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(EDITED FOR CLARITY)

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PRESENTATION

John Janedis: Okay, great. So good morning everybody. It's my pleasure to welcome today the Gannet Company again this year. With us we have to my direct right Gracia Martore, President and CEO. To her right, Bob Dickey, President U.S. Community Publishing; Dave Lougee, President Gannet Broadcasting; and to the far right for the first time this year Victoria Harker, the new CFO. So welcome Victoria. So without further ado: Gracia Martore.

Gracia Martore: Thanks, John. We're really pleased to be here this morning with you. This conference is a great opportunity for us to talk about our strong progress in positioning Gannet for growth in the digital era. There's a lot of work under way at the company to make that happen and today we're going to be updating you on what I think is just a terrific story. But first, of course, we have to show you the forward-looking statements disclaimer. The lawyers will be very happy. You've absorbed it now.

So, as we begin, I want to introduce you to some other folks with the Gannett team here today. John mentioned our speakers today, but also with us in the audience are David Payne, our Chief Digital Officer; Jack Williams, President of Gannett Digital Ventures; Larry Kramer, President and Publisher of USA TODAY; Maryam Banikarim, our Chief Marketing Officer; and Kevin Lord, our Chief HR Officer. As well Matt Ferguson, CEO of CareerBuilder, is also with us. We have an exceptional leadership team, and I hope you have the opportunity to talk with them this morning.

This year has been a very exciting, and most importantly, an incredibly productive year for the Gannett Company. When we met here at last year's conference, we were still developing our business strategy and capital allocation plan. Just two months later in February, we held our first-ever Investor Day and laid out a detailed roadmap to go on the offensive and harness our powerful local brands, national scale and financial strength to make us a strong player in the fast-evolving digital world.

Our plan is designed to return Gannett to sustainable revenue growth, increase profitability and deliver greater shareholder value over the next few years. As we'll discuss today, we are making great progress on many fronts and delivering on our commitment to return more cash to shareholders. In fact, by the end of the year we expect we will return over $300 million.

Now, as I talk about all that's been accomplished this year, you may get a sense that our work is done. It is absolutely not. As we said in February, this is not a quick fix but a multiyear strategy. We will invest more where we believe it makes sense, and fully expect to benefit from that investment in 2014 and beyond.

We got off to a fast start in 2012 to put our strategy to work to achieve three overarching objectives. First, we were determined to enhance our local core news and marketing operations to make our local franchises stronger, and our ties with the communities where we do business even deeper. Second, we wanted to make sure we were taking full advantage of our unique hometown and brand advantages, and accelerate our growth by entering into or expanding high-growth businesses. And finally, in typical Gannett fashion, we made sure we were optimizing our assets and maintaining a strong financial profile so that we could self-fund growth and innovation while delivering more value to you, our shareholders.

We brought that strategy to life through a series of transformative initiatives. Our plate is definitely full, but that was no surprise. Our plan was bold, ambitious and thorough. It played to our strengths, so we were confident that while it was aggressive, it was manageable and doable. And now I know some of you in this room were skeptical about our plans and adopted, appropriately so, a wait-and-see attitude. That's totally understandable. But I am more than pleased to say our description was right on the money.

Since February, we've moved quickly on many fronts and made excellent progress across the board. We've made significant progress in positioning Gannett to achieve both our short and long-term goals, revenue growth at a compound annual rate of 2% to 4% operating margins in the 15% to 19% range by 2015. Now Victoria will be talking in greater detail about our financial performance and outlook shortly.

We saw 2012 really as an inflection point for Gannett, and it's been just that. We're on the move, and I like the upper trend line that is being driven by the great work done across our company. Now here are just a few highlights. So far this year we've completed rolling out our new full-access content subscription model in 78 of our local publishing markets. Our model places value on our content and gives subscribers access to it across a variety of digital and print platforms.

Our projections are on target, and through the first three quarters company-wide circulation revenues have grown. And we will make more progress in the fourth quarter and will deliver our first annual circulation revenue growth in almost six years. Bob Dickey and I will talk about that more in a few moments.

We also launched new and expanded Digital Marketing Services offerings aimed at helping tens of thousands of small and medium-sized businesses in our markets use digital technology more efficiently and effectively to reach their customers. These services are strengthening our ties with businesses across the country, while creating a valuable new revenue stream. And we delivered an all-time record for revenues and profits in broadcasting.

Oh, by the way, we also built out our technology platforms and infrastructure, and added new award-winning apps. We made targeted acquisitions to fill in gaps and strengthen our hand. We saw CareerBuilder continue to lead our digital segment by growing share both in the US and internationally, and by expanding its already industry-leading platforms. Now that's a strong list of accomplishments in any year, but there's more. We also reimagined our iconic USA TODAY brand, and relaunched it as a multi-platform news and marketing company optimized for the digital era.

