equipment	(22,225)	(35,906)	(21,735)
Proceeds from sales of assets	93	3,391	2,826
Acquisition of businesses	(25,284)	(12,221)	—
Proceeds from sale of businesses	—	205,007	7,252
Net Cash Provided By (Used For) Investing Activities	**(47,416)**	**160,271**	**(11,657)**
Cash flow from financing activities:			
Proceeds from long-term notes payable to banks	209,497	343,310	224,052
Payments of long-term notes payable to banks	(173,292)	(399,425)	(263,597)
Proceeds from issuance of common stock, net	527	322	1,322
Redemption of common stock, net	(44,875)	(102,396)	(34,237)
Cash dividends	(18,527)	(20,445)	(19,433)
Net Cash Used For Financing Activities	**(26,670)**	**(178,634)**	**(91,893)**
Cash flow from discontinued operations:			
Net operating activities	79	(49,275)	30,268
Net investing activities	—	(670)	(15,390)
Net Cash Provided By (Used For) Discontinued Operations	**79**	**(49,945)**	**14,878**
Net Increase (Decrease) In Cash And Cash Equivalents	**(2,216)**	**(1,667)**	**1,059**
Cash and cash equivalents:			
Beginning of year	6,256	7,923	6,864
End of year	$ 4,040	$ 6,256	$ 7,923
Supplemental Cash Flow Information			
Cash paid for income taxes	$ 4,883	$ 76,748	$ 32,936
Cash paid for interest	$ 7,596	$ 8,798	$ 14,674

See accompanying notes

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 28, 2008 (in thousands, except per share amounts)

1 SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and consolidation—We report on a 52-53 week fiscal year ending on the last Sunday of December in each year. In addition, we have four quarterly reporting periods, each consisting of thirteen weeks and ending on a Sunday, provided that once every six years the fourth quarterly reporting period will be fourteen weeks. The 2006 fiscal year ending December 31 was a 53-week year with a 14-week fourth quarter.

The consolidated financial statements include the accounts of Journal Communications, Inc. and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated.

Revenue recognition—Publishing revenue is generated primarily from the sale of newspaper and internet advertising space and newspaper sales. Broadcasting revenue is generated primarily from the sale of television and radio advertising time. Advertising revenue is recognized in the publishing and broadcasting industries when the advertisement is published or aired, including advertising aired online on web sites. Circulation revenue is recognized when the newspaper is delivered to the customer. Printing services revenue is recorded primarily at the time of shipment when title passes to the customer. Other revenue that consists of direct marketing services is recognized at the time the service is performed.

Amounts we receive from customers in advance of revenue recognition are deferred as liabilities. Deferred revenue to be earned more than one year from the balance sheet date is included in other long-term liabilities in the consolidated balance sheets.

Shipping and handling costs—Shipping and handling costs, including postage, billed to customers are included in revenue and the related costs are included in operating costs and expenses.

Advertising expense—We expense our advertising costs as incurred. Advertising expense totaled $3,836, $4,688, and $4,266 in 2008, 2007, and 2006, respectively.

Interest expense—Capitalized interest for the year ended December 30, 2007 totaled $89. All interest incurred during the years ended December 28, 2008 and December 31, 2006 was expensed.

Income taxes—We account for income taxes in accordance with Statement No. 109, "Accounting for Income Taxes." In accordance with Statement No. 109, deferred taxes are provided for the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for income tax purposes. Valuation allowances are established where management determines that it is more likely than not that some portion or all of a deferred tax asset will not be realized.

On January 1, 2007, we adopted FIN No. 48, "Accounting for Uncertainty in Income Taxes—An Interpretation of FASB Statement No. 109" (FIN 48). In accordance with FIN 48, we recognize an uncertain tax position when it is more likely than not to be sustained upon examination by taxing authorities and we measure the tax benefit as the largest amount of benefit, determined on a cumulative probability basis, which is more likely than not to be realized upon ultimate settlement.

Earnings per share

Basic

We apply the two-class method for calculating and presenting our basic earnings per share. As noted in Statement of Financial Accounting Standards No. 128, "Earnings per Share (as amended)," the two-class method is an earnings allocation formula that determines earnings per share for each class of common stock according to dividends declared (or accumulated) and participation rights in undistributed earnings. Under that method:

(a) Income (loss) from continuing operations ("net earnings") is reduced by the amount of dividends declared in the current period for each class of stock and by the contractual amount of dividends that must be paid during the current period.

1 SIGNIFICANT ACCOUNTING POLICIES continued

(b) The remaining earnings, which may include earnings from discontinued operations ("undistributed earnings"), are allocated to each class of common stock to the extent that each class of stock may share in earnings if all of the earnings for the period were distributed.

(c) The remaining losses, which may include losses from discontinued operations ("undistributed losses"), are allocated to the class A and B common stock. Undistributed losses are not allocated to the class C common stock because the class C shares are not contractually obligated to share in the losses.

(d) The total earnings allocated to each class of common stock are then divided by the number of weighted average shares outstanding of the class of common stock to which the earnings are allocated to determine the earnings per share for that class of common stock.

(e) Basic earnings per share data are presented for class A and B common stock in the aggregate and for class C common stock. The basic earnings per share for class A and B common stock are the same; hence, these classes are reported together.

In applying the two-class method, we have determined that undistributed earnings should be allocated equally on a per share basis among each class of common stock due to the lack of any contractual participation rights of any class to those undistributed earnings. Undistributed losses are allocated to only the class A and B common stock for the reason stated above. The weighted average number of shares outstanding for each class of common stock excludes non-vested restricted stock for basic earnings per share.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
December 28, 2008 (in thousands, except per share amounts)

1 SIGNIFICANT ACCOUNTING POLICIES continued

The following table sets forth the computation of basic earnings per share under the two-class method:

	2008	2007	2006
Numerator for basic earnings (loss) from continuing operations for each class of common stock:			
Earnings (loss) from continuing operations	$(224,803)	$ 43,018	$ 53,783
Less dividends:			
Class A and B	16,665	18,591	17,577
Class C	1,854	1,854	1,854
Total undistributed earnings (loss) from continuing operations	$(243,322)	$ 22,573	$ 34,352
Class A and B undistributed earnings (loss) from continuing operations	$(243,322)	$ 21,449	$ 32,767
Class C undistributed earnings from continuing operations	—	1,124	1,585
Total undistributed earnings (loss) from continuing operations	$(243,322)	$ 22,573	$ 34,352
Numerator for basic earnings (loss) from continuing operations per class A and B common stock:			
Dividends on class A and B	$ 16,665	$ 18,591	$ 17,577
Class A and B undistributed earnings (loss)	(243,322)	21,449	32,767
Numerator for basic earnings (loss) from continuing operations per class A and B common stock	$(226,657)	$ 40,040	$ 50,344
Numerator for basic earnings from continuing operations per class C common stock:			
Dividends on class C	$ 1,854	$ 1,854	$ 1,854
Class C undistributed earnings	—	1,124	1,585
Numerator for basic earnings from continuing operations per class C common stock	$ 1,854	$ 2,978	$ 3,439
Denominator for basic earnings (loss) from continuing operations for each class of common stock:			
Weighted average shares outstanding –			
Class A and B	51,917	62,276	67,476
Class C	3,264	3,264	3,264
Basic earnings (loss) per share from continuing operations:			
Class A and B	**$ (4.37)**	**$ 0.65**	**$ 0.75**
Class C	**$ 0.57**	**$ 0.92**	**$ 1.05**

December 28, 2008 (in thousands, except per share amounts)

1 SIGNIFICANT ACCOUNTING POLICIES continued

	2008	2007	2006
Numerator for basic earnings from discontinued operations for each class of common stock:			
Total undistributed earnings from discontinued operations	$ 400	$ 67,060	$ 10,590
Class A and B undistributed earnings from discontinued operations	$ 376	$ 63,720	$ 10,101
Class C undistributed earnings from discontinued operations	24	3,340	489
Total undistributed earnings from discontinued operations	$ 400	$ 67,060	$ 10,590
Denominator for basic earnings from discontinued operations for each class of common stock:			
Weighted average shares outstanding –			
Class A and B	51,917	62,276	67,476
Class C	3,264	3,264	3,264
Basic earnings per share from discontinued operations			
Class A and B	**$ 0.01**	**$ 1.02**	**$ 0.15**
Class C	**$ 0.01**	**$ 1.02**	**$ 0.15**
Numerator for basic net earnings for each class of common stock:			
Net earnings (loss)	$(224,403)	$110,078	$ 64,373
Less dividends:			
Class A and B	$ 16,665	$ 18,591	$ 17,577
Class C	1,854	1,854	1,854
Total undistributed net earnings (loss)	$(242,922)	$ 89,633	$ 44,942
Class A and B undistributed net earnings (loss)	$(242,946)	$ 85,169	$ 42,868
Class C undistributed net earnings (loss)	24	4,464	2,074
Total undistributed net earnings (loss)	$(242,922)	$ 89,633	$ 44,942
Numerator for basic net earnings (loss) per class A and B common stock:			
Dividends on class A and B	$ 16,665	$ 18,591	$ 17,577
Class A and B undistributed net earnings (loss)	(242,946)	85,169	42,868
Numerator for basic net earnings (loss) per class A and B common stock	$(226,281)	$103,760	$ 60,445
Numerator for basic net earnings per class C common stock:			
Dividends on class C	$ 1,854	$ 1,854	$ 1,854
Class C undistributed net earnings	24	4,464	2,074
Numerator for basic net earnings per class C common stock	$ 1,878	$ 6,318	$ 3,928
Denominator for basic net earnings (loss) for each class of common stock:			
Weighted average shares outstanding –			
Class A and B	51,917	62,276	67,476
Class C	3,264	3,264	3,264
Basic net earnings (loss) per share			
Class A and B	**$ (4.36)**	**$ 1.67**	**$ 0.90**
Class C	**$ 0.58**	**$ 1.94**	**$ 1.20**

December 28, 2008 (in thousands, except per share amounts)

1 SIGNIFICANT ACCOUNTING POLICIES continued

Diluted

Diluted earnings per share is computed based upon the assumption that the class C shares outstanding were converted into class A and B shares, class B common shares are issued upon exercise of our nonstatutory stock options when the exercise price is less than the current market price of our common shares, and common shares will be outstanding upon expiration of the vesting periods of our non-vested restricted stock. Diluted earnings per share for the year ended December 28, 2008 is computed based upon the assumption that the class C shares were not converted and 63 class B common shares are not outstanding upon the expiration of the vesting periods of our non-vested restricted stock as they are anti-dilutive.

The following table sets forth the computation of diluted net earnings per share for class A and B common stock:

	2008	2007	2006
Numerator for diluted earnings (loss) per share:			
Dividends on class A and B common stock	$ 16,665	$ 18,591	$ 17,577
Dividends on class C common stock	—	1,854	1,854
Total undistributed earnings (loss) from continuing operations	(243,322)	22,573	34,352
Total undistributed earnings from discontinued operations	376	67,060	10,590
Net earnings (loss)	$(226,281)	$110,078	$ 64,373
Denominator for diluted net earnings (loss) per share:			
Weighted average shares outstanding – class A and B	51,917	62,276	67,476
Impact of non-vested restricted stock	—	81	57
Conversion of class C shares	—	4,452	4,452
Adjusted weighted average shares outstanding	51,917	66,809	71,985
Diluted earnings (loss) per share:			
Continuing operations	**$ (4.37)**	**$ 0.65**	**$ 0.75**
Discontinued operations	**0.01**	**1.00**	**0.14**
Net earnings	**$ (4.36)**	**$ 1.65**	**$ 0.89**

Diluted earnings (loss) per share for the class C common stock is the same as basic earnings (loss) per share for the class C common stock because there are no class C common stock equivalents.

Each of the 3,264,000 class C shares outstanding is convertible at any time at the option of the holder into either (i) 1.363970 class A shares (or a total of 4,451,998 class A shares) or (ii) 0.248243 class A shares (or a total of 810,265 class A shares) and 1.115727 class B shares (or a total of 3,641,733 class B shares).

Fair values—The carrying amount of cash and cash equivalents, receivables and accounts payable approximates fair value as of December 28, 2008 and December 30, 2007.

Cash equivalents—Cash equivalents are highly liquid investments with maturities of three months or less when purchased. Cash equivalents are stated at cost, which approximates market value.

Receivables, net—We evaluate the collectability of our accounts receivable based on a combination of factors. In circumstances where we are aware of a specific customer's inability to meet its financial obligations, we record a specific reserve to reduce the amounts recorded to what we believe will be collected. For all other

December 28, 2008 (in thousands, except per share amounts)

1 SIGNIFICANT ACCOUNTING POLICIES continued

customers, we recognize allowances for bad debts based on historical experience of bad debts as a percent of accounts receivable for each business unit. We write off uncollectible accounts against the allowance for doubtful accounts after collection efforts have been exhausted. The allowance for doubtful accounts at December 28, 2008 and December 30, 2007 was $4,734 and $4,031, respectively. Included in receivables, net, as of December 28, 2008 is $5,504 of income tax overpayments primarily related to the 2007 income tax year for which we have applied or will apply for refunds.

Concentration of credit risk—Generally, credit is extended based upon an evaluation of the customer's financial position, and advance payment is not required. Credit losses are provided for in the financial statements and have been within management's expectations. Given the current economic environment, credit losses may increase in the future.

