

TRANSCRIPT OF GANNETT'S UBS MEDIA AND COMMUNICATIONS CONFERENCE
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PRESENTATION

John Janedis - UBS - Analyst

Good morning, everybody, and thank you for joining us. My name is John Janedis and I am the Media, Entertainment, and Publishing Analyst here at UBS. It is my pleasure to welcome the Gannett Company again with us this year. With us today are Gracia Martore, President and CEO, and in fact the first time this year as CEO. So congratulations. As well as to her left, Matt Ferguson, President and CEO of CareerBuilder, David Payne, SVP and Chief Digital Officer, and then to my far left, Paul Saleh, SVP and CFO. So without further ado, Gracia Martore.

Gracia Martore - Gannett Company, Inc. - President and CEO

Thanks, John and it's great to be back with you again this year at the UBS Conference. I am honored to lead the Gannett Company at this important time in our history. While much has changed in my 26 years with the company, Gannett remains strong and I am confident in our future. Gannett is blessed with iconic national brands like USA TODAY and CareerBuilder, and a portfolio of 100 plus top rated local broadcast and publishing assets.

In the digital domain, we have been aggressively building a market-leading suite of offerings to allow us to effectively and efficiently engage consumers across all platforms. But our impact is not just broad, it is also very deep. Our 100 plus properties are deeply integrated into the communities we serve. We've done this by providing content that is tightly aligned with readers' and viewers' interests.

We have also focused on providing customized solutions to marketers that leverage our assets and most importantly, meet their business needs and objectives. That's a winning formula and that formula is working for us. Our team is building on a century of brand equity to redefine local news journalism and the marketing solutions landscape. Specifically, we're focused on revitalizing our local news operations, building out our portfolio into high potential adjacent businesses, and continuing to make smart investments for growth.

In short, we are taking what we already do well and putting it to work to strengthen our company. Our purpose today is to give you a flavor of the work under way across key areas of our business, outline our progress, and update you on our financial plans and performance. Joining me this

morning is Matt Ferguson, CEO of CareerBuilder, who will talk about largest digital asset, David Payne, who will speak to the investments we are making to more effectively and efficiently engage our readers and viewers in an increasingly digital world, and our CFO, Paul Saleh, who will provide perspective on our current performance.

I also want to point out that our entire management team is here this morning with us, as well as Marge Magner, our Chairman. Before their comments, I'll begin with an overview of our businesses. Let me start with the distinct advantage our local markets provide. The cornerstone of our business is 100-plus local franchises with deep knowledge of and connections to the communities they serve -- both consumers and local businesses. These relationships are absolutely unmatched by any media organization and present a phenomenal opportunity to differentiate the service we offer to consumers, businesses, and advertisers alike.

In our business, content has always been and remains the key to our success at the local level. We are the best equipped in our markets to generate relevant, trusted, and engaging local content on any platform. I don't have to tell anyone in this room that ours is a fast paced, dynamic industry. But to ensure we continue to reap the advantages of our strong local positions, we extensively research what moves and interests our readers and viewers. We are taking it a step further and also making sure that we customize our content to the delivery platform. This focus maximizes our engagement with readers and users and opens new opportunities for our advertisers.

Now, the USA TODAY Sports Media Group I think is a great example of how we are leveraging the strength of our local and national content. I don't know how many people think of Gannett as a sports information powerhouse, but you absolutely should. Consider this, today we provide home team coverage in 24 of 30 Major League Baseball markets, 27 of 32 NFL markets, and 24 NBA cities. We are home to major sporting events. The Kentucky Derby and the Indy 500 are in communities that Gannett is in. In college conferences, we're in all 12 SEC markets and 10 of the 12 Big 10 markets. And, drilling down to high school sports, we cover in depth 100 plus local communities and engage with over 7,000 athletic directors through our highschoolsports.net property.

The USA TODAY Sports Media Group is the combination of Gannett's unparalleled local reach with the powerful national sports brand of USA TODAY with a total digital reach of almost 12 million monthly unique viewers. Put together, today we are currently in the top 10 ranking of sports information companies, but we're only at the beginning and we plan to move much higher.

Another organization wide content initiative that has seen great success is our efforts to revitalize Sunday circulation. Once again, we started with research that showed that the Sunday reading experience is different than the rest of the week. Where weekdays demand tight, concise, informative news, Sunday readers want to explore their interests at a more leisurely pace. We took this research to heart. We added new sections and improved design to enrich the reading experience. The work is paying off in improved Sunday circulation volumes. For the September ABC Book, 21 Gannett community newspapers posted total Sunday circulation gains, and across our US Community Publishing Group, our circulation was virtually flat for the period.

