



Morris Publishing Group, LLC

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MORRIS PUBLISHING ANNOUNCES 2007 SECOND-QUARTER RESULTS

AUGUSTA, Ga. (Aug. 14, 2007) — Morris Publishing Group, LLC today reported second-quarter operating income of \$17.7 million, down \$7.0 million, or 28.5%, from \$24.7 million for the same period in 2006. Net income for the quarter was \$4.9 million, down \$4.8 million from \$9.7 million last year.

Total operating revenue for the second quarter was \$112.9 million, down \$7.3 million, or 6.1%, from the same quarter 2006, with total advertising revenue of \$92.0 million, down \$7.0 million, or 7.1%, circulation revenue of \$17.0 million, down \$0.3 million, or 1.6%, and other income of \$3.9 million, flat with last year. Retail, national and classified advertising revenue were down 1.1%, 26.8% and 10.7%, respectively.

For the second quarter, total operating expense was \$95.3 million, down \$0.3 million, or 0.3%. Total labor and employee benefit costs were \$45.2 million, up \$1.8 million, or 4.1%, newsprint, ink and supplements costs were \$11.9 million, down \$3.0 million, or 20.4%, and other operating costs, excluding depreciation and amortization, were \$33.2 million, up \$1.2 million, or 3.8%. Depreciation and amortization expense was \$5.0 million, down \$0.3 million, or 4.5%.

Commenting on the second-quarter results, William S. Morris IV, Morris Publishing Group's chief executive officer and president, said, "We continue to operate in a declining advertising environment, particularly in Jacksonville, our largest market. The downturn in the Florida real estate market has adversely impacted not only our classified real estate category, but also many of our other advertising categories dependent on the housing industry.

"In response to these challenges, we are continuing to look at every aspect of our business, identifying and implementing initiatives to further reduce our cost of operations. In addition, we are reviewing additional revenue opportunities in each of our metro markets, focusing on achieving very specific targets to increase revenue."

For the first six months of 2007, operating income was \$28.4 million, down \$14.2 million, or 33.3%, from \$42.6 million last year. Total net operating revenue was \$220.6 million, down \$13.6 million, or 5.8%, and total operating costs were \$192.2 million, up

\$0.6 million, or 0.3%, from last year. Net income for the first six months of 2007 was \$5.7 million, down \$9.4 million from \$15.1 million last year.

Morris Publishing Group, LLC is a wholly owned subsidiary of Morris Communications Company, LLC, a privately held media company based in Augusta, Ga. Morris Publishing owns and operates 27 daily newspapers as well as nondaily newspapers, city magazines, and other free community publications in the Southeast, Midwest, Southwest and Alaska. For more information, visit our Web site, morris.com.

A conference call will be held Tuesday, Aug. 14, 2007, at 10:00 a.m. Eastern Time. In order to participate, please call 1-888-928-9177 ten (10) minutes prior to the scheduled start. The pass code and leader's name listed below will be required to join the conference call:

LEADER: **MR. STEVE STONE**
PASS CODE: **MORRIS PUBLI**

To access the Audio Replay of this call, all parties can:

1. Go to the URL: <https://e-meetings.mci.com>.
2. Choose **Join an Event** under **Events**.
3. Enter the conference number and pass code.
4. Enter required information in all **bold** fields.
5. Click on the **proceed** button.

PASS CODE: **MORRIS PUBLI**
CONFERENCE NUMBER: **3739693**

Replays of the conference call are available for 30 days after the live event at the URL link.

For further information, please contact:
Craig S. Mitchell
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Morris Communications Company, LLC
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Second-quarter results follow:

Morris Publishing Group, LLC
Unaudited Condensed Consolidated Statements of Income

(Dollars in thousands)	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
NET OPERATING REVENUES:				
Advertising	\$ 91,993	\$ 98,988	\$ 178,763	\$ 191,361
Circulation	16,976	17,259	33,801	34,803
Other	3,966	4,018	8,063	8,027
Total net operating revenues	<u>112,935</u>	<u>120,265</u>	<u>220,627</u>	<u>234,191</u>
OPERATING EXPENSES:				
Labor and employee benefits	45,192	43,400	90,194	87,432
Newsprint, ink and supplements	11,886	14,925	24,841	29,689
Other operating costs (excluding depreciation and amortization)	33,229	32,019	66,925	64,027
Depreciation and amortization	4,960	5,193	10,282	10,474
Total operating expenses	<u>95,267</u>	<u>95,537</u>	<u>192,242</u>	<u>191,622</u>
Operating income	<u>17,668</u>	<u>24,728</u>	<u>28,385</u>	<u>42,569</u>
OTHER EXPENSE (INCOME):				
Interest expense, including amortization of debt issuance costs	9,437	9,171	18,756	18,171
Interest income	(1)	(1)	(4)	(68)
Other, net	(48)	(46)	(92)	(57)
Total other expenses, net	<u>9,388</u>	<u>9,124</u>	<u>18,660</u>	<u>18,046</u>
INCOME BEFORE INCOME TAXES	8,280	15,604	9,725	24,523
PROVISION FOR INCOME TAXES	3,333	5,883	3,990	9,465
NET INCOME	<u>\$ 4,947</u>	<u>\$ 9,721</u>	<u>\$ 5,735</u>	<u>\$ 15,058</u>