Inventories—Inventories are stated at the lower of cost (first in, first out method) or market. A summary of inventories follows:

December 28 and December 30	2008	2007
Paper and supplies	$4,779	$5,272
Work in process	723	816
Finished goods	632	524
Less obsolescence reserve	(199)	(245)
Inventories, net	**$5,935**	**$6,367**

Television programming—We have agreements with distributors for the rights to television programming over contract periods, which generally run for one to five years. Each contract is recorded as an asset and a liability at an amount equal to its gross contractual commitment when the license period begins and the program is available for its first showing. The portion of program contracts that become payable within one year is reflected as a current liability in the accompanying consolidated balance sheets. The rights to program materials are carried at the lower of unamortized cost or estimated net realizable value or in the case of programming obtained by an acquisition, at estimated fair value. Certain of our agreements require us to provide barter advertising time to our distributors. Barter advertising revenue and expense was $6,184, $6,322 and $6,433 in 2008, 2007 and 2006, respectively.

Property and equipment—Property and equipment are recorded at cost. Depreciation of property and equipment is provided, using the straight-line method, over the estimated useful lives, which are as follows:

	Years
Building and land improvements	10
Buildings	30
Newspaper printing presses	25
Broadcasting equipment	5—20
Other printing presses	10
Other	3—10

Capital leases—We charge amortization expense of assets recorded under capital leases to depreciation expense in our consolidated statements of operations and accumulated depreciation in our consolidated balance sheets. At December 28, 2008 we recorded $1,638 for capital leases in equipment, $656 in accumulated

1 SIGNIFICANT ACCOUNTING POLICIES continued

depreciation, $357 in current portion of long-term liabilities and $739 in other long-term liabilities in our consolidated balance sheets. At December 30, 2007, we recorded $1,757 for capital leases in equipment, $445 in accumulated depreciation, $351 in current portion of long-term liabilities and $1,029 in other long-term liabilities in our consolidated balance sheets.

Intangible assets—Indefinite-lived intangible assets, which consist of broadcast licenses, and goodwill are no longer amortized but instead are reviewed at least annually for impairment. We continue to amortize definite-lived intangible assets on a straight-line basis over periods of five to 25 years.

Impairment of long-lived assets—Property and equipment and other definite-lived intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If an asset is considered impaired, a loss is recognized for the difference between the fair value and carrying value of the asset or group of assets. Such analyses necessarily involve significant judgment.

Use of estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications—Certain prior year amounts have been reclassified to conform to the 2008 presentation.

New accounting standards—In December 2007, the FASB issued FASB Statement No. 141 (Revised 2007), "Business Combinations." Statement No. 141R requires that an acquiring entity recognize all the assets acquired and liabilities assumed in a transaction at the acquisition date fair value with limited exceptions. Statement No. 141R will change the accounting treatment for acquisition costs, non-controlling interests, contingent liabilities, in-process research and development, restructuring costs, and income taxes. In addition, it also requires a substantial number of new disclosure requirements. Statement No. 141R applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Earlier adoption is prohibited. We will adopt Statement No. 141R in the first quarter of 2009. We do not believe the effect of adopting Statement No. 141R will have a material impact on our consolidated financial statements.

In February 2008, the FASB issued FASB Staff Position FAS 157-2, "Effective Date of FASB Statement No. 157," which delays the effective date of Statement No. 157 for all nonfinancial assets and liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually) to fiscal years beginning after November 15, 2008. We do not believe the effect of adopting FASB Staff Position FAS 157-2 will have a material impact on our consolidated financial statements.

In April 2008, the FASB issued FASB Staff Position FAS 142-3, "Determination of the Useful Life of Intangible Assets." FASB Staff Position FAS 142-3 requires that in developing assumptions about renewal or extension used to determine the useful life of a recognized intangible asset, an entity shall consider its own historical experience in renewing or extending similar arrangements; however, these assumptions should be adjusted for entity-specific factors. In the absence of that experience, an entity shall consider the assumptions that market participants would use about renewal or extension (consistent with the highest and best use of the asset by market participants), adjusted for the entity-specific factors. For a recognized intangible asset, an entity shall disclose information that enables users of financial statements to assess the extent to which the expected future cash flows associated with the asset are affected by the entity's intent and/or ability to renew or extend the

1 SIGNIFICANT ACCOUNTING POLICIES continued

arrangement. This guidance is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Early adoption is prohibited. The guidance for determining the useful life of a recognized intangible asset shall be applied prospectively to intangible assets acquired after the effective date. The disclosure requirements shall be applied prospectively to all intangible assets recognized as of, and subsequent to, the effective date. We will adopt FASB Staff Position FAS 142-3 in the first quarter of 2009. We do not believe the effect of adopting FASB Staff Position FAS 142-3 will have a material impact on our consolidated financial statements.

In May 2008, the FASB issued FASB Statement No. 162, "The Hierarchy of Generally Accepted Accounting Principles." Statement No. 162 is intended to improve financial reporting by identifying a consistent framework, or hierarchy, for selecting accounting principles to be used in preparing financial statements that are presented in conformity with U.S. generally accepted accounting principles for nongovernmental entities. Statement No. 162 is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, "The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles." We adopted Statement No. 162 in the fourth quarter of 2008. The adoption of Statement No. 162 did not have a material impact on our consolidated financial statements.

In June 2008, the FASB issued EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities." EITF 03-6-1 requires that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method. EITF 03-6-1 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those years. All prior-period earnings per share data presented shall be adjusted retrospectively to conform to the provisions of this EITF. Early application is not permitted. We will adopt EITF 03-6-1 in the first quarter of 2009. We do not believe the effect of adopting EITF 03-6-1 will have a material impact on our consolidated financial statements.

In June 2008, the FASB issued EITF 08-3, "Accounting by Lessees for Nonrefundable Maintenance Deposits." EITF 08-3 requires that all nonrefundable maintenance deposits should be accounted for as a deposit. When the underlying maintenance is performed, the deposit is expensed or capitalized in accordance with the lessee's maintenance accounting policy. Once it is determined that an amount on deposit is not probable of being used to fund future maintenance expense, it is recognized as additional expense at the time such determination is made. EITF 08-3 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Earlier application is not permitted. We will adopt EITF 08-3 in the first quarter of 2009. We do not believe the effect of adopting EITF 08-3 will have a material impact on our consolidated financial statements.

In September 2008, the FASB issued Staff Position FIN 45-4 (FIN 45-4), "Amendment to Disclosure Requirements of Interpretation 45-Guarantor's Accounting and Disclosure Requirements for Guarantees." FIN 45-4 requires disclosures of the current status of the payment/performance risk of the guarantee. For example, the current status of the payment/performance risk of a credit-risk-related guarantee could be based on either recently issued external credit ratings or current internal groupings used by the guarantor to manage its risk. An entity that uses internal groupings shall disclose how those groupings are determined and used for management risk. FIN 45-4 is effective for reporting periods ending after November 15, 2008. We adopted FIN 45-4 in the fourth quarter of 2008. The adoption of FIN 45-4 did not have a material impact on our consolidated financial statements.

1 SIGNIFICANT ACCOUNTING POLICIES continued

In October 2008, the FASB issued FASB Staff Position FAS 157-3, "Determining the Fair Value of a Financial Asset when the Market for that Asset is not Active," which clarifies the application of FASB Statement No. 157, "Fair Value Measurements," in a market that is not active and provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for that financial asset is not active. This pronouncement shall be effective upon issuance, including prior periods for which financial statements have not been issued. The adoption of FASB Staff Position FAS 157-3 did not have a material impact on our consolidated financial statements.

In December 2008, the FASB issued FASB Staff Position FAS 132(R)-1, "Employer's Disclosures about Postretirement Benefit Plan Assets," which amends FASB Statement No. 132 (Revised 2003), "Employers' Disclosures about Pensions and Other Postretirement Benefits," to provide guidance on an employers' disclosures about plan assets of a defined benefit pension or other postretirement plan. This pronouncement is effective for fiscal years ending after December 15, 2009. Upon initial application, the provisions of this FASB Staff Position are not required for earlier periods that are presented for comparative purposes. Earlier application of the provisions is permitted. We do not believe the effect of adopting FASB Staff Position FAS 132(R)-1 will have a material impact on our consolidated financial statements.

2 NOTES PAYABLE TO BANKS

We have a $475,000 unsecured revolving facility that expires on June 2, 2011. The interest rate on borrowings is either LIBOR plus a margin that ranges from 37.5 basis points to 87.5 basis points, depending on our leverage, or the base rate, which equals the higher of the prime rate set by U.S. Bank, N.A. or the Federal Funds Rate plus 100 basis points. As of December 28, 2008 and December 30, 2007, we had borrowings of $215,090 and $178,885, respectively, under the facility at a weighted average rate of 2.10% and 5.55%, respectively. The increase in our borrowings was primarily used for repurchases of our class A common stock in 2008. Fees in connection with the facility of $1,717 are being amortized over the term of the facility using the straight-line method which approximates the effective interest method. This agreement includes the following two financial covenants:

- A consolidated funded debt ratio of not greater than 4-to-1, as determined for the four fiscal quarter periods preceding the date of determination. This ratio compares, for any period, our funded debt to our earnings before interest, taxes, depreciation and amortization, as adjusted for non-operational impairment charges recorded as a result of FASB Statement No. 142, "Goodwill and Other Intangible Assets." As of December 28, 2008, we were in compliance with this financial covenant.
- An interest coverage ratio of not less than 3-to-1, as determined for the four fiscal quarter periods preceding the date of determination. This ratio compares, for any period, our earnings before interest, taxes, depreciation and amortization, as adjusted for non-operational impairment charges recorded as a result of FASB Statement No. 142, "Goodwill and Other Intangible Assets," to our interest expense. As of December 28, 2008, we were in compliance with this financial covenant.

If actual operating and cash flow results over the next 12 months are lower than current projections, the margins by which we will comply with the covenants will decrease. In a recessionary economy, a significant risk to achieving our projections is meeting our revenue and earnings forecasts. To remain in compliance with the terms of our credit agreement, we could face increased pressure to reduce or delay capital expenditures, further decrease dividend payments, dispose of assets or operations, further reduce the size of our workforce or take other steps to revise our capital structure or our business operations. In addition, to remain in compliance with the terms of our credit agreement, we may seek to amend or replace our current credit facility with one or more

2 NOTES PAYABLE TO BANKS continued

capital sources on appropriate terms. We cannot assure you that we will have the ability to take any of these actions or that these actions would be successful. If it is determined we are not in compliance with these financial covenants, the lenders in our credit facility syndicate will be entitled to take certain actions, including acceleration of all amounts due under the facility. If the lenders take such action, we may be forced to amend the terms of the credit agreement, obtain a waiver or find alternative sources of capital. If we are unable to obtain alternative sources of capital, it may be necessary to significantly restructure our business.

Given the current economic crisis, including the current instability of financial institutions, one or more of the lenders in our credit facility syndicate could fail or be unable to fund future draws thereunder or take other positions adverse to us. In such an event, our liquidity could be severely restrained with an adverse impact on our ability to operate our businesses and we may be forced to take the actions described above. We continue to monitor our current lenders and compliance with our credit agreement terms and are working on possible strategies in the event one or more of our lenders is unable or unwilling to fund future borrowing requests.

We estimate the fair value of our unsecured revolving facility at December 28, 2008 to be $195,375 based on discounted cash flows and current borrowing rates.

3 EMPLOYEE BENEFIT PLANS

We have a defined benefit pension plan covering the majority of our employees. The plan provides benefits based on years of service and the average compensation for the employee's last five years of employment. Plan assets consist primarily of listed stocks and government and other bonds. The Pension Protection Act of 2006 was signed into law on August 17, 2006. The law was effective for the plan year 2008 and primarily changed employer funding rules of defined benefit pension plans. This law did not have a significant effect on funding to our plans.

In addition, we provide health benefits to certain retirees and their eligible spouses. Our postretirement health plan qualifies for the federal subsidy under the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act) because the prescription drug benefits provided under our postretirement health care plan generally require lower premiums from covered retirees and have lower deductibles than the benefits provided in Medicare Part D and, accordingly, are actuarially equivalent to or better than, the benefits provided under the Act. However, due to certain plan changes, we expect the amount of the federal subsidy under the Act to be minimal in future years.

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3 EMPLOYEE BENEFIT PLANS continued

We also sponsor an unfunded non-qualified pension plan for certain employees whose benefits under the pension plan and the 401(k) Plan may be restricted due to limitations imposed by the Internal Revenue Service. The disclosure for the unfunded non-qualified pension plan for all years presented is combined with the defined benefit pension plan.