Why is that important? Because Sunday is the most important advertising day of the week, accounting for approximately 45% of advertising. Clearly, our content initiatives have helped us engage consumers in our local markets, but that is only half the story. We're also focused on helping advertisers reach those engaged consumers. Today's multiplatform, solution-based selling environment requires a comprehensive suite of services to address our customers' needs and deliver results. To achieve that, we've set a number of transformation sales efforts in motion. Gannett Client Solutions Teams, which have been in place for about a year, position us as true marketing consultants to our local advertising clients. The four regional teams collaborate with local sales management to target high potential local accounts and offer them strategy, development, and sophisticated marketing solutions.

Now, let me give you an example. Our Nashville Client Solutions Team executed a brand awareness campaign for Reddell Honda, targeting potential new customers. The plan resulted in greater traffic for reddellhonda.com and a second digital campaign. The program included an interactive marketing plan that offered digital ads to build awareness and capture valuable customer data. The plan also included a reputation-monitoring plan. It has been a great success and Mr. Reddell liked the results.

"The creative was visually stimulating and really made us stand out from the other guys that we were running against. Clearly, the recommendations they provided are driving the results I needed."

The Solutions Groups have fulfilled needs ranging from mobile app development to database analysis for customer acquisitions programs. The results in the early going are very encouraging with more than \$30 million in total signed and pipeline deals. David Payne is going to discuss our digital initiatives in a moment, but I wanted to quickly cover our successful partnership with Yahoo and the rollout of our daily deals site, DealChicken. Let me start with Yahoo.

Now, just over a year old, this initiative has given our advertising clients extended digital reach and sophisticated targeting capabilities. In the four quarters since Yahoo launched, we have quintupled the pace of retail banner revenue growth. DealChicken was launched in July, as many of you know, after the success of our initial pilot in Phoenix. We are now in 57 markets and the results thus far have been very strong. Here's what one customer had to say.

"I've seen a large number of new repeat customers with DealChicken. People are coming back even after the deal is over. My customer base grew by 50%. The exposure we received through AZcentral.com, Channel 12, and the Arizona Republic was just terrific."

DealChicken is our latest success and there's more to come. In 2012, we're going to aggressively expand our suite of digital services, with enhanced search products, website development, social media, and email marketing services.

Now, let me turn to Gannett Publishing Services, which we formed in September as part of our ongoing commitment to finding and creating efficiency in our business operations. GPS, as we call it, creates cost savings as we standardize business practices and eliminate redundancies across our company. It also leverages our expertise in publishing and production to create new revenue opportunities in digital ad creation, commercial printing, and third party product delivery. The operating profit impact of this initiative alone is projected to be in the \$40 million range for 2012, growing to \$65 million to \$75 million in 2013 and beyond.

Cost savings initiatives like this one have helped preserve steady publishing profitability in today's soft economy. As a result, our individual publishing properties have cash flow margins that would be the envy of most companies in most industries. In publishing, if you exclude Detroit, our properties are profitable and have strong margins. Now, ongoing macroeconomic challenges have put our management of these properties to the test and they've remained strong cash flow generators. We will remain focused on revenue initiatives and prudent expense management going forward.

I'd now like to discuss content monetization. Innovative programs are underway across the industry and early next year we will be piloting our own model to capture added revenue and profitability from our newspapers. As I noted, we create unique local content of high value to the communities we serve. With this in mind, we're taking a holistic view that centers on multiplatform content access. This will ensure readers can access our content when and how they want it via the Web, smartphones, tablets, e-versions or in print. Now, if you're not a subscriber you'll have limited digital access to our content. We are confident that this new subscription model will better reflect the value of our incredibly engaging content and position our local news operations in a much more robust digital ecosystem. You're going to hear more about that over the next few months.

Now, let me turn to broadcasts and our 23 terrific television stations. The strategy in broadcast frankly parallels our local publishing strategy. Here, too, it starts with great engaging local content and bringing the right audiences to advertisers. Now, being an odd year, 2011 doesn't have the signature broadcast events of 2010 or 2012. That said, we've continued to increase engagement with local customers across all platforms and gain market share. This includes strong growth in digital metrics year-over-year. Video plays and mobile metrics are typically double what they have been last year. And digital and social media is a very positive development for broadcast viewing. News, sports, and entertainment programming drives some of the largest engagement numbers on Facebook and Twitter and that engagement in turn creates more interest in our program via a two-way conversation that results in deep consumer engagement and loyalty.

Another measure of our local broadcast performance is the continuing strength of our live TV. Even with the advent of the DVR, local news remains a live viewing event. Our broadcast stations create award-winning content that makes a difference locally in real time. The strength of that content has resulted in greater demand. People are tuning in, in greater numbers. In response, many of our television stations have expanded their news offerings this year as well.

Now, heading into 2012 with the understanding that it is very early in the cycle on the broadcast side, we are cautiously optimistic. One key factor will be auto. We believe it will be one of our best performing categories in 2012 based, in part, on the strength we've seen in the fourth quarter. October finished up 50% in auto. Now, that's an artificially high number given political displacement last year. But November was up 15%. We have substantial business pending in this category and expect it to be strong into 2012 when unit sales are projected to be 13 million to 14 million vehicles.