We built out and streamlined our USA TODAY sports marketing group to fully leverage one of the country's strongest local and national sports news and information franchises. And as a result, our digital sports platforms now consistently rank in the top five of digital sports destinations. And with 23 million unique visitors in October, we are well on our way to our 2015 goal of 35 million unique visitors. We also began implementing growth strategies at Newsquest in the UK, and we'll see some of the impact of those in 2013 and beyond. And we are on track to complete what has been a carefully thought out and well executed $65 million self-funded investment program in our growth initiatives for 2012.

And by the way, while we were doing all of this, we kept our traditional focus on cost management and asset optimization efforts, including our real estate assets. All of that contributed significantly to the bottom line.

Now there's much more, of course, but I wanted to use these highlights to make a very important point. We are transforming Gannett into a digital powerhouse and finding new ways to strengthen our ties to people, businesses and the communities that rely on us. We're operating with a sense of urgency, and most importantly, executing successfully and delivering on our promise to return increasing levels of capital to our shareholders.

Now that was a bit of a whirlwind tour of our year, and what I would like to do now is to a deeper dive on several key areas that are having a particularly important impact on our business. In the next few moments, we'll be covering the full access content subscription model. So that's very important to our local publishing businesses; CareerBuilder, which is helping drive our digital segment revenues. The record results for Gannett Broadcasting and our growing Digital Marketing Services business, which is still in its infancy.

Let's begin with the full access content model. As we said before, our new content subscription model is a linchpin of our strategy. It goes without saying that content drives our business, and our new model ensures that we are paid for that great content. The new subscription model boils down to this. For a monthly fee, subscribers can access all of our content on every digital platform, plus they have a choice of home delivery options. Here's a short, short video that tells the story. (Video plays.)

So that's it in a nutshell. Bob Dickey and his team have done a remarkable job of executing a near flawless rollout of unique products in 78 unique different markets in just 10 months. They hit the trifecta -- on-time, on budget and above target. With that, here is Bob.

Bob Dickey: Thank you, Gracia. Good morning. Implementing the full access subscription model, we set out to redefine the subscriber relationship to one grounded in the high value consumers place on unique, relevant, local content and our long-standing local relationship as the primary trusted local news source in every community we serve. Since launching full access, more than half of our readers are accessing our content on two or more platforms. Research studies conducted in three markets -- Wilmington, Brevard, and Sioux Falls -- showed that 52% of our readers access our content on at least two platforms; platforms measured for print, desktop, mobile, tablet and social.

This shows strong engagement with our content and underscores the enhanced value of our subscription offerings under the full access model. As Gracia pointed out, we have fully implemented this initiative across 78 markets, from the Journal and Courier in Lafayette, Indiana to the Arizona Republic in Phoenix. Deep consumer research drove the new subscription options and pricing, as well as improvements in content to align resources with the interests and passions of customers in each local market.

Early results indicate we are solidly on the right track, with existing customers demonstrating great loyalty and new customers, primarily digital, showing a willingness to purchase in line with our business assumptions. Thus far we are seeing revenue growth of 21% on average, resulting, as Gracia pointed out, in the first companywide quarterly circulation revenue increase since 2007. We are on track to realize subscription revenue increases of about 25% to prelaunch levels, but it's still early, as many of our largest markets, like Phoenix, did not implement full access until late in the year.

EasyPay adoption has been a pleasant surprise, which has increased by 10 percentage points on a year-over-year basis and now stands at 59%, which of course bodes well for continued subscriber retention. Home delivery and single copy volume trends are in line or outperforming our business model assumptions.

On the digital front, we've seen good organic growth of digital-only subscribers. Currently we stand at just over 40,000 and we're in the process of launching a digital marketing campaign to drive subscriber acquisitions as our subscriber and revenue targets ramp up going into 2013. Our goal for next year is to grow our digital subscriber base five to seven times from what it is today. On top of that, roughly a third of our subscribers, or approximately 925,000 of them, have activated their digital access with some markets already at 50%, and well on pace to reach our goal of 60% after one year. And we continue to execute all local digital advertising campaigns even as we experience page view declines.

And we're holding onto and overall growing our audience on our digital platforms. Year to date we've seen 4% growth of unique browsers, despite limiting content to nonsubscribers. And then in October, as Hurricane Sandy and the election coverage heated up, we experienced a 15% increase year-over-year with unique browsers, which we believe demonstrates very clearly once again that our organizations are the most trusted reliable source for breaking news and coverage of issues of importance.

As you have heard before, we've invested to expand our digital portfolio to ensure all subscribers would have access to our content on the platforms that they most enjoy. Our first-generation tablet sites are attracting new readers and advertisers, and we have many enhancements planned for the coming year including an evening edition of the Arizona Republic for tablet readers which debuts this week. With our rollout complete, our focus turns now to sustaining this new business and driving acquisition of new customers. Our newsrooms will need to continue to become even more sophisticated in creating platforms tailored to meet the needs of the consumer.