	Pension Benefits		Other Postretirement Benefits	
Years ended December 28 and December 30	**2008**	**2007**	**2008**	**2007**
Change in benefit obligations				
Benefit obligation at beginning of year	$128,941	$149,567	$ 20,216	$ 21,906
Service cost	2,270	4,148	105	137
Interest cost	8,243	8,713	1,260	1,181
Actuarial (gain) loss	7,028	(21,387)	(1,125)	(1,530)
Curtailment gain	—	(3,748)	—	—
Special termination benefits	—	23	—	—
Benefits paid	(8,351)	(8,375)	(2,140)	(1,478)
Benefit obligation at end of year	**$138,131**	**$128,941**	**$ 18,316**	**$ 20,216**
Change in plan assets				
Fair value of plan assets at beginning of year	$138,372	$136,008	$ —	$ —
Actual gain (loss) on plan assets	(39,467)	10,482	—	—
Company contributions	266	257	2,140	1,478
Benefits paid	(8,351)	(8,375)	(2,140)	(1,478)
Fair value of plan assets at end of year	**$ 90,820**	**$138,372**	**$ —**	**$ —**
Funded status	**$ (47,311)**	**$ 9,431**	**$(18,316)**	**$(20,216)**
Amounts recognized in consolidated balance sheets				
Prepaid pension costs	$ —	$ 15,298	$ —	$ —
Current liabilities	(289)	(272)	(1,624)	(1,659)
Noncurrent liabilities	(47,022)	(5,595)	(16,692)	(18,557)
Total	**$ (47,311)**	**$ 9,431**	**$(18,316)**	**$(20,216)**
Amounts recognized in accumulated other comprehensive loss				
Actuarial loss, net	$ 58,132	$ 534	$ 713	$ 1,838
Prior service credit	(1,989)	(2,208)	(1,659)	(1,878)
Transition obligation	—	—	2,193	2,742
Deferred income tax (asset) liability	(22,534)	671	(501)	(1,084)
Total	**$ 33,609**	**$ (1,003)**	**$ 746**	**$ 1,618**

December 28, 2008 (in thousands, except per share amounts)

3 EMPLOYEE BENEFIT PLANS continued

The accumulated benefit obligation for the pension plans was $129,955 and $120,728 at December 28, 2008 and December 30, 2007, respectively.

	Pension Benefits		
Years ended December 28, December 30 and December 31	**2008**	**2007**	**2006**
Components of net periodic benefit cost			
Service cost	$ 2,270	$ 4,148	$ 4,497
Interest cost	8,243	8,713	8,701
Expected return on plan assets	(11,103)	(10,524)	(10,206)
Curtailment gain	—	—	(1,682)
Amortization of:			
Unrecognized prior service credit	(219)	(269)	(369)
Unrecognized net loss	—	1,360	1,567
Net periodic benefit cost included in selling and administrative expense	**$ (809)**	**$ 3,428**	**$ 2,508**

In the first quarter of 2007, a pension plan curtailment gain of $390 was recorded as the result of the sale of Norlight Telecommunications, Inc. (Norlight) to Q-Comm Corporation (Q-Comm) on February 26, 2007 and reflected a reduction in future pension benefit accruals for all non-union employees of Norlight. The net periodic pension benefit cost related to Norlight reported in discontinued operations was $116 and $512 for 2007 and 2006, respectively. The curtailment gain was recorded in discontinued operations and is not reflected in the above table. Due to this pension plan change, the measurement of the net periodic benefit cost in the first quarter of 2007 from February 26, 2007 until the sale of all three regional publishing and printing operations of our community newspapers and shoppers business, which was completed in the third quarter of 2007, was based upon a 5.75% discount rate.

In the second quarter of 2007, a pension curtailment gain of $58 was recorded as a result of the sale of the Journal Community Publishing Group's Central Ohio Advertiser Network (Ohio publishing and printing) to Gannett Co, Inc. on June 26, 2007. The curtailment gain reflects a reduction in future pension benefit accruals for the pension participants of the Ohio publishing and printing operations. The curtailment gain was recorded in discontinued operations and is not reflected in the above table.

In the third quarter of 2007, a pension plan curtailment gain of $184 was recorded as a result of the sale of Journal Community Publishing Group's Louisiana publishing operations to an affiliate of Target Media Partners on July 6, 2007 and the sale of Journal Community Publishing Group's New England publishing and printing operations to Hersam Acorn Community Publishing, LLC on August 2, 2007. The curtailment gain reflects a reduction in future pension benefit accruals for the pension participants of these operations. The curtailment gain was recorded in discontinued operations and is not reflected in the above table.

The net periodic pension benefit cost related to the three regional publishing and printing operations of our community newspapers and shoppers business reported in discontinued operations was $115 and $474 for 2007 and 2006, respectively.

December 28, 2008 (in thousands, except per share amounts)

3 EMPLOYEE BENEFIT PLANS continued

The pension plan curtailment gain in 2006 is the result of an amendment adopted on April 27, 2006. The amendment eliminated participation in the plan for new employees as of April 30, 2006. In addition, employees eligible to participate in our pension plan have made a one-time irrevocable election to either (i) continue participation in the pension plan or (ii) freeze the accrual of benefits under the pension plan as of December 31, 2006 and receive an annual contribution of 3% of eligible wages into the Investment Savings Plan (ISP) beginning in 2007.

	Other Postretirement Benefits		
Years ended December 28, December 30 and December 31	**2008**	**2007**	**2006**
Components of net periodic benefit cost			
Service cost	$ 105	$ 137	$ 643
Interest cost	1,260	1,181	1,774
Curtailment gain	—	—	(720)
Amortization of:			
Unrecognized prior service credit	(219)	(219)	(106)
Unrecognized net transition obligation	549	549	549
Unrecognized net loss	—	155	773
Net periodic benefit cost included in selling and administrative expense	**$1,695**	**$1,803**	**$2,913**

The other postretirement benefits curtailment gain in 2006 is the result of an amendment adopted on October 31, 2006. The amendment eliminated all postretirement health benefits for full-time active employees who have not attained age 50 by December 31, 2006. In addition, effective for full-time active employees who retire on or after April 1, 2007, the amendment eliminated the employer contribution for medical benefits after such persons attain age 65. On April 19, 2007, the plan was amended to provide unsubsidized postretirement health benefits to full time active employees who had not attained age 50 by December 31, 2006.

The unrecognized net loss and prior service credit for the defined benefit plans that is expected to be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year is $727 and ($219), respectively. The prior service credit and transition obligation for the other postretirement plan that is expected to be amortized from other accumulated comprehensive income into net periodic benefit cost over the next fiscal year is ($219) and $549, respectively.

The costs for our pension benefits and other postretirement benefits are actuarially determined. Key assumptions utilized at the measurement dates of December 28, 2008 and December 30, 2007 for pension benefits and for other postretirement benefits include the following:

Weighted-average assumptions used to determine benefit obligations

	Pension Benefits		Other Postretirement Benefits	
December 28 and December 30	**2008**	**2007**	**2008**	**2007**
Discount rate	6.50%	6.60%	6.15%	6.50%
Rate of compensation increases	4.80	4.80	—	—

December 28, 2008 (in thousands, except per share amounts)

3 EMPLOYEE BENEFIT PLANS continued

Weighted-average assumptions used to determine net periodic benefit cost

	Pension Benefits			Other Postretirement Benefits		
Years ended December 28 and December 30	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**
Discount rate	6.60%	5.90%	5.95%	6.50%	5.75%	5.50%
Expected return on plan assets	8.50	8.50	8.50	—	—	—
Rate of compensation increases	4.80	4.00	4.00	—	—	—

Due to the sale of Norlight, the measurement of the net periodic benefit cost from February 26, 2007 until the sale of all three regional publishing and printing operations of our community newspapers and shoppers business was based upon a 5.75% discount rate. The measurement of the net periodic pension benefit cost from the sale of all three regional publishing and printing operations of our community newspapers and shoppers business to the end of 2007 was based upon a 6.35% discount rate.

To determine the discount rate assumptions for the pension and the postretirement benefit plans, we studied our plans' specific discount rate by matching our projected benefit payments to a yield curve developed from high grade corporate bonds. The results of those studies were used as the benchmark to determine the discount rate assumptions.

We studied historical markets to determine the long-term rate of return assumption for plan assets. We preserved the long-term historical relationships between equities and fixed-income securities, consistent with the widely accepted capital market principle that assets with higher volatility generate a greater return over the long run. We evaluate current market factors such as inflation and interest rates before we determine long-term capital market assumptions. We review peer data and historical returns to check for reasonableness and appropriateness.

The assumed health care cost trend rate used in measuring the postretirement benefit obligation for retirees for 2008 is 8.5%, grading down to 5.0% in the year 2016 and thereafter. The assumed health care cost trend rates have a significant effect on the amounts reported for other postretirement benefits. A 1% change in the assumed health care cost trend rate would have the following effects.

	1% Increase	1% Decrease
Effect on total of service and interest cost components in 2008	$ 38	$ (37)
Effect on postretirement benefit obligation as of December 28, 2008	$444	$(401)

Plan Assets

Our pension plan weighted average asset allocations at December 28, 2008 and December 30, 2007 by asset category are as follows:

	Plan Assets	
	2008	**2007**
Equity securities	62.4%	70.2%
Fixed-income securities	36.8	29.2
Other	0.8	0.6
Total	100.0%	100.0%

December 28, 2008 (in thousands, except per share amounts)

3 EMPLOYEE BENEFIT PLANS continued

We employ a total return investment approach whereby a mix of equity and fixed-income investment funds are used to maximize the long-term return of plan assets for a prudent level of risk. We establish our risk tolerance through careful consideration of plan liabilities, plan funded status, and our financial condition. The investment portfolio contains a diversified blend of equity and debt investments. The equity component is diversified across U.S. and non-U. S. stocks, as well as growth, value and small and large capitalization stocks. The fixed-income component is diversified across the maturity, quality and sector spectrum. The portfolio may also hold cash equivalents. Fund managers may use derivatives only if the vehicle is deemed by the manager to be more attractive than a similar direct investment in the underlying cash market, or if the vehicle is being used to manage risk of the portfolio. Derivatives, however, may not be used in a speculative manner or to leverage the portfolio. We measure and monitor investment risk on an ongoing basis through quarterly investment portfolio reviews, annual liability measurements, and periodic asset/liability allocation studies. The asset mix guidelines for the plan are as follows:

	Percent of Total Portfolio		
	Minimum	Target	Maximum
Large capitalization U.S. stocks	30.0%	35.0%	40.0%
Small capitalization U.S. stocks	15.0	20.0	25.0
International stock	10.0	15.0	20.0
Fixed-income securities	20.0	25.0	35.0
Cash equivalents	—	5.0	5.0

Contributions

We fund our defined benefit pension plan at the minimum amount required by the Pension Protection Act of 2006. We do not expect to contribute to our qualified defined benefit pension plan in 2009. We expect to contribute $7,300 to our qualified defined benefit pension plan in 2010. We expect to contribute $289 and $316 to our unfunded non-qualified pension plan in 2009 and 2010, respectively.

Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid with future contribution to the plan or directly from plan assets, as follows:

	Pension Benefits	Other Postretirement Benefits
2009	$ 8,376	$1,624
2010	8,594	1,612
2011	8,768	1,587
2012	8,957	1,556
2013	9,163	1,530
2014-2018	50,096	7,637

The 401(k) plan is a defined contribution benefit plan covering substantially all employees. The plan allows employees to defer up to 50% of their eligible wages, up to the IRS limit, on a pre-tax basis. In addition, employees can contribute up to 50% of their eligible wages after taxes. The maximum combined total contribution may not exceed 50% of each employee's eligible wages. Each employee who elects to participate is eligible to receive company matching contributions. We may contribute $0.50 for each dollar contributed by the

December 28, 2008 (in thousands, except per share amounts)

3 EMPLOYEE BENEFIT PLANS continued

participant, up to 5% of eligible wages as defined by the 401(k) plan. In early 2009, we suspended our matching contribution to the 401(k) plan. The matching contributions, recorded as an operating expense, were $2,399, $2,177 and $2,672 in 2008, 2007 and 2006, respectively. We made additional contributions into the 401(k) on behalf of certain employees not covered by the defined benefit pension plan and for employees who elected to freeze their defined pension benefits of $2,103, $2,140 and $1,028 in 2008, 2007 and 2006, respectively. We expect to contribute $2,286 on behalf of these employees in 2009. Included in the 2007 and 2006 matching contributions are contributions to the employees of Norlight and the three regional publishing and printing operations of our community newspapers and shoppers business that were sold in 2007 of $68 and $411, respectively. Norlight and the three regional publishing and printing operations of our community newspapers and shoppers business that were sold are reported as discontinued operations.