For the full year of 2012, we see the return of major even year events, including the Summer Olympics on our NBC stations, as well as political spending across the spectrum. These events will be huge draws for increased viewership and advertising. As with every political year, it's hard at this point to say exactly where and how much will be spent, but we know it will be significant.

I want to talk a minute about retransmission consent. As you know, that's broadcasting's paid content model, if you will, and the marketplace is finally beginning to work. In 2012, we project we will receive more than \$90 million from our distributors -- up around 15%. Notably, these are all cash deals, not advertising trade deals, so 100% of that falls to the bottom line. Retrans continues to be a positive development for us. There's still a lack of alignment between the size of our audiences and the percentage of sub-fees we receive. So we believe there continues to be up side.

As for the networks, they expect to get some of that retransmission revenue. For us, our network affiliation deals go out several years. Early 2014 for our three ABC stations, late 2015 for our six CBS stations, and 2017 for our 12 NBC affiliated stations. So for us, for a few years it's going to be an academic issue. We don't, by the way, disagree with the network-sharing concept philosophically and as we've said before, to the extent that those dollars are used by the networks to improve their programming and provide better opportunities for us, we see that as a win-win. A far more important point, however, and one we think that folks need to understand is that there's a lot of room for the pie to grow so there's room to share.

Now, I'm going to stop here and hand it over to Matt Ferguson. We see a pretty sizable ramp in growth as they take market share both here and internationally and continue their overseas expansion. Matt?

Matt Ferguson - CareerBuilder - President and CEO

Thank you, Gracia. Thank you UBS for allowing us to be able to present to you today. We're excited about what's happened in our business in 2011. The labor market in the United States today I would describe as stable and growing. If you go back to 2009, we were losing 422,000 jobs per month in the United States. That improved as we moved into 2010. We created 78,000 jobs and then this year we've seen an improvement as we've gone through the year where now we're creating about 132,000 jobs. And actually, if you look at private sector employers in the United States, they've created over a million jobs so far this year.

I would describe what we have going on as a multispeed labor market. The more I talk to customers and staffing firms, the more that I see that in areas like information technology, healthcare, engineering, it's a very tight labor market, in fact probably tighter than it was in 2007. And then in other areas like construction, we're still down about two million jobs and you don't see much movement there. And so, companies are faced with this situation where they're trying to recruit talent oftentimes at a really, really difficult and really difficult segments, and in other ways it may be easier to find talent. So I think we'll continue to see that throughout the year and without a major financial shock coming back from Europe, I think you'll see an improving labor market in the United States throughout 2012.

We are finishing our eighth year as the leader in job seeker traffic in the United States. This year we've averaged 24 million unique visitors per month through the first ten months of the year and that's up 14% when you look at the same period versus 2010. Monster bought HotJobs and they closed a little over a year ago. There was some discussion around what that would do to traffic. It hasn't done much. As you can see here, we've averaged nine million more unique visitors each month than Monster even after the HotJobs acquisition. More importantly, CareerBuilder continues to drive not just most applicants, but the most qualified applicants because our technology is better at matching those applicants to the company's jobs.

We've also continued to outsell all competition in the marketplace. You can see so far this year we have generated \$470 million in network revenue. Network revenue, which is that sold by the newspapers and that revenue sold by CareerBuilder combined, versus Monster who is around \$367 million or \$103 million behind. This is, again, the first nine months of this year versus the first nine months of last year. We passed Monster in 2006 in revenue in North America. We've increased it since that time and as we look at the remainder of this year, we're optimistic that we can continue that trend as we go into 2012 and beyond.

Our growth rates are also much faster than our major competitor. You can see that our network growth rate this year in the first nine months is up 14% versus last year and when you look at that sold by the CareerBuilder sales force, it's up 16% versus the first nine months of that year. That compares with analyst's estimates of an organic growth rate in Monster of 8%. So with our sales force we're growing double what they are in North America today. We have a lot of exciting new products that are out there on the horizon that we think will make a big difference over the next three to five years. We're creating a portal that has supply and demand in it. We have millions of data points on supply and demand of labor by market. Today, a recruiter can know I've got to look for somebody who is a software engineer. I could recruit in four markets, which is the best market to post this job. If they buy this product, they have that information at their fingertips at the time they post the job.

We also have millions of data points on compensation and we're just beginning, we're at the dawn of being able to take that to the market and help them make better decisions about comp for each position in each city. Today, we have about 600 customers on that supply and demand and comp portal, but it's an exciting product as we look at the future. We're also going into software as a service. You may have seen Success Factors bought a company called Jobs To Web yesterday for \$110 million.