And the relaunch of the digital platforms planned for 2013 we believe will further enhance the subscriber value. In short, the new access subscription model has breathed new life into our local media operations, reinforcing the value of the service we provide our communities and the loyalty of our customers. Thank you.

Gracia Martore: In terms of the financial contribution, the increase in subscription revenue planned, as Bob indicated, translates into a contribution to operating income of over $100 million. We exceeded our projections from the content subscription model in the third quarter and expect to do so again in the fourth quarter. We're now looking at a total 2012 contribution an operating profit of about $20 million, next year another $80 million or more, and expect to exceed the $100 million operating profit increased we promised for 2013.

Now, let me turn to CareerBuilder. It's an incredibly successful business, and a key component of our digital segment. It's delivered year after year, and in 2012 is on target to do it again. By the end of the third quarter this year, CareerBuilder had already outsold Monster by $146 million in North America, further widening its revenue lead. It has taken market share for eight years in a row and is now averaging 22 million unique visitors per month.

It's worth remembering that it is delivering solid performance and adding market share in a slow growing employment environment, and is adding depth and breadth to its team and offering through smart investments. So it is extremely well-positioned for accelerated growth when the employment markets improve. Matt Ferguson and his team have built CareerBuilder into the industry leader. But they're not standing still. They're moving quickly on many fronts to ensure leadership in the US, North America and in key markets around the world.

And this is not just geographic expansion. CareerBuilder is adding new important capabilities as it becomes a leading global provider of human resource solutions. In September, it made it a game-changing move in online recruitment by acquiring Economic Modeling Specialists. EMSI is an economic software firm that specializes in gathering and interpreting large amounts of employment data and labor market analysis.

Big data is big news in a lot of industries, including recruiting, and EMSI is a leader in that space. Combining that with CareerBuilder's global platform positions them to deliver deeper, broader employment data and analysis that will change the way companies recruit. It builds on CareerBuilder's successful Workforce Analytics offering, which has seen 67% revenue growth this year.

CareerBuilder is integrating big data into its talent network solution as well, which automates the sourcing and candidate engagement process and is now available in over 20 languages. This is another solution that companies are quickly adopting.
CareerBuilder is also having great success with its niche sites that serve professionals in vertical industries such as healthcare or technology. This year it also launched its first global niche site, MoneyJobs.com for financial professionals. Through the first nine months, revenue from that has grown 49% compared to 2011. And as many of you know, CareerBuilder is already strong internationally and growing. In addition to being on the ground in 23 countries outside of North America through partnerships and acquisitions, it has a presence in more than 16 markets. Through the end of the third quarter, revenue from CareerBuilder's operations overseas increased 28% year over year and will end this year with another strong performance.

With its strong position in the US and key markets around the world, a focus on technology innovation and enhanced big data capabilities, CareerBuilder has multiple advantages over both established as well as emerging competitors.
Now I'm going to turn to Gannett Broadcasting, which has been strong throughout the year, but is the headline story of the second half for Gannett. Dave Lougee and his team have done a magnificent job pulling in an unprecedented level of Olympic advertising. In addition, our strong footprint, ratings, and as importantly, inventory management savvy helped us achieve a record level of spending this year.

Dave, you have the bragging rights.

David Lougee: Thank you, Gracia. I'm pleased to report that Gannett Broadcasting will have a record-breaking year in 2012, with record revenues and record NIBT along with significant share growth in our markets. Next I'll discuss a few of the key components that helped position us to achieve these results. Let me start by talking about the London Summer Olympics. The 2012 Summer Games were the most viewed television event in US history, as many of you know. Over 219 million Americans tuned into the games and Gannett local stations helped drive those numbers.

KUSA in Denver was the top rated major NBC affiliate in adults 25 to 54. Our stations in Atlanta and Minneapolis were second and third respectively. And when you add St. Louis, Cleveland and Phoenix, we took six of the top 10. But frankly, our ratings have always been strong for the Olympics. What was different this year was our revenue performance. We put in place a year-long Olympic sales transformation process of training and execution and I'm very pleased to report our team's results.

We brought a lot of new major local advertisers into the Olympics and are already working with them on renewals for the Sochi Winter Games in just 13 months. We finished the Olympics with $37 million in billing. That is up 58% from the Beijing Olympics in 2008. Note that approximately $4 million of political advertising aired during the Olympics, and is included in both the political and Olympic categories.

Turning to political, our political revenue for the year will be $150 million also a record by a significant margin, as we leveraged our strong stations and our strong local news positions. As we said last year at this time, we have and had a very strong political footprint as we have with every federal election cycle.