4 INCOME TAXES

The components of the provision (benefit) for income taxes consist of the following:

Years ended December 28, December 30 and December 31	2008	2007	2006
Current:			
Federal	$ 459	$23,249	$23,158
State	1,006	4,652	5,103
Total current	1,465	27,901	28,261
Deferred:			
Federal	(93,585)	(211)	6,677
State	(13,920)	(1,064)	309
Total deferred	(107,505)	(1,275)	6,986
Total provision (benefit) for income taxes for continuing operations	**$(106,040)**	**$26,626**	**$35,247**
Current:			
Federal	$ —	$35,973	$ 6,022
State	—	7,277	1,110
Total provision for income taxes for discontinued operations	**$ —**	**$43,250**	**$ 7,132**

The significant differences between the statutory federal income tax rates and the effective income tax rates are as follows:

Years ended December 28, December 30 and December 31	2008	2007	2006
Statutory federal income (benefit) tax rate	(35.0)%	35.0%	35.0%
State income taxes, net of federal tax benefit	(2.5)	3.3	4.0
Goodwill and broadcast license impairment	5.7	—	—
Other	(0.3)	(0.1)	0.6
Effective income tax (benefit) rate	**(32.1)%**	**38.2%**	**39.6%**

December 28, 2008 (in thousands, except per share amounts)

4 INCOME TAXES continued

Temporary differences that give rise to the deferred tax assets and liabilities at December 28, 2008 and December 30, 2007 are as follows:

	2008	2007
Current assets		
Receivables	$ 1,683	$ 1,455
Inventories	79	94
Other assets	675	1,538
Accrued compensation	2,061	2,205
Accrued employee benefits	1,075	1,529
Total current deferred tax assets	5,573	6,821
Current liabilities		
Accrued state income taxes	(704)	—
Total current deferred tax liabilities	(704)	—
Total net current deferred tax assets	**$ 4,869**	**$ 6,821**
Non-current assets		
Accrued employee benefits	$ 24,030	$ 7,664
State deferred income taxes	6,838	—
State net operating loss and tax credit carryforwards	2,584	1,537
Intangible assets	51,065	—
Other assets	295	199
Valuation allowances on state net operating loss and tax credit carryforwards	(322)	(611)
Total non-current deferred tax assets	84,490	8,789
Non-current liabilities		
Property and equipment	(16,762)	(15,788)
Intangible assets	—	(52,134)
Accrued employee benefits	—	(3,328)
Other liabilities	(3,308)	(5,203)
Total non-current deferred tax liabilities	(20,070)	(76,453)
Total net non-current deferred tax assets (liabilities)	**$ 64,420**	**$(67,664)**

We deduct broadcast licenses and tax-deductible goodwill over a period of 15 years from the date of acquisition. The non-cash goodwill and broadcast license impairment charges recorded during 2008 are not currently deductible for income tax purposes and have caused us to recognize a deferred tax asset. We have evaluated the realizability of this deferred tax asset and we believe that it will be utilized to offset future taxable income over the next 20 years in accordance with current income tax law. In the future, we may be required to record a valuation allowance against our deferred tax assets if we have future operating losses or reductions in our expected future profitability which would cause us to believe we would be unable to utilize them.

At December 28, 2008, we have $2,584 of tax-effected state net operating loss carryforwards available to offset against future taxable income over the next 20 years. The net operating losses began expiring in 2009. To the extent we believe it is more likely than not that certain of the net operating loss carryforwards will expire unused, we have recorded $322 in valuation allowances.

December 28, 2008 (in thousands, except per share amounts)

4 INCOME TAXES continued

We file tax returns in the United States federal jurisdiction, as well as approximately 15 state and local jurisdictions. The statute of limitations for assessing additional taxes is three years for federal purposes and typically between three and four years for state and local purposes. Accordingly, our 2005 through 2007 tax returns are open for federal purposes, and our 2004 through 2007 tax returns remain open for state tax purposes, unless the statute of limitations has been previously extended. Currently, we are under audit in Wisconsin for our 1998 through 2002 tax returns. On August 1, 2008, we appealed an income and franchise tax audit assessment issued by the Wisconsin Department of Revenue for the years 1998 through 2002. We disagree with this assessment and have asked the Wisconsin Tax Appeals Commission to reverse the Wisconsin Department of Revenue's action and return to us our prepayment of $9,452. At December 28, 2008, we have $568 accrued for interest income related to this prepayment.

The following table summarizes the activity related to our unrecognized tax benefits during 2008 and 2007:

	2008	2007
Balance as of December 30, 2007	$2,408	$3,088
Increases related to current year tax provisions	747	—
Increases due to prior year tax provisions	—	115
Decreases related to prior year tax provisions	(236)	—
Decreases due to the expiration of statutes of limitations	—	(795)
Decreases due to settlements	(441)	—
Balance as of December 28, 2008	**$2,478**	**$2,408**

As of December 28, 2008, our liability for unrecognized tax benefits was $2,478, which, if recognized, $2,365 would have an impact on our effective tax rate. We recognize interest income/expense and penalties related to unrecognized tax benefits in our provision for income taxes. As of December 28, 2008 and December 30, 2007, we had $1,224 and $1,980, respectively, accrued for interest expense and penalties. During 2008 and 2007, we recognized $103 and $52, respectively, in interest expense related to unrecognized tax benefits. We do not expect to recognize any significant unrecognized tax benefits and related interest within the next 12 months.

5 COMMITMENTS

We lease office space, certain broadcasting facilities, distribution centers, buildings used for printing plants and equipment under both short-term and long-term leases accounted for as operating leases. Some of the lease agreements contain renewal options and rental escalation clauses, as well as provisions for the payment of utilities, maintenance and taxes. As of December 28, 2008, our future minimum rental payments due under noncancellable operating lease agreements consist of the following:

2009	$ 4,751
2010	3,559
2011	2,135
2012	1,494
2013	672
Thereafter	1,872
	$14,483

December 28, 2008 (in thousands, except per share amounts)

5 COMMITMENTS continued

Our publishing businesses lease print equipment and delivery trucks accounted for as capital leases. As of December 28, 2008, our future minimum rental payments due under capital lease agreements consist of the following:

2009	$ 358
2010	286
2011	286
2012	167
2013	—
Thereafter	—
	$ 1,097

Rent expense charged to operations for 2008, 2007 and 2006 was $7,080, $7,245 and $8,320, respectively. We amortize rent expense on a straight-line basis for leases with rent escalation clauses. Rental income from subleases included in operations for 2008, 2007 and 2006 was $33, $423 and $618, respectively. There were no noncancellable subleases as of December 28, 2008.

We have a purchase commitment related to printing equipment for our publishing business of approximately $72 as of December 28, 2008. Purchase commitments related to audience research services and cellular phone services for our broadcasting business were approximately $3,725 and $317, respectively, as of December 28, 2008.

We have $1,202 of standby letters of credit for business insurance purposes.

Over the next five years, we are committed to purchase and provide advertising time in the amount of $17,758 for television program rights that currently are not available for broadcast, including programs not yet produced. If such programs are not produced, our corresponding commitment would expire without obligation.

We provided a guarantee to the landlord of our former New England community newspapers and shopper business, which was sold in 2007, with respect to tenant liabilities and obligations. Our maximum potential obligation pursuant to the guarantee is $1,379 as of December 28, 2008. As part of the sales transaction, we received a guarantee from the buyer of our New England business that they will satisfy all the liabilities and obligations of the assigned lease. In the event that they fail to satisfy their liabilities and obligations and the landlord invokes our guarantee, we have the right of indemnification from the buyer.

The leases for the two buildings utilized by our printing services business contain purchase option clauses that allow us to purchase the buildings at the end of the lease term on October 5, 2012 for $3,000. Further, the leases contain a put option in which the lessor has the option to require us to purchase the buildings for $3,000 if it is able to provide an environmental report acceptable to us.

6 SHAREHOLDERS' EQUITY

We have three classes of common stock. Class C shares are held by Matex Inc., members of the family of our former chairman Harry J. Grant, trusts for the benefit of members of the family (which we collectively refer to as the "Grant family shareholders") and Proteus Fund, Inc., a non-profit organization. The class C shares are entitled to two votes per share. These shares are convertible into class A shares or a combination of class A and

6 SHAREHOLDERS' EQUITY continued

class B shares at any time at the option of the holder. Dividends on class C shares are cumulative and equal to the dividends declared on the class A and class B shares, provided that the dividend will not be less than approximately $0.57 per year. Cash dividends may be declared and paid with respect to class C common stock without concurrent cash dividends on the class A and class B shares. Class B shares are held by our current and former employees and Grant family shareholders. These shares are entitled to ten votes per share, and are convertible to class A shares at the option of the holder after first offering to sell them to other eligible purchasers through the offer procedures set forth in our articles of incorporation. Dividends on Class B shares are equal to those declared on the class A shares. Class A shares are publicly traded on the New York Stock Exchange under the symbol "JRN".

The changes in the number of shares of our common stock during 2008, 2007 and 2006 are as follows (in thousands):

	Common Stock		
	Class C	Class B	Class A
Balance at December 25, 2005	3,264	26,763	42,189
Conversion of class B shares to class A shares	—	(8,777)	8,777
Shares repurchased	—	—	(2,855)
Shares issued under equity incentive and employee stock purchase plans	—	246	—
December 31, 2006	**3,264**	**18,232**	**48,141**
Conversion of class B shares to class A shares	—	(3,623)	3,623
Shares repurchased	—	(3,200)	(6,412)
Shares issued under equity incentive and employee stock purchase plans	—	119	—
Balance at December 30, 2007	**3,264**	**11,528**	**45,352**
Conversion of class B shares to class A shares	—	(1,958)	1,958
Shares repurchased	—	—	(6,757)
Shares withheld from employees for tax withholding	—	(12)	—
Shares issued under equity incentive and employee stock purchase plans	—	381	—
Balance at December 28, 2008	**3,264**	**9,939**	**40,553**

7 STOCK-BASED COMPENSATION

2007 Journal Communications, Inc. Omnibus Incentive Plan

The purpose of the 2007 Journal Communications, Inc. Omnibus Incentive Plan (2007 Plan) is to promote our success by linking personal interests of our employees, officers and directors to those of our shareholders, and by providing participants with an incentive for outstanding performance. The 2007 Plan is also intended to enhance our ability to attract, motivate and retain the services of employees, officers, and directors upon whose judgment, interest, and special effort the successful conduct of our operation is largely dependent.

Subject to adjustment as provided in the 2007 Plan, the aggregate number of shares of class A common stock or class B common stock reserved and available for issuance pursuant to awards granted under the 2007 Plan is 4,800,000 shares which may be awarded in the form of nonstatutory or incentive stock options, stock appreciation rights, restricted stock, restricted or deferred stock units, performance awards, dividend equivalents, other stock-based awards and cash-based awards. The 2007 Plan replaced the 2003 Equity Incentive Plan (2003

December 28, 2008 (in thousands, except per share amounts)

7 STOCK-BASED COMPENSATION continued

Plan) and, as of May 3, 2007, all equity grants are made from the 2007 Plan. We will not grant any additional awards under the 2003 Plan. As of December 28, 2008, there are 3,767,144 shares available for issuance under the 2007 Plan.

2003 Equity Incentive Plan

Our 2003 Plan, which was replaced in May 2007 by our 2007 Plan, rewarded key employees for achieving designated corporate and individual performance goals and allowed for issuances to outside directors as part of their board compensation package. In February 2007, our board of directors approved and adopted an amendment to our 2003 Plan to provide for the inclusion of stock-settled stock appreciation rights as a permitted form of award under the Plan. Awards to outside directors could have been granted in any one or a combination of stock appreciation rights, stock grants, nonstatutory stock options, performance unit grants and stock unit grants. Incentive stock options could have been granted to employees.

During the years ended December 28, 2008, December 30, 2007 and December 31, 2006, we recognized $1,608, $1,838 and $1,489, respectively, in stock-based compensation expense, including $0, $96 and $102, respectively, recorded in gain from discontinued operations. Total income tax benefit recognized related to stock-based compensation for the years ended December 28, 2008, December 30, 2007 and December 31, 2006 was $515, $702 and $590, respectively. We recognize stock-based compensation expense on a straight-line basis over the service period based upon the fair value of the award on the grant date. As of December 28, 2008, total unrecognized compensation cost related to stock-based compensation awards was $2,081, net of estimated forfeitures, which we expect to recognize over a weighted average period of 1.1 years. Stock-based compensation expense is reported in selling and administrative expenses and gain on discontinued operations in our consolidated statements of operations.

Nonstatutory stock options

The compensation committee of our board of directors has granted nonstatutory stock options to employees and directors at a purchase price equal to at least the fair market value of our class B common stock on the grant date for an exercise term determined by the committee, not to exceed 10 years from the grant date. It is our policy to issue new class B common stock upon the exercise of nonstatutory stock options.

In 2003 and 2004, our directors and certain of our employees were granted options to purchase class B common stock. These options are exercisable and will remain exercisable for a period of up to seven years from the grant date. There have been no options granted since 2004.

A summary of stock option activity during 2008 is:

	Options	Weighted Average Exercise Price	Weighted Average Contractual Term (years)
Outstanding at December 30, 2007	50,500	$18.13	
Expired	(3,000)	17.90	
Outstanding and exercisable at December 28, 2008	47,500	18.14	2.1

The aggregate intrinsic value of stock options outstanding and exercisable at the end of 2008 is zero because the fair market value of our class B common stock on December 28, 2008 was lower than the weighted average exercise price of the options.

December 28, 2008 (in thousands, except per share amounts)

7 STOCK-BASED COMPENSATION continued

Stock appreciation rights

A stock appreciation right, or SAR, represents the right to receive an amount equal to the excess of the fair value of a share of our class B common stock on the exercise date over the base value of the SAR, which shall not be less than the fair value of a share of our class B common stock on the grant date. Each SAR is settled only in shares of our class B common stock. The term during which any SAR may be exercised is 10 years from the grant date, or such shorter period as determined by the compensation committee of our board of directors.

Our SARs vest over a three year graded vesting schedule and it is our policy to recognize compensation cost for awards with graded vesting on a straight-line basis over the vesting period for the entire award. We ensure the compensation cost recognized at any date is at least equal to the portion of the grant-date value of the award that is vested at that date. The fixed price SARs have a fixed base value equal to the closing price of our class A common stock on the date of grant. The escalating price SARs have an escalating base value that starts with the closing price of our class A common stock on the date of grant and increases by six percent per year for each year that the SARs remain outstanding, starting on the first anniversary of the grant date.