We have a better technology that we rolled out last year in the same way and it's called Talent Network, and here's what it really does. It's software as a service that layers on top of the company's career site. It does two major things. It takes the jobs off the career site, indexes them so that they show up well in organic search so they get more traffic back to their career site that's measurable with analytics and reporting each month. The second thing that it does is everybody who registers with the company for a particular job is in this database. We then use our proprietary matching technology and as jobs become available at the company, we match the right candidates to those jobs, again driving people back to their career site. We just rolled it out late last year. We've seen great adoption. We have it today translated into 19 different languages. We've sold it in India and in Europe and so, we think there will be a great platform for success of that product globally.

We're also in niche sites. We have niche sites in healthcare, retail, information technology, college. We've rolled out one in executive. We've seen great response from those. We'll continue to roll those out both in the United States and globally and they've helped us be able to grow faster than anybody else in the business.

In addition to what we're doing in North America, a few years ago we started an international initiative. Today, we're in 21 countries outside of the United States. We have a presence in 55 different markets. The business is small, but it's growing very fast and we're very excited about the potential of that business. We've done two acquisitions so far this year that we think will give us a great platform for growth into the future. One is Job Central in Singapore. Singapore is a great place to do business and is a platform for doing business in that Southeast Asia market that is growing so fast and has such a great future in online recruitment.

Job Central has been the fastest growing Board in Singapore. They also have a joint venture in Malaysia that we now are an owner of and it's fast growing there. So we think that will be great success for us as we look at the future of Southeast Asia.

Going to Europe, our applications in Europe organically are up 40% when you look at year-over-year. The business has been growing fast, but in the third quarter we were able to buy Job Scout 24. It's a business that's been in operating in Germany for many years. It's part of the Scout Group. It was owned by Deutsche Telecom. They had 3.3 million unique visitors, 250,000 jobs. Obviously, Germany is the biggest online recruitment market in Europe. It's the biggest economy in Europe. It's the fifth largest economy in the world. While we were growing fast there, we think this can accelerate us on a much larger base and platform.

So in conclusion, our traffic leadership and continued innovation, evolution as a company has set us apart from everybody else in the industry. We continue to outsell and out maneuver the competition. We have taken market share in North America every year for the last seven years and we expect that trend to continue into 2012 both domestically and internationally. Thank you to Gannett for allowing us to present and I'd be happy to take any questions afterward.

David Payne - Gannett Company, Inc. - SVP and Chief Digital Officer

Thank you, Matt and Gracia. It is an exciting time to be leading Gannett's digital strategy. Gannett has such deep content assets going from its national brand in USA TODAY across all of its local properties. It is a very unique combination of assets that this company has in the news and information space. Despite what you may have heard or read, there actually are some great tailwinds behind us.

Recent studies, and in fact our own data and I'm sure your own personal consumption would confirm that news consumption is actually at an all time high. What we're seeing is more and more Americans checking their news more and more times per day. 56% of Americans actually check one to two times a day with about a third of people checking three or more times per day. I dare say many of you in the room are checking news as you listen to this conference. I'm just saying.

The tablet experiences and the tablet products that we're seeing are even a great tailwind and a greater indicator for us of where we want to go digitally. Recent studies from Poynter are showing that more tablet owners are using and relying on the national and local traditional news brands than they are on aggregators. And it turns out that it wasn't mobile that changed everything. It actually was touch, swipe, engagements, flips that actually changed everything in the digital landscape and where we're headed. The challenge that we face and really every other media company is the monetization of our digital products and services, and that is the single core issue that we are focused on.

To address that in really the best position, Gannett, for its future, over the past six months since I've joined we've reorganized Gannett into a product development organization with a shared services backend across the entirety of the company. We have a very aggressive roadmap, as Gracia mentioned, over the coming year to develop next generation mobile, tablet, desktop, browser experiences on our 100 plus local properties, as well as to integrate all of our back-end systems, our publishing systems, our ad platforms, and our editorial workflow.

Together, we believe that the combination of the front-end work that we're doing and the back end work will drive aggressive digital revenue growth for the company in the future. Our product development efforts have been centered on building products that delight and engage users, but that also provide for the highest monetization. We are laser focused on creating new user experiences that are uniquely relevant, personalized, and visually compelling, which has been a heritage of this company since it started and we think we have a unique opportunity to leverage that as we move into the tablet.

As I mentioned, we're well underway on a significant project to relaunch all of our properties over the next 12 to 24 months. We'll begin that process through USA TODAY as our national brand and we'll build that product out as a framework for all of our local properties across the company. Expect to see more video, both video on demand and live video, which is an asset we have within this company that we haven't leveraged completely. Social tools, user generated content, which we all know these three elements are key drivers of engagement. Engagement will drive revenue as we move forward, and particularly as we start seeing new advertising units as guided by the tablet.