Political spending was at record levels with Colorado, Ohio, Florida, and Virginia as key presidential swing states and key for us.

And looking ahead two years to 2014, we will have a strong slate of contested gubernatorial and US Senate races and Congressional races. And the dynamics that led to record fund-raising this year will continue to be in place. Now let's talk about retransmission consent. As we've said in the past, this is Broadcasting's paid content model. In 2013, we will receive \$135 million to \$140 million from our distributors, up 41% to 46% from this year.

It's worth noting that while this is a healthy increase in high margin money for us, it won't offset our record 2012 political revenues, also high margin business, nor our record even-year Olympic revenue. But overall, retransmission consent continues to be a positive development for us, and appropriately so.

There's still a lack of alignment between the size of our stations' audiences and the percentage of subscriber fees we receive, so there continues to be upside for us and the networks. Our affiliation agreements expire in 2014, 2015 and 2017 as indicated on this slide. And as we said before, we agree with the concept of growing and sharing of the retrans pie together. That revenue stream is key to investment in programming in both the local and national level.

Now for our fourth-quarter estimate: As with our third quarter, this will be the division's highest fourth-quarter both in terms of revenue and NIBT. Fourth quarter total revenues are projected to be finished in the very high 30%'s above last year. Record political revenue for the quarter above \$90 million will be the driver this quarter.

Let me talk about core revenues, core defined as spot television advertising excluding political dollars. As a result of that historical political demand, core will be down this quarter due to the political displacement in October and November. But notably, December core -- absent those dynamics on an apples-to-apples basis -- is in positive territory and will finish up in the mid-single digits.

Retransmission revenue in the fourth quarter is projected to finish in the mid-30%'s above last year. For the full year 2012 annual revenue and NIBT, as I said, will be records. And our net revenues, total revenues, are projected to finish up in the mid-20%'s above last year for the full year. Political, we'll finish at \$150 million. Digital will be up in the low double digits and retrans for the year will be up in the low 20%'s above last year for the full year.

Finally, just a moment about NBC. We have a very heavy NBC footprint, and our recent results in recent years have come despite an extended downturn in NBC's primetime performance. We're pleased to say that the new management team is turning that around, and NBC just finished November as the number one network in adults 18 to 49. That's the first time since 2003, and it bodes well for us. Our stations also performed well in November. Atlanta, Minneapolis, Denver, and Phoenix also showed very strong growth in prime and their late news. Thank you.

Gracia Martore: Thanks, Dave, I can't wait until 2014. As I said at the beginning of my remarks, one of our key objectives was to take full advantage of our deep roots in the communities we serve and the close ties and deep relationships with thousands and thousands of small and medium-sized businesses. To do that, we significantly expanded the breadth of our marketing products and services in the digital arena so that we could offer our customers a wide array of Gannett solutions in a one-stop shop that would help them reach their customers. Digital is a big deal to our customers, and that makes it a very big deal to us.

Local customers' businesses know that if they want to reach their customers, digital has to be part of the plan. Their digital ad spend is growing, but so is the complexity they face in navigating the digital landscape, or maybe digital minefield is a better description. When they look at digital, business owners see an exploding array of new technologies. They find themselves having to evaluate proposals that often come from companies they don't know, and more importantly, don't know them. Make no mistake. Digital is the wave of today and of the future but the transition isn't easy for our customers.

That's where we come in. We know media, we know advertising, we know our customers. And they know us and trust us. Here is how it works. (Video playing.)

Our approach to building out and providing our DMS services is pragmatic. We build when we can and we buy when we need to. For example, we built Deal Chicken into a successful daily coupon and deal business in 65 domestic publishing and broadcasting markets using our own skills and market expertise. But when we need capabilities, we're not afraid to make smart bolt-on additions.

In the third quarter we acquired BLiNQ Media, whose specialty is social engagement advertising, and they have managed campaigns for many of the world's largest advertisers with their strong Facebook relationship. As we said in the video, being able to offer a full complement of products to our advertisers is key, and BLiNQ is helping with that. We also acquired Mobestream Media, the developer of the Key Ring consumer loyalty app that allows consumers to scan and store existing loyalty cards, join new reward programs and receive mobile coupons. Mobestream also helps companies manage their loyalty programs by tracking and rewarding customers for their business. Key Ring puts us ahead of the competition with mobile and digital marketing.

As we near the end of the year, we now have DMS products across all of our domestic markets. Basically DMS revenue is a new revenue stream for us. It is found money from services that tend to augment advertising, not detract from it. We will continue to invest aggressively and wisely in it next year. Demand is strong, but at the very early stages. We're excited about the long-term prospects for DMS and serving their customers.