Fair value for SARs granted in 2008 was calculated using the Black-Scholes option pricing model, with the following weighted average assumptions:

Dividend yield	2.70%
Expected volatility	26.00%
Risk-free rate of return of fixed price SARs	3.41%
Risk-free rate of return of escalating price SARS	3.54%
Expected life of fixed price SARs (in years)	7.0
Expected life of escalating price SARs (in years)	7.5
Weighted average fair value of fixed price SARs granted	$ 1.81
Weighted average fair value of escalating price SARs granted	$ 1.03

Because we have no historical options or SARs exercise experience, the expected life of the fixed price SARs was based on the midpoint between the vesting date and the end of the contractual term and adjusted for the retirement provisions of our 2007 Plan. The expected life of the escalating price SARs was determined by adding a half of a year to the fixed price SARs to compensate for their higher exercise price. The risk free rate of return was based on the United States Treasury yield curve in effect on the date of grant for the respective life of the SAR. The dividend yield was based on the most recent annualized quarterly dividend payment divided by the average trailing twelve-month daily stock price and annualizing the rate. The expected volatility was based on the historical volatility of our common stock and was benchmarked to our peers' historical volatility over the same time period. A summary of SAR activity during 2008 is as follows:

	SARs	Weighted Average Exercise Price	Weighted Average Contractual Term (years)
Outstanding at December 30, 2007	608,000	$13.74	
Granted	723,000	7.89	
Outstanding at December 28, 2008	1,331,000	10.56	8.6
Exercisable at December 28, 2008	202,464	13.51	8.1

December 28, 2008 (in thousands, except per share amounts)

7 STOCK-BASED COMPENSATION continued

The aggregate intrinsic value of the SARs outstanding and exercisable at the end of 2008 is zero because the fair market value of our class B common stock on December 28, 2008 was lower than the weighted average exercise price of the SARs.

Fair value for SARs granted in 2007 was calculated using the Black-Scholes option pricing model, with the following weighted average assumptions:

Dividend yield	2.60%
Expected volatility	21.00%
Risk-free rate of return	4.44%
Expected life of SARs (in years)	6
Weighted average fair value of fixed price SARs granted	$ 2.85
Weighted average fair value of escalating price SARs granted	$ 1.36

Due to the lack of historical experience, the expected life was based on the midpoint between the vesting date and the end of the contractual term. The risk free rate of return was based on the United States Treasury yield curve in effect on the date of grant for the respective life of the SAR. The dividend yield was based on the most recent quarterly dividend payment divided by the average trailing twelve-month daily stock price and annualizing the rate. The expected volatility was based on the historical volatility of our common stock and was benchmarked to our peers' historical volatility over the same time period.

Stock grants

The compensation committee of our board of directors has granted class B common stock to employees and directors under our 2003 Plan and our 2007 Plan. Each stock grant may have been accompanied by restrictions, or may have been made without any restrictions, as the compensation committee of our board of directors determined. Such restrictions could have included requirements that the participant remain in our continuous employment for a specified period of time, or that we or the participant meet designated performance goals. We value non-vested restricted stock grants at the closing market prices of our class A common stock on the grant date. A summary of stock grant activity during 2008 is as follows

	Shares	Weighted Average Fair Value
Non-vested at December 30, 2007	149,585	$13.81
Granted	309,313	3.75
Vested	(114,058)	9.02
Forfeited	(19,240)	11.15
Non-vested at December 28, 2008	325,600	6.09

Our non-vested restricted stock grants vest two, three or five years from the grant date. We expect our non-vested restricted stock grants to fully vest over the weighted average remaining service period of 1.6 years. The total fair value of shares vesting during 2008 was $1,028. There were 105,508 vested unrestricted and non-vested restricted stock grants issued to our directors and employees during 2007 at a weighted average fair value of $13.30 per share, of which 52,348 shares are vested as of December 28, 2008 with a total grant date fair value of $695. During 2006, 140,131 vested and nonvested restricted stock grants were issued to our directors and employees at a weighted-average fair value of $12.34 per share, of which 67,836 shares are vested as of December 28, 2008 with a total grant date fair value of $816.

7 STOCK-BASED COMPENSATION continued

In 2006, the compensation committee of our board of directors accelerated the vesting of 13,950 non-vested restricted stock grants granted to 45 employees of Norlight. The non-vested restricted stock grants vested immediately prior to the effective time of the February 26, 2007 sale of Norlight. There was no overall incremental compensation expense resulting from this modification.

Employee stock purchase plan

The 2003 Employee Stock Purchase Plan permits eligible employees to purchase our class B common stock at 90% of the fair market value measured as of the closing market price of our class A common stock on the day of purchase. We recognize compensation expense equal to the 10% discount of the fair market value. Subject to certain adjustments, 3,000,000 shares of our class B common stock are authorized for sale under this plan. There were 91,138 class B common shares sold to employees under this plan in 2008 at a weighted average fair value of $5.79. As of December 28, 2008, there are 2,642,989 shares available for sale under the plan.

8 GOODWILL, BROADCAST LICENSES AND OTHER INTANGIBLE ASSETS

Impairment Tests

Due to deteriorating macro-economic factors, a prolonged adverse change in the business climate, deteriorating market conditions and results of operations and a further decline in our stock price, we performed an interim impairment test as of September 28, 2008 on goodwill relating to our reporting units and broadcast licenses and other identifiable assets at individual television and radio stations. We applied the interim impairment testing provisions in accordance with FASB Statement No. 142, "Goodwill and Other Intangible Assets." Our interim impairment tests in the third quarter of 2008 indicated there was no goodwill impairment; however, four television broadcast licenses and 13 radio broadcast licenses were impaired. We recorded a $38,762 non-cash impairment charge in the third quarter of 2008.

We perform our annual impairment test on our indefinite-lived intangible assets, including goodwill related to our reporting units and broadcast licenses and other identifiable assets at individual television and radio stations, as of the beginning of the fourth quarter. Since the third quarter interim impairment test was performed as of the end of the third quarter, the third quarter results were used to satisfy the annual testing requirement.

However, due to the continuation of the downturn in the economy that adversely impacted our fourth quarter operating results and caused us to significantly reduce our expected cash flows for 2009 and beyond, and further declines in the market value of our common stock, we performed an interim impairment test as of December 28, 2008 on goodwill relating to our reporting units and broadcast licenses and other identifiable assets at individual television and radio stations. Our interim impairment tests in the fourth quarter of 2008 indicated goodwill impairment due to a decline in our expected cash flows and further impairment of our television and radio broadcast licenses due to a decline in projected market revenues and increases in discount rates. We recorded a $245,885 non-cash impairment charge for goodwill at our publishing and broadcasting reporting units and a $90,439 non-cash impairment charge for eight television broadcast licenses and 24 radio broadcast licenses in the fourth quarter of 2008.

For purposes of testing the carrying values of goodwill related to our reporting units, we determined fair value by using an income and a market valuation approach. The income approach uses expected cash flows for each reporting unit. The cash flows were then discounted for risk and time value. In addition, the present value of the projected residual value was estimated and added to the present value of the cash flows. The market approach was based on price multiples of publicly traded stocks of comparable companies to derive fair value. Each approach was weighted equally to determine a fair value estimate of each reporting unit.

December 28, 2008 (in thousands, except per share amounts)

8 GOODWILL, BROADCAST LICENSES AND OTHER INTANGIBLE ASSETS continued

We based our fair value estimates, in large measure, on projected financial information which we believe to be reasonable. However, actual future results may differ from those projections, and those differences may be material. The valuation methodology used to estimate the fair value of our total company and our reporting units requires inputs and assumptions (i.e. market growth, operating profit margins, and discount rates) that reflect current market conditions as well as management judgment. The current economic downturn has negatively impacted many of those inputs and assumptions. If expected cash flows of our community newspapers and shoppers reporting unit continues to deteriorate and management concludes expected cash flows will not improve within a reasonable period of time, we may be required to recognize a goodwill impairment charge in future periods, which could have a an adverse impact on our financial condition and results of operations.

For broadcast licenses at individual television and radio stations, we used an income approach to estimate fair value. The fair value estimates of our broadcast licenses contain significant assumptions incorporating variables that are based on past experiences and judgments about future performance using industry normalized information for an average station within a market with the type of signal that each subject station produces. These variables include, but are not limited to: the forecasted growth rate of each market (including market population, household income and retail sales), market share and profit margins of an average station within a market, estimated capital expenditures and start-up costs, risk—adjusted discount rate, likely media competition within the market and expected growth rates into perpetuity to estimate terminal values. Adverse changes in significant assumptions such as an increase in discount rates or a decrease in projected market revenues could result in additional non-cash impairment charges on our broadcast licenses in future periods, which could have a material impact on our financial condition and results of operations.

Definite-Lived Intangibles

Our definite-lived intangible assets consist primarily of network affiliation agreements, customer lists, non-compete agreements and trade names. We amortize the network affiliation agreements over a period of 25 years based on our good relationships with the networks, our long history of renewing these agreements and because 25 years is deemed to be the length of time before a material modification of the underlying contract would occur. We amortize the customer lists over a period of five to 15 years, the non-compete agreements over the terms of the contracts and the trade names over a period of 25 years.

Amortization expense was $1,998 and $1,961 for 2008 and 2007, respectively. Estimated amortization expense for our next five fiscal years is $1,948 for 2009, $1,898 for 2010, $1,540 for 2011, $1,458 for 2012 and $1,339 for 2013.

The gross carrying amount, accumulated amortization and net carrying amount of the major classes of definite-lived intangible assets as of December 28, 2008 and December 30, 2007 is as follows:

December 28, 2008	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Definite-lived intangible assets:			
Network affiliation agreements	$26,930	$ (4,929)	$22,001
Customer lists	18,066	(15,365)	2,701
Non-compete agreements	15,351	(15,266)	85
Other	4,779	(2,860)	1,919
Total	**$65,126**	**$(38,420)**	**$26,706**

December 28, 2008 (in thousands, except per share amounts)

8 GOODWILL, BROADCAST LICENSES AND OTHER INTANGIBLE ASSETS continued

December 30, 2007	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Definite-lived intangible assets:			
Network affiliation agreements	$26,930	$ (3,862)	$23,068
Customer lists	16,249	(14,583)	1,666
Non-compete agreements	15,281	(15,256)	25
Other	3,664	(2,721)	943
Total	**$62,124**	**$(36,422)**	**$25,702**

The changes in the carrying amount of customer lists, non-compete agreements and other intangibles during 2008 represents the acquisitions of the *Iola Herald and Manawa Advocate* weekly publications acquired on January 9, 2008; KPSE-LP, Channel 50, in Palm Springs, California acquired on January 28, 2008; two shoppers, *Clintonville Shopper's Guide* and *Wittenberg Northerner Shopping News,* acquired on March 19, 2008; KWBA-TV, analog Channel 58 and digital Channel 44, in Sierra Vista, Arizona (Tucson market) acquired on July 22, 2008 and Waupaca Publishing Company acquired on October 6, 2008.

Weighted-average amortization period:	Years
Network affiliation agreements	25
Customer lists	12
Non-compete agreements	5
Other	13
Total	16

Indefinite-lived Intangibles

Broadcast licenses are deemed to have indefinite useful lives because we have renewed these agreements without issue in the past and we intend to renew them indefinitely in the future. Accordingly, we expect the cash flows from our broadcast licenses to continue indefinitely.

The net carrying amount of our broadcast licenses was $101,220 and $223,529 as of December 28, 2008 and December 30, 2007, respectively. The decrease in the carrying amount of our broadcast license was due to the non-cash impairment charges of $129,201, partially offset by the acquisitions of the broadcast licenses for KPSE-LP, Channel 50, in Palm Springs, California and KWBA-TV, analog Channel 58 and digital Channel 44, in Sierra Vista, Arizona (Tucson market).

The changes in the carrying amount of goodwill during the year ended December 28, 2008 are as follows:

Reporting unit	Goodwill at December 30, 2007	Adjustments	Goodwill at December 28, 2008
Daily newspaper	$ 2,900	$ (2,900)	$ —
Community newspapers and shoppers	12,760	(8,475)	4,285
Broadcasting	216,878	(216,878)	—
Total	**$232,538**	**$(228,253)**	**$4,285**

December 28, 2008 (in thousands, except per share amounts)

8 GOODWILL, BROADCAST LICENSES AND OTHER INTANGIBLE ASSETS continued

The changes in the carrying amount of goodwill for 2008 represents the non-cash impairment charge of $245,885 and the acquisitions of KPSE-LP, Channel 50, in Palm Springs, California, KWBA-TV, analog Channel 58 and digital Channel 44, in Sierra Vista, Arizona (Tucson market), the *Clintonville Shopper's Guide*, the *Witternberg Northerner Shopping News* and Waupaca Publishing Company.

The changes in the carrying amount of goodwill for the year ended December 30, 2007 are as follows:

Reporting unit	Goodwill at December 31, 2006	Adjustments	Goodwill at December 30, 2007
Daily newspaper	$ 2,084	$ 816	$ 2,900
Community newspapers and shoppers	12,178	582	12,760
Broadcasting	216,963	(85)	216,878
Direct marketing services	410	(410)	—
Total	**$231,635**	**$ 903**	**$232,538**

The changes in the carrying amount of goodwill during 2007 results from the acquisitions of two magazines and two weekly publications, the divestiture of KOMJ-AM and a non-cash impairment at our direct marketing services business.