At the same time, we are building the tools and systems in 2012 that will let us leverage our content across all of Gannett as a whole. One product development area where I do want to call out and indicate where we're already seeing tremendous success is with our USA TODAY mobile division. We have the number one news and information iPad application. Our iPad app regularly receives over a million unique visitors per month. There have been about 2.7 million downloads on that and engagement is strong across the board.

We're not sticking just with the iPad. In fact, we have a complete suite of Android products across phone and tablet and we're in the process right now of literally building out Windows 8 and Kindle Fire applications for USA TODAY. So more and more platforms will be coming out. We've got a great development team that is able to push out these products as new platforms evolve and ultimately driving monetization across each one.

We're not just focused, as I mentioned, on the front end, which is oftentimes the fun stuff, but we're actually working significantly and diligently on streamlining our operations across the company. It's all about, for us, enabling easier workflows for our journalists so they can publish across platform and also making it, frankly, easier for our sales and marketing teams to sell our digital products. One of the things that we all struggle with in this business is making it easier for people to sell, manage, monitor, and report on digital media. So we're in the midst of making that happen.

We're also integrating our publishing systems across the company, building out our asset and management capability, and also, I don't know if Gracia mentioned it or not at the last conference, we're building out a video production center at WXIA in Atlanta. So we're building out a common digital video system that we can use across the entirety of Gannett. So that's an exciting development down there.

All of these improvements to our product development capability, both on the front end and the back end, are what will be combined together to drive our digital revenue growth. These are the building blocks, if you will. They will enable us to publish all types of content across all types of platforms and that's really what and where the world is headed right now. It is no longer newspapers publishing newspaper content online. Everybody is publishing all sorts of content, whether it's video, music generated content, social engagement. Everybody is in the same business. Gannett has a huge advantage with the content that it has, the assets it has, the reach it has to play in this space.

We're not just counting on one silver bullet with an ad strategy to drive revenues. We are on the ad side, leaning into a much more aggressive high impact, high value ad strategy. We will take cues from the tablet experience, from mobile, and from, quite frankly, some of the legacy media, magazines, and video advertising, pushing that into the digital landscape. Gracia mentioned some of our -- the work that we're doing for paid content and digital subscriptions as we move forward. We'll productize our offerings more clearly. We're engaging in a number of strategic partnerships that will provide monetization opportunities and of course we'll leverage point roll, which is our in house rich media provider across all of Gannett.

As we have done in the past few years, we'll continue to roll out and launch new products. Gracia mentioned DealChicken, which is a product that we launched over the last six months and is really a great success story. It's a fully owned and operated deal product. It's now in 57 markets and we did that in three months on a launch plan. So very aggressive rollout strategy. One interesting statistic for that is that 80% of the advertisers within DealChicken are new to Gannett. So while we have a strong local marketing presence, we're also rolling this into new advertisers and using it to drive new business across our local marketing services.

In addition to the new product development we're doing, we'll be increasingly focused on collaboration with some of the most innovative digital media companies to increase our relevance, our distribution, and our monetization. So being able to sell onto other platforms, sell advertising into Facebook, sell advertising into Flipboard. We just announced a strategic partnership with Flipboard where we will be the premier news and information partner, both in the iPad and the iPhone. Early engagement metrics on that product have been very, very favorable and the

distribution has led to increased downloads of the USA TODAY tablet as well. So we that as a win-win. So look for more of those strategic partnerships as we move forward into 2012.

So in conclusion, I couldn't be more excited about the opportunity here at Gannett to leverage the content that we have really with much stronger front end tools and product capabilities, and then also building the back end. It's going to enable Gannett to share all this content and leverage that content across all its platforms. So with that, I will turn it over to Paul. Thank you very much.

Paul Saleh - Gannett Company, Inc. - SVP and CFO

Thank you, David, and good morning, everyone. I'll provide a brief summary of revenue results for each of our business segments and then for the quarter to date, and then I will review our operating assumptions for the coming year. As usual, we'll be making forward-looking statements so please review the Safe Harbor provision. We've been operating in a very challenging economic environment throughout the year, although we have seen signs of improvement in business activity recently. Total revenue in publishing at this point in the quarter are approximately 5.5% down.

So far this quarter, advertising revenue trends have improved over the third quarter with November results particularly strong. Digital segment revenues are up 10%, in line with the third quarter, and reflecting the strong performance of CareerBuilder. Revenue in broadcasting segment are down 19% due primarily to the absence of approximately \$47 million of incremental political spending that drove the fourth quarter revenue growth last year. Our guidance for broadcasting results for the fourth quarter has moved to the upper end of our prior guidance. Excluding the incremental impact of political spending, we expect the fourth quarter total television revenue to be up 9% to 11% this year compared with last year.

Total company revenues through the first two months of the quarter are 6% lower than the prior year. Excluding the incremental impact from political spending from last year, total company revenue would have been down approximately 2%. As we close the quarter, seasonal spending as always will have an impact on our final results. We are encouraged by a report of strong consumer spending on Black Friday and Cyber Monday and we are cautiously optimistic that these trends will continue through year-end.