Just a side note, thanks to DMS, CareerBuilder and the content subscription model, our digital revenue is growing smartly. By the end of the third quarter we had generated almost $920 million in digital revenue companywide. Looking at the full year, we are on track to deliver about $1.3 billion in digital revenues, a record year and about 25% of total company revenues.

Now that concludes our comments on our strategy and operations. I'm now going to ask Victoria to give you additional information on our performance and outlook. Victoria?

Victoria Harker: Thanks, Gracia and good morning everyone. As Gracia noted, this year we've been accelerating our investment in our strategic initiatives. We've delivered on the development of digital products and platforms while further consolidating and automating our infrastructure. We are already seeing the impact of these efforts in our results this year, and I expect to see even greater benefit from them in 2013. Before we look ahead to next year, though, I'll briefly summarize our expectations for our financial results for the fourth quarter. I'll also touch on some of our key operating drivers and metrics for the year.

Our results for the fourth quarter are largely driven by record results for the Broadcasting segment as you heard from Dave, due to banner year of political ad spending as well as increased circulation revenue in our Publishing segment, resulting from the all access content subscription model's success. They are, of course, muted by stagnant economic growth which continues to manifest itself in weakened demand for print advertising overall.

As previously discussed, though, we're not content to allow this to drive our results. So we're continuing to leverage our investments in new products and new technologies to keep up the previous momentum right into 2013. Now turning to a topline review of each of our reporting segments. As you've heard today, we are executing well on our strategic initiatives. Our revenue results clearly reflect that success.

Let's take a look at some of the key revenue growth rates by segment and their drivers. As a reminder, these growth rates exclude the extra week in the quarter for both our Publishing and Broadcast businesses. As we said in February when we launched these initiatives, a critical goal was to stabilize revenues in our Publishing segment. We're achieving this by providing quality content to consumers through all of the vehicles they choose to access the news, whether in print or online or both.

As you can see, during the first quarter this year, prior to the launch, Publishing revenues were down about 6% year-over-year. The trends have improved steadily each quarter this year, and we expect the publishing segment revenues to decline just 1% during the fourth quarter. Obviously, results from the new content subscription model were a big driver of that improving trend. In fact, we now expect circulation revenue in the fourth quarter to increase significantly -- almost 10%. The increase in circulation revenue helps offset the 6% decline in advertising revenue we're expecting in the fourth quarter.

I should note that advertising revenue comparisons also improved somewhat over the same period, reflecting the slowly improving but still very uncertain economy. As was noted earlier, CareerBuilder also continues to post very strong results, and the fourth quarter is no different. Our Digital segment's revenues will be up approximately 6% due in no small part to their continued momentum.

Digital revenue company-wide is expected to be 29% higher in the fourth quarter, clearly demonstrating an accelerating trend from the 8% increase in the first quarter of this year. This reflects growth in both digital advertising each quarter, as well as the increasing impact of the all-access content subscription model as each subsequent wave has rolled out. As Dave noted, the percentage increase in Broadcasting segment revenues will be in the high 30%'s for the fourth quarter, as we generated a record level of political advertising revenue and projected growth in core revenue in December. All told across all the segments, we expect total revenues to be up over 5% the fourth quarter, continuing the upward trend we'd experienced all year with an accelerating pace. This just reinforces the investment return expectations we had previously projected when we launched.

During the last week of October, Hurricane Sandy did impact our local operations in New Jersey and near to New York City, as it did many other businesses. It also affected USA TODAY circulation revenue due to lower hotel and single copy sales. Although the storm did not cause us to miss any print runs, and in fact we were able to help support other newspapers, we expect the impact will be a little less than a penny of earnings per share.

Also remember, we have an extra week in the fourth quarter for our Publishing and Broadcasting businesses. As you know, the first call consensus of earnings per share estimate is $0.85 which includes the extra week. Based on current trends we now expect EPS to be $0.87 to $0.88 for the year based on currently projected tax rates and including the extra week, which is projected to contribute about $0.02 to $0.03 to the fourth quarter.

For the full year, we expect revenues to be $5.3 billion for the year excluding the extra week for comparability in 2013. That is an increase of 1% over 2011 and reflects the impact of all the drivers I previously mentioned. Olympic and political ad-related spending will have contributed over $180 million to 2012 results, with the full access content subscription model and continued strong results at CareerBuilder.

Operating cash flow is expected to be approximately $1.1 billion for the full year. Our free cash flow estimates at this juncture include a dividend from Classified Ventures of $11 million to $13 million. As we noted at our investor day in February of this year, we expected to meet the consensus earnings per share estimates provided at that time of $2.18 even while funding $65 million in the new strategic initiatives. We're pleased to say we believe we will achieve that this year and more.