9 ACQUISITIONS AND SALE

All acquisitions were accounted for using the purchase method. Accordingly, the operating results and cash flows of the acquired businesses are included in our consolidated financial statements from the respective dates of acquisition. Pro forma information is not provided because the operating results of the acquisitions are not material.

2008

On January 9, 2008, Journal Community Publishing Group, Inc., our community newspapers and shoppers business, acquired the *Iola Herald* and *Manawa Advocate* in Waupaca County in Wisconsin. These are weekly paid publications. On March 19, 2008, Journal Community Publishing Group, Inc. acquired two shoppers, the *Clintonville Shopper's Guide* and the *Wittenberg Northerner Shopping News*, in Waupaca County, Wisconsin. The total cash purchase price for these publications was $1,632. The acquisitions deepen our media offerings and extend our reach in north central Wisconsin.

On January 28, 2008, Journal Broadcast Corporation and Journal Broadcast Group, Inc., our broadcasting businesses, completed the asset purchase of My Network affiliate KPSE-LP, Channel 50, in Palm Springs, California from Mirage Media LLC for $4,661. The acquisition of KPSE allows us to better serve advertisers and viewers in the Coachella Valley and builds a stronger presence in Palm Springs and the surrounding area.

On July 1, 2008, Journal Broadcast Corporation and Journal Broadcast Group, Inc., our broadcasting businesses, entered into an asset purchase agreement with Banks-Boise, Inc. to purchase CW Network affiliate KNIN-TV, Analog Channel 9 and Digital Channel 10, in Boise, Idaho for $8,000. The purchase is subject to regulatory approval and customary closing conditions.

On July 22, 2008, Journal Broadcast Corporation and Journal Broadcast Group, Inc. completed the asset purchase of CW Network affiliate, KWBA-TV, Analog Channel 58, Digital Channel 44, in Sierra Vista, Arizona,

December 28, 2008 (in thousands, except per share amounts)

9 ACQUISITIONS AND SALE continued

from Cascade Broadcasting Group, LLC and Tucson Communications, L.L.C. for $12,004. KWBA-TV serves the Tucson, Arizona market. We believe owning cross-platform businesses in this growth market will help us increase our local news focus and better serve our viewers and listeners.

The purchase price allocations for the television stations, KPSE-LP and KWBA-TV, are as follows:

	KPSE-LP Palm Springs, CA
Prepaid expenses	$ 73
Property and equipment	55
Goodwill	3,007
Broadcast licenses	1,978
Customer lists	60
Accounts payable	(14)
Other liabilities	(498)
Total purchase price	$4,661

	KWBA-TV (Sierra Vista, AZ)		
	Preliminary Purchase Price	Fourth Quarter Adjustments	Final Purchase Price
Prepaid expenses	$ 74	$ 331	$ 405
Property and equipment	1,825	(358)	1,467
Goodwill	3,821	5,457	9,278
Broadcast licenses	6,500	(1,686)	4,814
Network affiliation agreement	1,000	(1,000)	—
Customer lists	500	(430)	70
Other assets	1,400	(1,227)	173
Accounts payable	(56)	—	(56)
Other liabilities	(3,060)	(1,087)	(4,147)
Total purchase price	$12,004	$ —	$12,004

In the third quarter of 2008, we recorded a preliminary purchase price allocation. A final purchase price allocation was recorded in the fourth quarter of 2008.

On October 6, 2008, Journal Community Publishing Group, Inc. purchased the assets of Waupaca Publishing Company for $7,037. We paid $6,987 and retained from the purchase price $50 for environmental related expenses, which we have agreed to pay on behalf of the seller. The seller remains liable for all obligations relating to the conditions of the property purchased. The purchase consists of several Waupaca-area weekly paid newspapers including the *Waupaca County Post*, *The Chronicle* (Weyauwega/Fremont), *Wisconsin State Farmer* and the *Picture Post*. It also includes the monthly paid niche publications *Wisconsin Horsemen's News*, and *Silent Sports* magazine. The purchase includes additional print publications and associated internet websites as well as Waupaca Publishing Company's commercial printing business and the related real estate and buildings. We believe this purchase combined with our existing paid weekly newspapers in the area will provide additional media offerings in Waupaca County, Wisconsin for our readers and advertisers and will extend our niche media offerings, which help our advertisers reach specialized audiences.

December 28, 2008 (in thousands, except per share amounts)

9 ACQUISITIONS AND SALE continued

The purchase price allocation for Waupaca Publishing Company is as follows:

	Waupaca Publishing Company
Accounts receivable, net	$ 348
Inventories, net	184
Property and equipment	278
Goodwill	4,285
Customer lists	1,530
Non-compete agreements	70
Trade names	1,060
Accrued compensation	(24)
Deferred revenue	(681)
Other liabilities	(13)
Total purchase price	$7,037

The goodwill and the broadcast licenses which we acquired are not subject to amortization for financial reporting purposes. These intangible assets are, however, amortized and deductible for income tax purposes.

The weighted-average amortization period (in years) for customer lists, non-compete agreements, and trade names for all businesses acquired in 2008 is as follows:

Weighted-average amortization period:	Years
Customer lists	8
Non-compete agreements	5
Trade names	25
Total	14

2007

On February 23, 2007, Journal Sentinel, Inc., our daily newspaper, acquired Wisconsin Trails and Milwaukee Home & Fine Living magazines from Trails Media Group, Inc. The total cash purchase price for the magazines was $1,596. The acquisition of the two magazines allows us to generate revenue growth through the build-out of our lifestyle websites and print products as well as to take advantage of efficiencies in advertising sales, production and distribution.

On October 11, 2007, Journal Community Publishing Group, Inc., our community newspapers and shoppers business, acquired the *Clintonville Tribune-Gazette* in Clintonville, Wisconsin from GateHouse Media, Inc. The *Clintonville Tribune-Gazette* is a weekly paid publication. On November 5, 2007, Journal Community Publishing Group, Inc. acquired the *Clay County Leader* in Orange Park Florida, a weekly publication, from County Publishing Inc. The total cash purchase price for the weekly publications was $637. The acquisitions deepen our media offerings and extend our reach in north central Wisconsin and Florida.

On March 27, 2007, Journal Broadcast Group completed the sale of KOMJ-AM in Omaha, Nebraska to Cochise Broadcasting LLC (Cochise) for $500 and recorded a $152 pre-tax loss on the sale. The divestiture of

December 28, 2008 (in thousands, except per share amounts)

9 ACQUISITIONS AND SALE continued

KOMJ-AM was part of Journal Broadcast Group's compliance with the FCC's cross-ownership rules as a result of our December 2005 agreement to acquire KMTV-TV, Omaha, Nebraska from Emmis Communications Corporation (Emmis). Concurrently with the sale of KOMJ-AM, we completed the purchase of the KMTV-TV FCC license and remitted to Emmis a final purchase payment of $10,000.

10 DISCONTINUED OPERATIONS

Community newspapers and shoppers

In 2007, Journal Community Publishing Group, Inc., our community newspapers and shopper business of our publishing segment, completed the sale of its New England- Ohio- and Louisiana-based publishing and printing businesses. Proceeds, net of transaction expenses, were $28,613 and resulted in a gain on discontinued operations before income taxes of $3,369.

The operations of these three regional publishing and printing operations of our community newspapers and shoppers business have been reflected as discontinued operations in our consolidated financial statements for all periods presented.

Years ended December 28, December 30 and December 31	2008	2007	2006
Revenue	$ —	$22,450	$43,090
Earnings before income taxes	$ —	$ 1,260	$ 3,263

Norlight Telecommunications, Inc.

On February 26, 2007, Q-Comm acquired 100% of the stock of Norlight, our former telecommunications subsidiary and segment. Proceeds, net of transaction expenses, were $175.9 million and resulted in a gain on discontinued operations before income taxes of $101.8 million. The operations of Norlight have been reflected as discontinued operations in our consolidated financial statements for all periods presented.

The following table summarizes Norlight's results of operations which are included in the gain from discontinued operations in the consolidated statement of operations for all periods presented:

Years ended December 28, December 30 and December 31	2008	2007	2006
Revenue	$ —	$18,451	$127,768
Earnings before income taxes	$ —	$ 4,474	$ 16,209

NorthStar Print Group, Inc.

On January 25, 2005, Multi-Color Corporation acquired substantially all of the assets and certain liabilities of NorthStar Print Group, Inc. (NorthStar), our label printing business. In 2008, we recorded a gain on discontinued operations of $400 for a reduction in the reserve due to a settlement with the Environmental Protection Agency. In 2007, we recorded a loss on discontinued operations of $600 for a preliminary assessment from the Environmental Protection Agency. In 2006, we recorded a loss on discontinued operations of $1,666 from a purchase price adjustment.

December 28, 2008 (in thousands, except per share amounts)

11 WORKFORCE REDUCTION AND BUSINESS IMPROVEMENT INITIATIVES

The following table summarizes NorthStar's gain from discontinued operations in the consolidated statement of operations for all periods presented:

Years ended December 28, December 30 and December 31	2008	2007	2006
Revenue	$ —	$ —	$ —
Gain (Loss) before income taxes	$ 400	$(600)	$ (84)

During 2008, we recorded a pre-tax charge of $5,327 for workforce separation benefits across all of our businesses. These charges are recorded in operating costs and expenses and selling and administrative expenses in the consolidated statement of operations. Due to adverse changes in our operating results and further deterioration of economic, market and business conditions, we continue to align our costs with our declining revenues. Since December 30, 2007, the number of full-time and part-time employees has decreased by approximately 12.0%.

During 2007, we recorded a pre-tax charge of $3,106 for separation benefits at our daily newspaper for 57 employees. The charge was recorded in operating costs and expenses and selling and administrative expenses in the consolidated statement of operations.

Activity associated with the workforce reduction and business initiatives during the year ended December 28, 2008 and December 30, 2007 was as follows:

	Balance at December 30, 2007	Charge for Separation Benefits	Payments for Separation Benefits	Balance at December 28, 2008
Publishing				
Daily newspaper	$ 257	$4,533	$(4,233)	$557
Community newspapers and shoppers	—	67	(14)	53
Total Publishing	257	4,600	(4,247)	610
Broadcasting	—	461	(431)	30
Printing services	—	89	(89)	—
Direct marketing services	—	177	—	177
Total	$ 257	$5,327	$(4,767)	$817

	Balance at December 30, 2006	Charge for Separation Benefits	Payments for Separation Benefits	Balance at December 30, 2007
Daily newspaper	$ —	$3,106	$(2,849)	$257

12 SEGMENT REPORTING

Our business segments are based on the organizational structure used by management for making operating and investment decisions and for assessing performance. Our reportable business segments are: (i) publishing; (ii) broadcasting; (iii) printing services; and (iv) other. Our publishing segment consisted of the *Milwaukee Journal Sentinel*, which serves as the only major daily newspaper for the Milwaukee metropolitan area, and more than 50 community newspapers and shoppers in Wisconsin and Florida. As of December 28, 2008, our broadcasting segment consisted of 35 radio stations and 12 television stations in 12 states and the operation of a television station under a local marketing agreement. We also provide a wide range of commercial printing services, including printing of publications, professional journals and documentation material, through our printing services segment. Our other segment consists of a direct marketing services business and corporate

December 28, 2008 (in thousands, except per share amounts)

12 SEGMENT REPORTING continued

expenses and eliminations. In 2008, we changed the structure of our internal organization. The Milwaukee, Wisconsin location of our direct marketing services business, which was previously reported in our "other" segment, is now part of the daily newspaper, which is reported in our publishing segment. Prior periods have been restated to reflect this organizational change.