At this point, we are very comfortable with the current consensus of earnings per share of \$0.69, including an anticipated 31% effective tax rate for the quarter. On a reported basis, the tax rate may be in the mid-20s and that would be based on potential favorable audit settlements and tax reserve releases. For the full year, we expect total revenues of approximately \$5.2 billion, a decline of 4% compared with 2010. Operating cash flow is projected to be \$1.1 billion despite the absence of \$107 million in ad revenues associated with political and the Winter Olympic Games. As a result, free cash flow is expected to be below last year but still very strong. Our free cash flow projections include a \$15 million dividend that we expect to receive from Classified Ventures in the quarter. CareerBuilder has already paid us a dividend of approximately \$26.5 million this quarter.

We've been using our free cash flow to reduce debt and return cash to shareholders. We expect long-term debt to be in the range of \$1.75 billion to \$1.8 billion by year-end, including approximately \$255 million of borrowings under our revolver. Our debt to EBITDA at the end of the year is expected to be approximately 1.7 times. Our debt maturity schedule is very manageable. We have no significant maturities in any given year and we have no debt maturing in 2013. We anticipate that we will refinance the notes maturing in 2012 with free cash flow and borrowing under our revolver.

As we look to 2012, we have assumed that economic growth will remain subdued both in the US and the UK. The continued soft real estate market is likely to weigh on any potential economic recovery. As Matt mentioned, we expect a modest improvement in the job market. We're also expecting robust political and Olympic spending in 2012. And finally, as Gracia pointed out, we will be pursuing several new initiatives, including content monetization.

As always, we will maintain our focus on extracting cost efficiencies from our businesses. Publishing expenses are expected to be lower in 2012. We expect to benefit from cost savings related to the consolidation of our production and distribution activities across the company. Headcount is expected to be down in the low single digits in publishing due primarily to workforce actions we took this year. Other costs in publishing are expected to be down in the low to mid single digits.

Newsprint expense, both in the US and the UK, is expected to decline in the low single digits due primarily to lower usage. In broadcasting, we are expecting headcount to be up slightly and expenses to be up in the mid single digits, reflecting in part the projected growth in political and

Olympic spending. In the digital segment, we expect expenses to be up in the high single digits to low teens to support revenue growth and one time infrastructure investments related to the initiative that David just mentioned.

Let me quickly summarize some of our other assumptions for 2012. We expect capital expenditures to total \$90 million, which is up from the estimate of \$75 million to \$80 million this year, due primarily to investment in digital initiatives. Depreciation is expected to be approximately \$160 million, which is down from \$166 million that we expect for this year, and amortization is expected to be approximately \$31.5 million, which is in line with this year.

Now, we remain focused on enhancing return on our existing assets. Extracting efficiencies, and reducing costs is one facet of this kind of effort and Gannett Publishing Service is a good example of what we're doing there. Similarly, our approach to real estate demonstrates our focus on maximizing asset efficiencies. We're constantly evaluating opportunities to consolidate real estate, our real estate footprint. Over the past five years we've consolidated a number of our office and production facilities and during that period we sold approximately \$150 million in real estate assets. Currently, we have a number of properties either on contract or on the markets totaling tens of millions of dollars.

Another way we're also enhancing returns on assets is by introducing new product and services that leverage our strong presence in our local market, and as Gracia mentioned, DealChicken and content monetization are just good example and highlight these types of opportunities.

Finally, we've been working diligently over the past several years to improve our financial profile. We've reduced debt by over \$2 billion since 2008 and we have extended our maturities. In the process, we have strengthened our balance sheet and enhanced our financial flexibility.

Gracia Martore - Gannett Company, Inc. - President and CEO

Thanks, Paul. To sum it up, as you just heard we have a lot going on as the Gannett Company as we evolve with the ever changing media landscape. We're on pace to generate very significant free cash flow again this year and have a balance sheet, as Paul described, that's in very, very strong shape. This gives us the flexibility to invest in our future while also returning capital to our shareholders. We are working on several opportunities in a number of areas to leverage those attributes that are unique to Gannett, our powerful local brands, and our national scale. We believe we are well positioned as a company going forward.

Obviously, there's a lot of work to be done. We are finalizing our plans regarding several initiatives, including the ones we've talked with you today about and also including our strategy around capital allocation. We look forward to sharing more details with you when we complete that work at our first ever investor day in late winter of next year.

Thank you, and now I'll turn it over to John for questions.

QUESTION AND ANSWER

John Janedis - UBS - Analyst

Thank you, again. Gracia, you touched on capital allocation. You mentioned you've got the dividends coming in from CareerBuilder and from Classified Ventures, so, robust free cash flow. Can you just share a little bit more about maybe some of your priorities over the next 12 months?