Back in February, you may recall we accelerated our share repurchase program, announcing that we would buy back $300 million in shares over the next two years. We've executed on that plan and expect to close 2012 with about half of that completed. We acquired over 8 million shares through the end of the third quarter at a cost of approximately $117 million at an average price out of $14.29 and have continued to remain active buyers during the fourth quarter as well. As we said in February, we also invested in several bolt-on acquisitions this year, as planned, to accelerate our strategic agenda.

Finally we expect to finish the year with approximately $1.5 billion in outstanding debt. Again, this reflects the strength of our free cash flow generation which enabled us to pay down $250 million in outstanding debt this year. As a reminder, we also have no upcoming debt maturities due in 2013.

Now turning to our 2013 outlook, in framing our preliminary projections, we expect very similar macroeconomic conditions year-over-year with GDP growth in the 1% to 2% range again, both here in the US as well as within the UK. As we all recognize, the fiscal cliff could derail the US economy's recovery, so we will be prepared with contingency plans should it slow further.

In 2013, as you no doubt recognized, year-over-year segment revenue and income comparables will be challenging for the Broadcast segment, given the historically high levels of Olympics and political ad spending in 2012 with strong associated margins. This is a result of heavy television advertising demand during the year, which commands significant premiums. With the local and national campaign spending now largely behind us as we move toward

2013, the Broadcast segment results will necessarily reflect a decline in both rate and volume.

While this does present a year-over-year trend challenge, there are several areas that we are leveraging to help mitigate the impact to our results. As Dave pointed out we expect that some of the Broadcast segment ad spending decline will be offset by higher retransmission revenue. In addition we're seeing good momentum in several key markets, and expect several TV stations to increase their share in 2013 given our investments in both content and digital delivery.

The 2012 initiatives, particularly the all-access content subscription model and Digital Marketing Services, as Gracia has already discussed, are expected to be key contributors to our 2013 financial results, as CareerBuilder will continue to be. Our continued focus on consolidation of support platforms, leveraging outsourcing and best practices, as well as several new cost savings initiatives and planned asset monetizations next year will render us even more efficient going forward.

Although we expect ongoing benefit from the efficiency efforts I have just discussed there are, however, several factors that will increase our overall expenses year-over-year, as anticipated. First, we expect to invest an additional $30 million to $35 million on extending several key strategic initiatives, such as the mobile and tablet relaunch, Digital Marketing Services and several travel partner programs. The initiatives we rolled out 2012, such as the full access content subscription model, the digital applications and DMS, also have ongoing costs associated with their growth, allowing us to further leverage these initiatives.

We're also now supporting new employee payroll, as several acquisitions have become fully integrated and CareerBuilder continues to grow. We are also projecting higher stock-based compensation as we cycle lower-price stock options and restricted stock unit grants. From an expense perspective, total costs are projected to increase slightly in 2013 on a same 52-week comparison.

As I just mentioned, for example, support costs in our Publishing segment will now reflect expense associated with the content subscription model, including additional sales and customer service support, as well as continued investment and development of local content.

Broadcasting segment expenses will also be impacted by their effort to expand their growth in Digital revenue through various investments in marketing tools and training. Similarly, our Digital segment will reflect continued investment in revenue growth. Moving ahead to some of our key 2013 projections, we expect 2012 with capital expenditures from $90 million to $100 million range, over half of which will be dedicated to the development of digital platforms, product feature functionality, systems that have been critical to positioning us to compete in the growing digital commerce market as well as key efforts in achieving efficiencies.

In 2013 we expect capital expenditures in the $110 million range, with nearly 70% targeted at our online products, digital infrastructure and strategic initiatives, including cost management. We project 2013 depreciation and amortization to be in line with 2012 projections at approximately $160 million and $32 million, respectively.

Finally our effective tax rate is projected to be approximately 33% based on our current outlook and in line with prior periods on a run rate basis.

Now I'll hand back to Gracia to bring us to close and open up the question-and-answer session.

Gracia Martore: Thanks, Victoria. We started an important journey in 2012 when we set a new course and moved quickly to put our plans in action, and we're going to make more progress in 2013. As I said, we are proud of what we accomplished this year, but I promise that we are all keenly aware that the media business doesn't stand still for even a minute.

We take for granted that change is relentless. We know we have to show up with our A-game every day, and we plan to. And after a number of years of being on defense, we are a team that likes playing offense. We know it's more rewarding and more important to the communities we serve and our investors to be building a strong, profitable business than just maintaining or managing a declining one.

I don't have to tell anyone in this room or listening to this presentation that there are plenty of challenges ahead in terms of the macro environment. Living close to Washington, we get it on almost a daily basis. And like any business, we know we'll face our own set of challenges. But we are convinced that our planning is sound and that our ability to execute is an enormous plus in the marketplace. We are determined to achieve our objectives and to deliver increasing value to you, our shareholders.

With that, John, we'd love to take any questions that there might be out there.

