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PRESENTATION

Operator

Good day, everyone. Welcome to Gannett's first quarter 2012 earnings conference call. This call is being recorded. Due to the large number of callers we will limit you to one question or one comment. We greatly appreciate your cooperation and courtesy. Our speakers for today will be Jeff Heinz, Gracia Martore, Bob Dickey, and Paul Saleh. At this time I'd like to turn the call over to Jeff Heinz. Please go ahead, sir.

Jeff Heinz - Gannett Co., Inc. - Director, IR

Thanks, Matt. Good morning and welcome to our conference call and webcast to review Gannett's first-quarter results. Hopefully you've had the opportunity to review this morning's press release. If you've not seen it yet, it is available at www.Gannett.com.

Before we get started, however, I need to remind you that this conference call and webcast include forward-looking statements and our actual results may differ. Factors that may cause them to differ are outlined in our SEC filings. This presentation also includes certain non-GAAP financial measures. We have provided a reconciliation of those measures to the most directly comparable GAAP measures in the press release and on our Investor Relations portion of our website.

With that, let me turn the call over to Gracia.

Gracia Martore - Gannett Co., Inc. - President, CEO

Thanks Jeff, and good morning everyone. I'm pleased you're able to join us today. Paul Saleh, our Chief Financial Officer, is here with me. And together we will be discussing our first-quarter results and an update on the integrated growth strategy and cash flow funded capital program that we unveiled at our Investor Day in February. Bob Dickey, President of US Community Publishing, is also here and will discuss early progress on our new content subscription model.

The strategy and capital allocation plan we discussed eight weeks ago defines the path we are taking to position Gannett for success in the digital age and reflects the financial discipline underpinning all of our work. As we explained in February, we are executing an ambitious but achievable plan to revitalize our Company. The media landscape is evolving rapidly and we intend to be a leader in a reshaped industry. We expect the work currently going on across the Company, as well as our continuing plans, will put Gannett on a sustainable growth trajectory and enable us to return more than $1.3 billion to shareholders by 2015.

Now let me begin by turning to the first quarter. And as expected and as we shared with you at our Investor Day, our results were impacted by the uneven and somewhat sluggish US economic recovery, a particularly challenging start in January for advertising overall, and the planned investments we made in growth initiatives that we will detail in a few moments. On track with our forecasted EPS, total revenue was approximately 3% lower than a year ago. And total expenses excluding
special items were basically unchanged. Earnings per share in the quarter when adjusted for special items were $0.34 which exceeds the $0.28 to $0.32 range we provided on Investor Day as well as the First Call consensus in part due to slightly lower-than-expected spending on strategic investments this quarter. As we said in February, the investments we are making this year in our growth strategy would be front loaded. In this quarter again we invested about $20 million of the expected $65 million outlay we will make this year. Our results also reflect higher pension expense, which we also previously discussed, and several special items.

Each of our business segments had solid performances this quarter. We continued to generate substantial free cash flow which we will use to return capital to shareholders, to self-fund our growth strategy, and to continue to pay down debt. Operating income from the quarter, excluding special items, was approximately $157 million. And operating cash flow was 204 million. These numbers included the impact of the investments in our strategic initiatives. The initiative investments had about a 150 basis point impact on our operating margins overall. That also translates to a 200 basis point impact on the operating margin in the Publishing segment and a 100 basis point impact on the already terrific margins in Broadcasting.

Our Digital and Broadcasting segments, both of which experienced growth, accounted for about 50% of this quarter's operating income excluding special items and the initiative investment. Digital had solid revenue growth of about 7% and Broadcasting about 8%. These revenue results were offset again by continuing soft advertising demand in Publishing. The 7% revenue growth in our Digital segment resulted in revenue of $168 million in the segment this quarter. CareerBuilder again represented the lion's share of this segment's revenue, and again led the way with gains of over 10% over last year.

CareerBuilder is the clear North American market leader. And better execution than their competitors allowed them to capture market share again this quarter. Additionally, CareerBuilder had significant growth in its international business as expansion in selected markets remains a key area of focus. Our outlook for the remainder of the year for CareerBuilder is very promising.

As you know, Gannett's digital revenues occur across the Company and aren't just reported in our Digital segment. Revenues from digital products and services, including our Digital Marketing Services offerings, are reflected in our Publishing and Broadcast segment results, as well. In the Publishing segment, for example, digital revenue was up about 13% in the first quarter, with display advertising in the auto, employment and retail categories leading the way. Digital revenue in just US Community Publishing alone grew by approximately 11% over last year. Our Digital Marketing Services offerings which I'll talk more about in a few minutes are beginning to make a contribution to Publishing. And we expect to rapidly expand that as we move forward.

Reported Digital revenue was up about 25% at USA Today and its associated businesses and over 6% in pounds at Newsquest. This growth is a positive development and a measurable example of how our Publishing business is evolving. If we look at Gannett's Digital revenue in the aggregate, first quarter revenue grew by 8% and totaled $273 million company-wide or approximately 22% of our total company-wide revenue.

Now let me turn to broadcast for a moment. There, revenues were up 7.5%. And in television all cylinders were firing. We benefited from stronger core advertising demand, particularly auto spending. And the impact of the Super Bowl on our NBC affiliates and primary season political spending. In addition, retrans in Digital were also important contributors to revenue growth. In Broadcasting and television we are looking forward to a strong second quarter and second half from them, driven by the summer Olympics in July and August and political spending, roughly 80% of which typically occurs between Labor Day and election day in presidential election years.