The accounting basis for transactions between reportable segments is the same as that described in the "Significant Accounting Policies" outlined in Note 1. The following tables summarize revenue, operating earnings (loss), depreciation and amortization and capital expenditures from continuing operations for the years ended December 28, 2008, December 30, 2007 and December 31, 2006 and identifiable total assets at December 28, 2008 and December 30, 2007:

	2008	2007	2006
Revenue			
Publishing	$ 241,972	$ 266,142	$ 284,894
Broadcasting	209,914	218,118	238,536
Printing services	65,201	69,377	66,956
Other	27,844	29,017	38,377
	$ 544,931	**$ 582,654**	**$ 628,763**
Operating earnings (loss)			
Publishing	$ (2,792)	$ 31,040	$ 34,835
Broadcasting	(322,706)	41,349	65,887
Printing services	2,424	5,932	2,600
Other	395	467	1,278
	$(322,679)	**$ 78,788**	**$ 104,600**
Non-cash impairment charge			
Publishing	$ 16,722	$ —	$ —
Broadcasting	358,364	—	—
Printing services	—	—	—
Other	—	410	—
	$ 375,086	**$ 410**	**$ —**
Depreciation and amortization			
Publishing	$ 12,859	$ 13,379	$ 13,345
Broadcasting	13,436	12,930	12,970
Printing services	2,249	2,109	1,985
Other	892	950	778
	$ 29,436	**$ 29,368**	**$ 29,078**
Capital expenditures			
Publishing	$ 4,601	$ 11,342	$ 9,303
Broadcasting	15,200	20,879	9,171
Printing services	974	1,418	1,857
Other	1,450	2,267	1,404
	$ 22,225	**$ 35,906**	**$ 21,735**
Identifiable total assets			
Publishing	$ 157,440	$ 176,209	
Broadcasting	330,355	620,713	
Printing services	19,375	21,468	
Other	35,429	38,577	
	$ 542,599	**$ 856,967**	

December 28, 2008 (in thousands, except per share amounts)

13 QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

	2008 Quarters				
	First	Second	Third	Fourth	Total
Revenue	$ 134,265	$ 140,090	$ 136,270	$ 134,306	$ 544,931
Gross profit	56,354	60,241	55,123	55,169	226,887
Net earnings	6,690	9,004	(17,101)	(222,996)	(224,403)
Earnings per share					
Basic – class A and B common stock	0.11	0.16	(0.35)	(4.46)	(4.36)
Diluted – class A and B common stock	0.11	0.16	(0.35)	(4.46)	(4.36)
Basic and diluted – class C common stock	0.17	0.22	0.14	0.14	0.58

	2007 Quarters				
	First	Second	Third	Fourth	Total
Revenue	$ 143,193	$ 147,465	$ 144,379	$ 147,617	$ 582,654
Gross profit	62,140	68,005	64,166	65,344	259,655
Net earnings	73,331	14,150	13,128	9,469	110,078
Earnings per share					
Basic – class A and B common stock	1.07	0.21	0.20	0.15	1.67
Diluted – class A and B common stock	1.05	0.21	0.20	0.15	1.65
Basic and diluted – class C common stock	1.13	0.28	0.27	0.22	1.94

The results for 2008 include a pre-tax gain of $400 recorded in discontinued operations for a final Environmental Protection Agency assessment for NorthStar in the first quarter of 2008. The second quarter of 2008 includes a $426 pre-tax contract termination charge recorded at our community newspapers and shoppers business. The third quarter of 2008 includes a pre-tax broadcast license impairment charge of $38,762 and a $3,924 pre-tax charge for separation benefits at our daily newspaper and broadcasting businesses. The fourth quarter of 2008 includes an additional pre-tax broadcast license impairment charge of $90,439, a pre-tax goodwill impairment charge of $245,885 recorded at our publishing and broadcasting businesses, a $1,167 pre-tax charge for separation benefits at our publishing, broadcasting, printing services and direct marketing services businesses and a $111 pre-tax reduction of the contract termination charge recorded at our community newspapers and shoppers business.

The results for 2007 include a pre-tax gain on the sale of Norlight of $101,807 in the first quarter of 2007 and pre-tax gains of $2,009 and $1,360 in the second and third quarters of 2007, respectively, on the sales of our three regional publishing and printing operations. The second quarter of 2007 includes an $852 pre-tax gain on the sale of property by our community newspapers and shoppers business. The third quarter of 2007 includes $720 in pre-tax insurance proceeds related to a litigation settlement at our daily newspaper. The fourth quarter of 2007 includes a $3,106 pre-tax charge for separation benefits at our daily newspaper, a $600 pre-tax charge recorded in discontinued operations for a preliminary Environmental Protection Agency assessment for NorthStar and a $410 pre-tax goodwill impairment at our direct marketing business. The results of 2007 also include an $808 increase in revenue for unused advertiser credits issued in 2006.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Journal Communications, Inc.

In our opinion, the accompanying consolidated balance sheet as of December 28, 2008 and the related consolidated statements of operations, of shareholders' equity and of cash flows for the year then ended present fairly, in all material respects, the financial position of Journal Communications, Inc. and its subsidiaries at December 28, 2008, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the 2008 information in the financial statement schedule listed in the index appearing under Item 15(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 28, 2008, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule information, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing in Item 9A. Our responsibility is to express opinions on these financial statements, financial statement schedule information and on the Company's internal control over financial reporting based on our integrated audit. We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audit of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PRICEWATERHOUSECOOPERS LLP

PricewaterhouseCoopers LLP
Milwaukee, Wisconsin
February 27, 2009

REPORT OF INDEPENDENT ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Journal Communications, Inc.

We have audited the accompanying consolidated balance sheet of Journal Communications, Inc. as of December 30, 2007, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the two years in the period ended December 30, 2007. Our audits also included the financial statement schedule listed in the Index to Exhibit at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Journal Communications, Inc. at December 30, 2007, and the consolidated results of its operations and its cash flows for each of the two years in the period ended December 30, 2007, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Notes 4 and 3 to the consolidated financial statements, the Company changed its method of accounting for uncertainty in income taxes effective January 1, 2007, and its method of accounting for pension and postretirement benefits effective December 31, 2006, respectively.

/s/ Ernst & Young LLP

Milwaukee, Wisconsin
February 19, 2008

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our Disclosure Committee, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Exchange Act Rules 14(c) to 15(e) as of the end of the period covered by this Annual Report on Form 10-K. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to them to allow timely decisions regarding required disclosure.

There has been no change in our internal control over financial reporting that occurred during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

We are responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under this framework, our management concluded that our internal control over financial reporting was effective as of December 28, 2008.

PricewaterhouseCoopers LLP, an independent registered public accounting firm, has audited our internal control over financial reporting as of December 28, 2008, as stated in their report which is included in Item 8 hereto.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information contained under the headings "Election of Directors" and "Other Matters-Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement for our April 30, 2009 Annual Meeting of Shareholders is incorporated by reference herein. Reference is also made to the information under the heading "Executive Officers of the Registrant" included under Part I of this Annual Report on Form 10-K.

We have adopted a Code of Ethics for Financial Executives that applies to our Chief Executive Officer and senior financial and accounting officers and employees. We have also adopted a Code of Ethics, applicable to all employees, and a Code of Conduct and Ethics for Members of the Board of Directors, applicable to all directors, which together satisfy the requirements of the New York Stock Exchange regarding a "code of business conduct." Finally, we have adopted Corporate Governance Guidelines addressing the subjects required by the New York Stock Exchange. We make copies of the foregoing, as well as the charters of our Board committees, available free of charge on our website at www.journalcommunications.com, and this information is available in print to any shareholder who requests it by writing to Mary Hill Leahy, Senior Vice President, General Counsel, Secretary and Chief Compliance Officer, Journal Communications, Inc., P.O. Box 661, Milwaukee, Wisconsin 53201-0661. We intend to satisfy the disclosure requirements under Item 5.05 of Form 8-K regarding amendments to, or waivers from, our Code of Ethics for Financial Executives by posting such information on our web site at the address stated above. We are not including the information contained on our website as part of, or incorporating it by reference into, this Annual Report on Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

The information contained under the headings "Compensation Discussion and Analysis," "Election of Officers," "Compensation Committee Report," "Executive Compensation" and "Director Compensation," in the Proxy Statement for our April 30, 2009 Annual Meeting of Shareholders is incorporated by reference herein.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information contained under the headings "Stock Ownership of Management and Others" in the Proxy Statement for our April 30, 2009 Annual Meeting of Shareholders is incorporated by reference herein.

Equity Compensation Plan Information

The following table gives information about our common stock that may be issued under all of our equity compensation plans as of December 28, 2008.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in Column (a)) (c)
Equity compensation plans approved by security holders (2003 Plan)	655,500(1)	$14.05	N/A(1)
Equity compensation plans approved by security holders (2007 Plan)	723,000(2)	$ 7.89	6,410,133(3)
Equity compensation plans not approved by security holders	—	—	—
Total	1,378,500	$10.82	6,410,133

1) Represents options to purchase shares of Class B common stock and stock appreciation rights (SARs) to receive amounts equal to the excess of fair value of shares of Class B common stock over the base value of each SAR under our 2003 Equity Incentive Plan (2003 Plan). No further awards will be granted under our 2003 Plan.

2) Represents SARs to receive amounts equal to the excess of fair value of shares of class B common stock over the base value of each SAR under our 2007 Journal Communications, Inc. Omnibus Incentive Plan (2007 Plan).

3) Represents 3,767,144 shares available for issuance under our 2007 Plan, all of which may be issued in the form of nonstatutory or incentive stock options, SARs, restricted stock, restricted or deferred stock units, performance awards, dividend equivalents, other stock-based awards and cash-based awards. Also includes 2,642,989 shares available for issuance under our Employee Stock Purchase Plan.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information contained under the headings "Election of Directors" and "Certain Transactions" in the Proxy Statement for our April 30, 2009 Annual Meeting of Shareholders is incorporated by reference herein.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information contained under the heading "Independent Public Accounting Firm Disclosure" in the Proxy Statement for our April 30, 2009 Annual Meeting of Shareholders is incorporated by reference herein.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

Financial Statements, Financial Statement Schedule and Exhibits

All other schedules are omitted since the required information is not present, or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements and notes thereto.

(3) Exhibits

The exhibits listed on the accompanying "Index to Exhibits" (on pages 110 to 113) are filed, or incorporated by reference, as part of this Annual Report on Form 10-K.

JOURNAL COMMUNICATIONS, INC.

SCHEDULE II—CONSOLIDATED VALUATION AND QUALIFYING ACCOUNTS
Years ended December 28, 2008, December 30, 2007 and December 31, 2006
(dollars in thousands)

Description	Balance at Beginning of Year	Additions Charged to Earnings	Other Additions (Deductions)	Deductions	Balance at End of Year
Allowance for doubtful accounts:					
2008[4]	$4,031	$4,533	$ 45	$3,875[1]	$4,734
2007	$3,885	$1,712	$ —	$1,566[1]	$4,031
2006[3]	$2,511	$1,858	$ —	$ 484[1]	$3,885
Deferred income taxes					
Valuation allowances on state net operating loss and tax credit carryforwards:					
2008	$ 611	$ —	$ —	$ 289[2]	$ 322
2007	$1,202	$ —	$ —	$ 591[2]	$ 611
2006	$2,051	$ —	$ —	$ 849[2]	$1,202

(1) Deductions from the allowance for doubtful accounts equal accounts receivable written off, less recoveries, against the allowance.

(2) Deductions from the valuation allowances on state net operating loss and tax credit carryforwards equal expired, utilized or re-valued state net operating loss and tax credit carryforwards.

(3) Norlight and the three regional publishing and printing operations of our community newspapers and shoppers business that were sold have been removed from amounts reported in previous years.

(4) Represents allowance for doubtful accounts from businesses acquired in 2008.

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this annual report to be signed on its behalf by the undersigned, hereunto duly authorized on March 6, 2009.

JOURNAL COMMUNICATIONS, INC.

By: /s/ Steven J. Smith
Steven J. Smith
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on March 6, 2009:

/s/ Steven J. Smith

Steven J. Smith, Chairman of the Board &
Chief Executive Officer
(Principal Executive Officer)

/s/ Andre J. Fernandez

Andre J. Fernandez Executive Vice President &
Chief Financial Officer
(Principal Financial Officer)

/s/ Anne M. Bauer

Anne M. Bauer, Vice President & Controller
(Principal Accounting Officer)

/s/ David J. Drury

David J. Drury, Director

/s/ David G. Meissner

David G. Meissner, Director

/s/ Jonathan Newcomb

Jonathan Newcomb, Director

/s/ Roger D. Peirce

Roger D. Peirce, Director

/s/ Ellen F. Siminoff

Ellen F. Siminoff, Director

/s/ Mary Ellen Stanek

Mary Ellen Stanek, Director

/s/ Owen J. Sullivan

Owen J. Sullivan, Director

/s/ Jeanette Tully

Jeanette Tully, Director

JOURNAL COMMUNICATIONS, INC.

INDEX TO EXHIBITS

Exhibit Number	Description
(2)	Stock Purchase Agreement, dated as of November 13, 2006, among Journal Communications, Inc., Norlight Telecommunications, Inc. and Q-Comm Corporation (incorporated by reference to Exhibit 2.2 to Journal Communications, Inc.'s Annual Report on Form 10-K for the period ended December 31, 2007 [Commission File No. 1-31805]).
(3.1)	Amended and Restated Articles of Incorporation of Journal Communications, Inc., as amended through June 30, 2006 (incorporated by reference to Exhibit 3.2 to Journal Communications, Inc.'s Current Report on From 8-K dated June 30, 2006 [Commission File No. 1-318051]).
(3.2)	Bylaws of Journal Communications, Inc., as amended (incorporated by reference to Exhibit 3.1 to Journal Communications' Current Report on Form 8-K dated May 1, 2008 [Commission File No. 1-31805]).
(4.1)	Amended and Restated Credit Agreement, dated December 2, 2005, among Journal Communications, Inc., certain subsidiaries thereof from time to time party thereto, the financial institutions party thereto, Suntrust Bank, as syndication agent, Bank of America, N.A., as co-documentation agent, Wachovia Bank National Association, as co- documentation agent, and U.S. Bank, N.A., as administrative agent (incorporated by reference to Exhibit 4.1 to Journal Communications, Inc.'s Current Report on Form 8-K dated December 2, 2005 [Commission File No. 1- 31805]).
(4.2)	Shareholders Agreement, dated as of May 12, 2003, by and among Journal Communications, Inc. (then known as The Journal Company), The Journal Company (then known as Journal Communications, Inc.), Matex Inc. and the Abert Family Journal stock Trust, as further executed by two "Family Successors," Grant D. Abert and Barbara Abert Tooman (incorporated by reference to Exhibit 4.3 to Journal Communications, Inc.'s Registration Statement on Form S-1 filed on June 19, 2003 [Reg. No. 333-105210]).
(4.3)	Amendment to Shareholders Agreement, dated as of August 2, 2007, by and among Journal Communications, Inc., The Journal Company, Matex Inc., the Abert Family Journal Stock Trust, Grant D. Abert and Barbara Abert Tooman (incorporated by reference to Exhibit 4.2 to Journal Communications, Inc.'s Current Report on From 8-K dated August 22, 2007 [File No. 1-31805]).
(10.1)	Journal Communications, Inc. Executive Management Incentive Plan (f/k/a the Management Long Term Incentive Plan) (incorporated by reference to Exhibit 10.2 to Journal Communications, Inc.'s (now known as The Journal Company) Annual Report on Form 10-K for the period ended December 31, 2002 [Commission File No. 0-7831]).
(10.2)	Journal Communications, Inc. Annual Management Incentive Plan (f/k/a the Management Annual Incentive Plan) (incorporated by reference to Exhibit 10.3 to Journal Communications, Inc.'s [now known as The Journal Company] Annual Report on Form 10-K for the period ended December 31, 2002 [Commission File No. 0-7831]).*
(10.3)	Journal Communications, Inc. Non-Qualified Deferred Compensation Plan, as amended (incorporated by reference to Exhibit 10.1 to Journal Communications, Inc.'s Current Report on Form 8-K dated December 12, 2007 [Commission File No. 1-31805]).*
(10.4)	Journal Communications, Inc. Supplemental Benefit Plan (incorporated by reference to Exhibit 10.2 to Journal Communications Inc.'s Current Report on From 8-K dated December 12, 2007 [Commission File No. 1-31805]).*