John Janedis: Great, so maybe I'll ask a couple, then we can open it up. To your point Gracia, it's been a big year for Gannett and for you. You're on track or ahead of the targets you laid out back in February at the investor day that you held. For the content subscription model, what are some of the guideposts we should be looking for over the next few quarters? Is it just simply the revenue numbers you put up every quarter? Or how do we think about that?

Gracia Martore: We should see some continuing growth as various subscriptions come up for renewal -- there are three-month subscriptions, one-year subscriptions, et cetera. So, as we roll those over, we'll continue to see some trajectory improvement. As well, there are markets that we just launched in November, completed the launch in November. And so we would expect to see more traction out of those markets.

But Bob, do you have anything you want to add?

Bob Dickey: I think going forward, retention will be incredibly important as we cycle the price increases that began in February, really took hold in April and on. And we're happy that our retention in fact is improving slightly. I think the EZPay number is driving part of that. And I think another key metric will be our ability to sell digital-only subscriptions and bring new customers. To date those customers are younger, which is a nice thing for advertisers as well.

Gracia Martore: And also we anticipate a fairly substantial ramp in digital-only subscriptions.

John Janedis: I know historically you've never talked about your retention numbers, but maybe you can help us a little bit. So, when you think about the course of the year and what's come up for renewal, what percentage of your subs have actually been up for renewal?

Bob Dickey: At this point, we have not cycled any of the markets on a one-year basis. We have cycled approximately 50% of our subscription subscribers who are on 13-week programs that are starting to cycle out and end their first subscription level. So we're in a very good position as those subscribers have come out of their first 13-week cycle. Our retention numbers are slightly better than they were going into the launch.

John Janedis: And maybe Gracia, your DMS business really seems to be underappreciated it would seem by the marketplace. How labor-intensive is it, what is the margin profile and where are you gaining the share from? I know you kind of touched on it a little bit, but can you give us more detail there?

Gracia Martore: Sure. We do believe it's underappreciated because for us this is really an opportunity for us not to just be able to go after the advertising pie, but to also go after the total marketing and advertising spend that those local small and medium-sized businesses do in those markets. And we think we have those advantages I talked about -- the fact that we know our customers and we have deep relationships with them.

We've been in those markets for a number of years -- literally decades with some of these customers. We have a clear advantage over other folks that are trying to just sell one product from someplace far away.

We have built and we are building a full suite of Digital Marketing Services products. And you saw from the video and slide that we showed that we are in a very good position to complete that suite of products in a pretty meaningful way. And we think that with a small business, which is inundated with 30 calls a month -- which understands their business but doesn't understand marketing spend or advertising spend -- wants somebody to come in there who they trust to help them with that process. And that's exactly the position that we are in

As I said, when we started thinking about this much more seriously and investing in it this, this year, what I think we all came to the realization with was that, while it was early in this process and there is a lot more we have to do, that the demand for this was palpable. And when Bob and I, and Dave and I are out on our site visits with our local broadcast properties or our newspaper properties, our sales forces are totally jazzed up about the ability to have this portfolio of digital services, because this allows them to have incredibly great conversations, new conversations with their customers that they simply haven't had. And they see the demand that customers have for this.

Ultimately we believe this business is going to be a very nice margin business. We see this an even greater opportunity than we thought there was in February. We're going to continue to invest pretty aggressively in this business over the next year. So we're not going to realize the full margin that you would if you weren't investing aggressively, but we think that actually positions us even better in 2015 to 2017 to exceed what we thought that that business was otherwise going to generate at very attractive margins.

John Janedis: I will ask one quick balance sheet question and then I'll open it up to the audience. You've taken down leverage significantly since the downturn in 2008/2009 and increased the dividend as you mentioned; done the buyback. That's ongoing. You're generating a tremendous amount of free cash flow, as you know. With the excess free cash flow in 2014 and beyond, what do you do with the cash? And is the goal to be debt-free? Or where are we headed there?

Gracia Martore: We don't have a goal, and Victoria can speak to this, we don't have a goal to be debt-free. We are blessed with that enormous amount of free cash flow. Our goal is to invest it wisely and that we get returns in the intermediate and long-term to satisfy us and our investors.. And as we do that, we're going to return more of that cash to investors. But the fact that we have that tremendous amount of cash flow allows us to return more cash to shareholders, to invest in the things that will enable us to grow into the future, and to continue to do all the things that we need to do.

And we don't have to choose one or the other, and that's the beauty of the free cash flow that the company generates. Victoria, do you want to add on to that?

Victoria Harker: I'll just expand a little bit on it. And we are, I think, very disciplined from a capital allocation standpoint, and when I look at the kinds of decisions that have been made relative to investment, it literally looks like there is an array of options that are available for this cash at this point in time. So whether it's new investment, an acquisition, a buyback or debt retirement, it is -- where is the greatest return for investors based on that particular opportunity? And I think that's a hallmark of the way the company has operated for years, but even more so now we have these investment opportunities ahead of us.