Gracia Martore - Gannett Company, Inc. - President and CEO

Sure. First of all, John, I think that last chart was a wonderful testament to the consistency of free cash flow at the Gannett Company. You look at a year like 2008 and 2009 when the economy was so difficult and we obviously performed very well on that free cash flow. So that consistency of free cash flow is really a hallmark of our company.

For those of you not familiar with what we did in late July, we at that point doubled our dividend to \$0.08 per share, which gives us a dividend yield in the 2.5% to 3% range, depending on what the stock price is on any given year. We also announced at the time the reactivation of our share repurchase program and anticipated we would do about \$100 million of share repurchases over the next 12 months. We did say at that point

that that was something that we would continuously reevaluate as we looked at market conditions and as we looked at putting our strategy together and the Board is committed to doing that on a consistent basis.

So that is one of the things that we will talk about in greater detail at our investor day in late winter. But as you know, we have been very fortunate with that strong free cash flow to invest in those things that we believe are important to our future. The initiatives that David and others talked about today, as well as provide additional returns to our shareholders and reduce debt and give us a very strong financial position. So we're blessed that we can do all of those things at the same time, but more details in late winter.

John Janedis - UBS - Analyst

We'll stay tuned there. Can you give a little more color on print ad trends? Obviously, you mentioned November being good. I'm not sure if you gave us the exact number and McClatchy earlier said today that they did I think a minus 2.4%. Is that broad based in terms of categories? Is that retail, moving higher in advance to the holidays, or what are you seeing there?

Gracia Martore - Gannett Company, Inc. - President and CEO

We see the typical seasonal lift in the fourth quarter that we do every year. So we're comparing against that seasonal lift each year. But as Paul said, the results that we saw almost across the board in our publishing properties were a little bit better than we had anticipated. And we, and in fact in November, demonstrably better than what we had anticipated. And we saw it in virtually a lot of categories. Preprints were very strong in November and I think again that's a testament to the effectiveness of our preprints for advertisers. We've been hearing that in meetings with some very large retailers that the ROI that they're getting from that kind of advertising has really proven out in a very significant way.

So we saw it really across a lot of categories across our publishing group. We were just with Paul Davidson who runs our operations at Newsquest yesterday and he indicated there in the UK where they have had some tough times with the austerity measures put in place by the folks there that he sees some stabilization in the advertising side there. And as you've seen on the national advertising side of the UK, that has actually been a positive factor for them, in part I think reflecting the fact that a number of the regional folks there have gotten together and provided a very effective and cost efficient way to do national advertising across the UK similar to what some of the national newspapers have been able to do. In part, it reflects the transition from analog to digital television that's going on in the UK.

But I don't know, Bob, if you want to comment on any other trends.

Bob Dickey - Gannett Company, Inc. - President, U.S. Community Publishing

I think one of the keys at the local level is the small digitized retailers coming back.

Gracia Martore - Gannett Company, Inc. - President and CEO

And then on the broadcast side, as we said, we are seeing good follow through. We're at the higher end of the range that we provided on our third quarter earnings call. In part, that's due to very strong auto, but we have a number of categories that are positive in the fourth quarter. As we said earlier, on the auto side we anticipate that 2012, if we do 13 million to 14 million units across this country, that will be a good opportunity for new car sales to pick up. There's some pent up demand that some of the pundits believe is out there. I think the average age of a car in the US is about 10.6 years. So clearly, there are some opportunities there to sustain that strength in auto. Then we have all those great events coming up.

John Janedis - UBS - Analyst

I'll ask one more and then open it up to the audience. I know historically we've talked about your big four, meaning Florida, California, Nevada, Arizona. Have you seen a pick up in those four that's been driving this because I know they've been kind of lagging over the past few years?

Bob Dickey - Gannett Company, Inc. - President, U.S. Community Publishing

We're very happy with the performance we're seeing particularly in Phoenix. The efforts of bringing all of our media operations together -- KPNX, Arizona Republic, AZCentral -- that integration is working.. So we're very happy with that. We continue to see improvements in Florida as well. But until the real estate market really comes back, it's still a challenge, but our local managers have done a good job there.

Unidentified Audience Member

Matt, what do you think the big difference is between CareerBuilder and Monster?

Matt Ferguson - CareerBuilder - President and CEO

I think there's been several things. They've had several CEOs over the last seven years. They did a major acquisition in the US, which probably slowed them down from doing other things and they were trying to integrate that. We've had a consistent management team that's been in place for a decade now that's very focused on execution and has continued to do that. And that really helps if you can have that kind of continuity over a long period of time, executing in the marketplace.

Unidentified Audience Member

Quick follow-up to that question. I know they view themselves as having one competitive advantage of being able to sell a global buy. Now that you've expanded, can you do that same sort of thing for clients? Can you do the global buy for Fortune 500 clients?