Exhibit Number	Description
(10.5)	Journal Communications, Inc. 2003 Equity Incentive Plan, as amended (incorporated by reference to Exhibit 10.5 to Journal Communications, Inc.'s Annual Report on Form 10-K for the period ended December 26, 2004 [Commission File No. 1-31805]).*
(10.6)	Journal Communications, Inc. (f/k/a The Journal Company) 2003 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.1 to Journal Communications' current report on Form 8-K dated May 1, 2008 [Commission File No. 1-31805]).
(10.7)	Journal Communications, Inc. Executive Management Incentive Plan (incorporated by reference to exhibit 10.7 to Journal Communications, Inc.'s Annual Report on Form 10-K for the period ended December 26, 2004 [Commission File No. 1-31805]).*
(10.8)	Form of Journal Communications, Inc. 2003 Equity Incentive Plan Stock Option Award Agreement (Non-Statutory Stock Option Grant) for Directors (incorporated by reference to Exhibit 10.1 to Journal Communications Inc.'s Current Report on Form 8-K dated February 3, 2005 [Commission File No. 1-31805]).*
(10.9)	Form of Journal Communications, Inc. 2003 Equity Incentive Plan Stock Option Award Agreement (Non-Statutory Stock Option Grant) for Officers and Employees (incorporated by reference to Exhibit 10.2 to Journal Communications Inc.'s Current Report on Form 8-K dated February 3, 2005 [Commission File No. 1-31805]).*
(10.10)	Form of Journal Communications, Inc. 2003 Equity Incentive Plan Stock Grant Award Agreement (incorporated by reference to Exhibit 10.3 to Journal Communications Inc.'s Current Report on Form 8-K dated February 3, 2005 [Commission File No. 1-81805]).*
(10.11)	Form of Journal Communications, Inc. 2003 Equity Incentive Plan Restricted Stock Award Agreement for Officers and Employees (incorporated by reference to Exhibit 10.5 to Journal Communications Inc.'s Current Report on Form 8-K dated February 3, 2005 [Commission File No. 1-31805]).*
(10.12)	Form of Journal Communications, Inc. 2003 Equity Incentive Plan Restricted stock Award Agreement for Officers and Employees (incorporated by reference to Exhibit 10.4 to Journal Communications Inc.'s Current report on Form 8-K dated February 3, 2005 [Commission File No. 1-31805]).*
(10.13)	Amended and Restated Employment Agreement, amended and restated effective as of December 8, 2007, between Steven J. Smith and Journal Communications, Inc. (incorporated by reference to Exhibit 10.14 to Journal Communications, Inc.'s Current Report on Form 8-K dated December 12, 2007 [Commission File No. 1-31805]).*
(10.14)	Change in Control Agreement amended and restated effective as of December 8, 2007, between Journal Communications, Inc. and Douglas G. Kiel (incorporated by reference to Exhibit 10.14 to Journal Communications, Inc.'s Current Report on Form 8-K dated December 12, 2007 [Commission File No. 1-31805]).*
(10.15)	Change in Control Agreement amended and restated effective as of December 8, 2007, between Journal Communications, Inc. and Elizabeth Brenner (incorporated by reference to Exhibit 10.14 to Journal Communications, Inc.'s Current Report on Form 8-K dated December 12, 2007 [Commission File No. 1-31805]).*
(10.16)	Change in Control Agreement amended and restated effective as of December 8, 2007, between Journal Communications, Inc. and Douglas G. Kiel (incorporated by reference to Exhibit 10.14 to Journal Communications, Inc.'s Current Report on Form 8-K dated December 12, 2007 [Commission File No. 1-31805]).*

Exhibit Number	Description
(10.17)	Change in Control Agreement amended and restated effective as of December 8, 2007, between Journal Communications, Inc. and Mary Hill Leahy (incorporated by reference to Exhibit 10.14 to Journal Communications, Inc.'s Current Report on Form 8-K dated December 12, 2007 [Commission File No. 1-31805]).*
(10.18)	Amendment to the Journal Communications Inc. 2003 Equity Incentive Plan, as amended (incorporated by reference to Exhibit 10.1 to Journal Communications, Inc.'s Current Report on Form 8-K dated February 13, 2007 [Commission File No. 1-31805]).*
(10.19)	Form of Stock Appreciation Rights Agreement for Fixed Price Stock Appreciation Rights under the Journal Communications, Inc. 2003 Equity Incentive Plan (incorporated by reference to Exhibit 10.2 to Journal Communications, Inc.'s Current Report on Form 8-K dated February 13, 2007 [Commission File No. 1-31805]).*
(10.20)	Form of Stock Appreciation Rights Agreement for Escalating Price Stock Appreciation Rights under the Journal Communications, Inc. 2003 Equity Incentive Plan (incorporated by reference to Exhibit 10.3 to Journal Communications, Inc.'s Current Report on Form 8-K dated February 13, 2007 [Commission File No. 1-31805]).*
(10.21)	Form of Restricted Stock Award Agreement under the Journal Communications, Inc. 2003 Equity Incentive Plan (incorporated by reference to Exhibit 10.5 to Journal Communications, Inc.'s Current Report on Form 8-K dated February 13, 2007 [Commission File No. 1-31805]).*
(10.22)	Form of Non-Statutory Stock Option Agreement under the Journal Communications, Inc. 2003 Equity Incentive Plan (incorporated by reference to Exhibit 10.5 to Journal Communications, Inc.'s Current Report on Form 8-K dated February 13, 2007 [Commission File No. 1-31805]).*
(10.23)	Summary of Non-Employee Director Compensation, amended as of May 3, 2007.*
(10.24)	Journal Communications, Inc Annual Management Incentive Plan, adopted December 8, 2007 (incorporated by reference to Exhibit 10.9 to Journal Communications, Inc.'s Current Report on Form 8-K dated December 12, 2007 [Commission File No. 1-31805]).*
(10.25)	Journal Communications, Inc. 2007 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.2 to Journal Communications, Inc.'s Current Report on Form 8-K dated December 12, 2007 [Commission File No. 1-31805]).*
(10.26)	Form of Restricted Stock Award Certificate under the Journal Communications, Inc. 2007 Omnibus Incentive Plan (incorporated by reference to Exhibit 4.4 to Journal Communications, Inc.'s Registration Statement on Form S-8 filed with the Securities and Exchange Commission on May 22, 2007 (Reg. No. 333-143146)).
(10.27)	Form of Fixed-Price Stock Appreciation Rights Award Certificate under the Journal Communications, Inc. 2007 Omnibus Plan (incorporated by reference to Exhibit 4.5 to Journal Communications, Inc.'s Registration Statement on Form S-8 filed with the Securities and Exchange Commission on May 22, 2007 (Reg. No. 333-143146)).*
(10.28)	Form of Escalating Price Stock Appreciation Rights Award Certificate under the Journal Communications, Inc. 2007 Omnibus Incentive Plan (incorporated by reference to Exhibit 4.6 to Journal Communications, Inc.'s Registration statement on Form S-8 filed with the Securities and Exchange Commission on May 22, 2007 (Reg. No. 333-143146)).*
(10.29)	Form of Fully Vested Stock Award Notice under the Journal Communications, Inc. 2007 Omnibus Incentive Plan (incorporated by reference to Exhibit 4.7 to Journal Communications, Inc.'s Registration Statement on Form S-8 filed with the Securities and Exchange Commission on May 22, 2007 (Reg. No. 333-143146)).*

Exhibit Number	Description
(10.30)	Form of Nonstatutory Stock Option Award Certificate under the Journal Communications, Inc. 2007 Omnibus Incentive Plan (incorporated by reference to Exhibit 4.8 to Journal Communications, Inc.'s registration statement on Form S-8 filed with the Securities and Exchange Commission on May 22, 2007 (Reg. No. 333-143146)).
(10.31)	Consulting Agreement effective as of January 1, 2009, between Journal Communications, Inc. and Paul M. Bonaiuto (incorporated by reference to Exhibit 10.1 to Journal Communications, Inc.'s Current Report on Form 8-K dated December 12, 2008 [Commission File No. 1-31805]).*
(10.32)	Change in Control Agreement effective as of December 8, 2008, between Journal Communications, Inc. and Andre J. Fernandez (incorporated by reference to Exhibit 10.2 to Journal Communications, Inc.'s Current Report on Form 8-K dated December 12, 2008 [Commission File No. 1-31805]).*
(21)	Subsidiaries of the registrant.
(23.1)	Consent of Independent Registered Public Accounting Firm.
(23.2)	Consent of Independent Registered Public Accounting Firm.
(31.1)	Certification by Steven J. Smith, Chairman and Chief Executive Officer of Journal Communications, Inc., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
(31.2)	Certification by Andre J. Fernandez, Executive Vice President, Finance & Strategy and Chief Financial Officer of Journal Communications, Inc., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
(32)	Certification of Steven J. Smith, Chairman and Chief Executive Officer and Andre J. Fernandez, Executive Vice President, Finance & Strategy and Chief Financial Officer of Journal Communications, Inc., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
(99.1)	Proxy Statement for the April 30, 2009 Annual Meeting of Shareholders of Journal Communications, Inc. (Except to the extent specifically incorporated by reference, the Proxy Statement for the April 30, 2009 Annual Meeting of Shareholders shall not be deemed to be filed with the Securities and Exchange Commission as part of this Annual Report on Form 10-K.)

* Denotes a management or compensatory plan or arrangement.

Corporate Information

Board Member	Audit	Compensation	Nominating and Corporate Governance	Executive	Human Resources
Steven J. Smith Chairman of the Board and CEO, Journal Communications				○	
David J. Drury, Lead Director President and CEO, Poblocki Sign Company, LLC			○	○	
David G. Meissner Former Chairman, Public Policy Forum, Inc.			○		○
Jonathan Newcomb Senior Advisor, Coady Diemar Partners	○				
Roger D. Peirce Retired Vice Chairman and CEO, Super Steel Products Corporation	○	○		○	
Ellen F. Siminoff Chairman, Efficient Frontier; President and CEO, Shmoop					○
Mary Ellen Stanek Managing Director and CIO, Baird Advisors, Robert W. Baird & Co., Inc.		○		○	○
Owen Sullivan CEO, Right Management		○			
Jeanette Tully President and CEO, Radiovisa Corporation	○		○		

CORPORATE HEADQUARTERS

Journal Communications
333 West State Street
P.O. Box 661
Milwaukee, WI 53201-0661
800-388-2291

WEBSITE

www.journalcommunications.com

INVESTOR INFORMATION

Current and prospective investors can have an annual report and investor information packet mailed to them by going to the website, www.journalcommunications.com.

STOCK INFORMATION

Journal Communications' class A shares are traded on the New York Stock Exchange under the ticker symbol JRN. Class B and class C shares are not publicly traded.

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP

ANNUAL MEETING

Journal Communications' 2009 Annual Meeting of Shareholders will be held on Thursday, April 30, 2009, at The Journal Sentinel Burnham Production Facility, 4101 West Burnham Street, West Milwaukee, Wisconsin. The meeting will begin at 9 am Central Time.

TRANSFER AGENT AND REGISTRAR

AST Equity Plan Solutions maintains shareholder records. For assistance on matters such as lost shares, name changes on shares or transfers of ownership, please contact:

AST Equity Plan Solutions, Inc., PA 1328
123 South Broad Street, 11th Floor
Philadelphia, PA 19109-1199
Attention: Journal Communications
888-396-0853

FORWARD-LOOKING STATEMENTS

This annual report 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 on page 1 of our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission and bound within this publication.

CERTIFICATIONS

We have filed as exhibits to our Annual Report on Form 10-K for the fiscal year ended December 28, 2008, the certifications of our Chief Executive Officer and Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act. We submitted to the New York Stock Exchange during fiscal 2008 the Annual CEO Certification required by Section 303A.12(a) of the New York Stock Exchange Listed Company Manual.

JOURNAL
COMMUNICATIONS

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