John Janedis: Any questions from the audience?

Unidentified Audience Member: Hi, my question is on how much leverage do you have on your digital ad rates once you have built up your digital subscription base and you feel like it's stabilized? And maybe on a five-year view. And then also once you've got your digital subscription base stabilized and renewed, how aggressive or conservative are you going to be in pushing up subscription rates on that basis?

Bob Dickey: I think our strategy working with David Payne's team is, as I mentioned, to continue to enhance the products that we offer in the area of mobile and tablets. Our ability to do that; to create what I believe will be the best of class in the local market will give us the opportunity to continue to leverage the pricing on the digital side of our subscription model. Ultimately, the strategy points out that it’s about the content -- it isn't about what platform. It's about value of the content. So, ultimately, in a perfect world I would love to charge the same across all offerings, regardless of your reading the content in a digital format or print.

Unidentified Audience Member: Hi, two questions. Pandora Radio reported earnings last night. They talked about very weak visibility going into January. First question was could you just comment on, as you look over the fiscal cliff into January, can you talk about your visibility?

Gracia Martore: Sure. Obviously any company in America right now is focused on what's going on in Washington and the fiscal cliff and all of those kinds of issues. And so I think, like every company, we've seen the impact of CEOs basically saying I'm concerned about the fiscal cliff. I'm going to take a more cautious approach.

And I think we've seen that in some of the employment numbers especially. I think that has impacted CEOs who just don't necessarily want to hire until we’re over that. At the end of the day, we're not managing this company for the fiscal cliff, a short-term tactical thing.

What we're looking to do is to position ourselves for intermediate to long-term growth, and that's where we're focused on. There are going to be blips in the economy. There are going to be fiscal cliffs and there are going to be whole lots of other things. We've done contingency planning and we'll do things that are necessary to get the company through that. But at the end of the day, the most important focus we have right now is on the future and on developing the initiatives and executing on those initiatives, and realizing the returns on those investments that we are making.

Unidentified Audience Member: And the second question is, as it pertains to your digital consumption, as you shift somebody from reading the news on their desktop to a mobile device. You talked about the strong trends there, what does that mean from ad dollar perspective as somebody goes from desktop consumption, with the ad units there, to a mobile device? Are you going from $1 to $1 as you go from one platform to the other? Is mobile at a lesser -- are you getting $0.50 or is it that $1 on mobile now?

Gracia Martore: Let me start by saying that, for us, these additional platforms are additional opportunities for us to go after the advertising dollars in the pie. In Bob's market, he had the print newspaper and he had a website. Now he has more mobile apps, more tablet, more other things. And the response from advertisers at this point is they love the opportunity to combine a number of those platforms to reach a variety of their customer across all of those platforms. So for us, we see this as an additional opportunity. Now, Bob and Dave, you might want to speak to rates.

Bob Dickey: Our rates right now continue to hold, primarily because we put a big emphasis on the premium content that we provide, and we're doing a much better job of targeting for our advertisers. I would say on the mobile and tablet side, you know, we think in Publishing that opens a tremendous opportunity for us to even compete more aggressively at the local level, particularly as we look at local broadcast revenues. Today we don't necessarily have the best platforms on the video side. We're definitely addressing that with David's team as we put out and relaunch our tablets and smartphones. So I feel very positive about what video can bring. So, any shift, we're going to have new opportunities on the video side.

David Lougee: The only thing I would add is that I think too often we talk about mobile in the terms of its -- as a standalone platform in advertising. And one of the great values of the mobile and tablet for us, in terms of customer solutions, whether it's at USA TODAY or for the local newspaper or local broadcast outlet, is that a creative brand idea that's activated vertically across our core platforms, desktop and mobile, is that each of those platforms can play a different creative role in that campaign. And often the mobile piece may be the brand activation piece that is most valuable to the advertiser.

So in terms of how you roll that in financially, it may be the key ingredient to activating a campaign. But the dollars may be expressed in core or in desktop.

Gracia Martore: And Larry Kramer is here from USA TODAY, and Larry, you might want to talk about the strategy that you and David have around the digital ad units at USA TODAY and other areas.

Larry Kramer: In our new environments we're giving advertisers a huge palette, a clear full-page palette. We're allowing them to use every form of content from video to interactivity. And we're really allowing them to build something amazing. So we've just launched these platforms, and that's true on all of it. I'd say that one definite trend we've seen is an increase in CPMs going in the right direction quite considerably. As advertisers adapt to taking the full environment and buying an exceptional ad that can have power and impact on that platform, as they learn how to do that, we think we have a considerable upside.

John Janedis: We have to leave it there. Thank you very much.

Gracia Martore: Thank you.