Matt Ferguson - CareerBuilder - President and CEO

Yes, and we've had a business in India and so we did piecemeal buys because we could do a couple markets in Europe where we had strong traffic. But now, what we're really focused on this year and we have one of our really strong US sales leaders who also had worked internationally come back and focus on doing those global buys with US customers, because we have such deep relationships there. I think you'll see more from that this year than in the previous year. We just hadn't focused on it.

Unidentified Audience Member

Hi, good morning. I guess I have two questions. One is I was trying to do the math a little bit. So if quarter to date, publishing revenues are down 6%, and that includes --

Gracia Martore - Gannett Company, Inc. - President and CEO

A decline of roughly 5.5% in November.

Unidentified Audience Member

5.5%, I'm sorry, and that includes the circulation, which is presumably better than that, I'm kind of implying that advertising is 7% down.

Gracia Martore - Gannett Company, Inc. - President and CEO

No, that 5.5% is also advertising revenues as well in November.

Unidentified Audience Member

Oh, it's that as well?

Gracia Martore - Gannett Company, Inc. - President and CEO

Yes, and there are some other pieces, obviously other revenues like commercial printing offsets some other pieces. So that's in the mix, but actually total advertising revenues are down roughly 5.5% or better in November.

Unidentified Audience Member

That's good clarification. Thank you. Then my second question is, how do you think from a local retail standpoint with that category being good for the holidays, how do you think about that in terms of what happens next year? Do you think it's a positive head fake because everyone is going after a weak consumer as quickly as possible into the holiday? Do you have any insight into how retailers are looking at that?

Gracia Martore - Gannett Company, Inc. - President and CEO

At this point, I think a lot is going to depend on where the economy goes over the next several months. And we don't have a crystal ball on that, but clearly if, as we saw in the summer months when the country was involved in debates around the debt ceiling and there were other issues that we were grappling with, you saw the economy slow down demonstrably during those months. And now it seems to be picking up a bit and consumer confidence seems to be a little bit better because we're not dealing with those issues that really impact the consumer and make them sit back and think about whether they want to spend, given all the haranguing that was going on in Washington.

So we're going to have to see how the economy evolves. The stock market volatility that we've seen is also not particularly helpful for consumer confidence and business confidence as well. So a lot will depend on how the next two or three months play out from a consumer confidence perspective. But we were heartened by what we saw in November as a nice pickup, and certainly out of the doldrums of the summer months that were impacted by those issues.

Unidentified Audience Member

Not every digital product works. I think that's pretty obvious and I'm thinking of a headline I saw, correct me if I'm wrong, I think Moms Like Me was closed and that was something that management talked a lot about and had some optimism about at one point. Can you talk about what went wrong, what learnings you take from that, how you apply those learnings to new products?

David Payne - Gannett Company, Inc. - SVP and Chief Digital Officer

Sure. So you're exactly right, not every product works and we don't expect every product to work. That would be an unrealistic expectation within our company. I think for Moms Like Me in particular, it's a good symbol of what you need to do with your digital product development, either invest a significant amount of money into that particular product or realize that it wasn't catching the fire that we needed it to catch, and so now redeploy and refocus our efforts on these other areas where we think we have a stronger capability to win, which is exactly what we're doing.

Gracia Martore - Gannett Company, Inc. - President and CEO

I think I would add to David's comments that what we also found, with that particular audience, that through some additional products that we in the broadcast as well as the publishing domain that were reaching that audience in a variety of different ways. That we didn't necessarily have to have one specific product that was dedicated to just moms because of some of the other initiatives that we had going on. So it was a combination of those things plus prioritizing some of the initiatives that we had that we felt could give us a better bang for the investment dollar.

John Janedis - UBS - Analyst

One more quick one and then we'll wrap it up.

Unidentified Audience Member

Hi, thanks for the information on CareerBuilder. I noticed that you specifically identified North America revenue nine-month year-to-date. Is there any way you can give us any idea of the size of the international business, and in general the margins on the North America business similar to that, and international?

Matt Ferguson - CareerBuilder - President and CEO

No, we haven't released the revenue on the international business. It's growing fast and maybe at some point we will. Let me just, I'll talk about margins. I think you're going to see in a country like India that eventually when you get to a mature stage that you'll have margins like you do in the US. I think in Europe, just the way you have to buy the job seeker traffic in the media, the margins there will always be five to ten points less if you just look at sort of EBITDA margins. But it's a good place to do business and as John had asked me before, we're now scaled there so we're excited about the growth there. I just don't think you'll see profit margins in Europe along the lines of North America or India.

We have a joint venture in China and it's early. We're investing. It's growing. We're not putting a ton of money behind it. We have a partner there and but it is a heavily regulated environment. I don't know that the margins in China would ever be similar to anywhere around the world unless you get a different regulatory environment. Southeast Asia, I think depending on how you build the scale could have margins similar to what you're doing in the United States, maybe a point or two lower. That's just as I sit here today.

John Janedis - UBS - Analyst

Thank you very much.