

Minneapolis Newspaper Reorganization Would Leave Owners With Nothing

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The owners of the Star Tribune of Minneapolis would walk away from the bankrupt newspaper with nothing, leaving it in the hands of its lenders, according to a reorganization plan filed by the paper.

Under the plan, the paper would emerge from bankruptcy in the fall, according to a memo that the publisher, Chris Harte, sent to employees on Thursday. Avista Capital Partners, the primary owner, and Mr. Harte's family, which owns a small stake, would exit the scene.

The investment funds and banks that are the primary creditors would get partial payment on their debt, and stock in the paper, effectively putting them in control. Read the paper's own report here, which says that the Star Tribune's \$480 million in debt would be reduced to about \$100 million.

The paper sold for \$530 million in 2006, just before industry began a steep decline. It filed for bankruptcy in January. Both the Tribune Company, one of the nation's biggest newspaper chains, and the company that owns The Philadelphia Inquirer and Daily News, are also in bankruptcy.

YRC Wins Pension Deferral

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Trucking company scrambles to raise cash to avoid bankruptcy
YRC Worldwide finalized an agreement with its largest pension fund to defer pension contributions as the trucking company scrambles to raise cash to avoid bankruptcy.

Central States, Southeast and Southwest Areas Pension Fund agreed to allow YRC to use the company's real estate as collateral in lieu of making \$83 million in pension payments to the pension fund. The agreement calls for the company to repay the deferred contributions over three years beginning in January 2010.

YRC said it is finalizing discussions with its other **Teamster** multi-employer pension funds to participate in the agreement. The company has deferred about \$50 million related to these other funds.

“These transactions are especially critical as we continue to face substantial headwinds from the global economic recession,” said YRC Chairman, President and CEO William D. Zollars. “Today's announcement marks important milestones, which are part of our overall strategy to provide us with greater financial flexibility during the economic recession, giving us additional liquidity and the ability to use our cash to support the business.”

YRC also said it finalized an amendment to its credit agreement with its lenders to grant second priority liens on certain owned real estate in addition to the pension deferrals. The amendment releases escrow funds of \$73 million to pay down debt without reducing the company's borrowing availability under the facility, YRC said.

While Zollars noted service levels continue to improve, customer anxiety over YRC's financial problems has led to shifts in business away from YRC to its competitors in the less-than-truckload market over the last two quarters. Several Wall Street analysts recently upgraded the outlook for YRC's competitors in the event the company is forced to seek bankruptcy protection.