In Publishing, we continued to be impacted by the industry's secular decline that we have talked about previously. First quarter revenue declined approximately 6% year over year. January was the softest month of the quarter and was consistent with industry-wide performance. Performance improved in February and again in March. In fact, the average of ad revenue comparisons in the Publishing segment in February and March combined was better than fourth quarter comparisons. Drilling down into the categories, classified advertising comparisons in the first quarter improved relative to the fourth quarter. And at US Community Publishing, employment advertising revenue in March was flat for print only, and of course was in positive territory for print and online combined.

The ongoing volatility and softness in the national advertising environment was most notable at USA Today. USA Today is an iconic brand with tremendous value and visibility. But that volatility has impacted its performance. We know we can do better in growing the business to match the scale and power of the brand. To remind you, USA Today has historically made up less than 10% of our revenues and continues to be a small contributor to overall cash flow results as it has historically been.

That fact actually says a lot about the strength and diversity in our business, and about the significant upside opportunity in USA Today in a more digital era. We are working to more fully realize its potential as we approach the brand's 30th anniversary in September. Our priority right now is to recruit a top-notch publisher to advance the promising initiatives already underway, and grow the business by spearheading USA Today's continuing evolution into a leading multi-platform media brand.

Turning to the UK, Newsquest results continue to reflect that challenging economic environment as total revenue in local currency was down about 6%. But I will tell you that our results were stronger by far than any other regional publisher in the UK. National advertising was positive in the quarter and up solidly in February and
March. Expenses were well controlled and declined in the quarter in line with revenue. As a result, Newsquest profits were down just 3% for the quarter and up in March compared to the same period last year in pounds.

Now I'd like to shift gears and spend the next few minutes updating you on our growth strategy. To quickly summarize, our blueprint for growth is based on Gannett's three distinct advantages. The first is our hometown advantage: The deep understanding of and presence in the communities we serve. We can't say this enough. The knowledge we've accumulated, and our strong relationships with consumers and local businesses, are the bedrock of our plan.

Next is what we call our brand advantage. Gannett's iconic national brands like USA Today and CareerBuilder, and our more than 100 trusted local brands give us excellent platforms to build new businesses and offerings. And of course the third is our financial advantage. Even during the worst economic times in our country, we paid down debt and kept our balance sheet strong. Financial discipline is one of our hallmarks. And because of it we are in position to utilize our strong cash flow to fund our growth plan while returning significant capital to our shareholders. Each of these advantages is fundamental to our planning and crucial to our future. Our integrated plan is already well underway. And, as we discussed, we are expecting to see results by the end of the year.

First off, we are working to stabilize our Publishing business, which we continue to believe is integral to our success and a business that remains very profitable for us. I want to remind you, however, that this particular effort is not a quick fix. This isn't a one- or two-quarter solution. Rather, it is a continuous effort which is going to begin to show results later this year. We'll build on the impact of it over the next few years and then we will fully realize the benefits of all that we are doing in 2015 and beyond. And at the same time, we are focused on continuing to build on the growth of our Broadcasting and Digital segments.

Secondly, we've been hard at work to accelerate growth by entering or expanding into new, high-potential related businesses where we have a hometown and a brand advantage. I'm going to highlight a few of those in a moment and Bob Dickey will also talk about the third. And thirdly, we continue to focus this quarter on optimizing our assets without sacrificing our strong financial profile. Now I know that many of you were at our Investor Day or followed along on the Webcast so I'm not obviously going to do a full strategy review this morning. But I do encourage those of you who weren't able to participate to visit the Investor Relations section of our website and review the presentations. And please, don't hesitate to get in touch with us if you have any questions.

I'd like to now update you on two of the higher visibility initiatives we have underway -- the USA Today Sports Media Group and our Digital Marketing Services initiative. In a few minutes, Bob Dickey will also update you on the progress of the third, US Community Publishing's all-access paid content subscription model. I believe our sports initiative meets all of the criteria of being a big transformative idea. It all starts with Gannett's existing and impressive national, regional and local sports resources. From in-depth high school and college sports coverage to the national and professional sports scene, to showcase events like the Kentucky Derby, auto racing and the Olympics, Gannett is a sports, news, and information powerhouse. Our strategic sports initiative is our plan to take our sports business to the next level by building out our portfolio.

In November, we acquired MMAjunkie.com, the premier mixed martial arts site. In doing so, we tapped into a younger-skewing, rapidly-growing national sports phenomenon with absolutely rabid fans that generate 12 million page views on MMAj per month. In January, we acquired Fantasy Sports Ventures, including Big Lead Sports which at the time was the largest independent digital sports property in North America. In February, we announced a joint venture with MLB Advanced Media, Major League Baseball's interactive media and Internet company. These acquisitions, along with partnerships with NASCAR, the PGA, and others have put Gannett on the path towards category leadership.

We set our sights on becoming a Top 5 digital sports property from being 17th when all of these activities were initially conceived. And in early March we reached our goal when we announced that ComScore had named USA Today's Sports Media Group the fourth most visited digital sports entity in its February and March rankings. And there's more to come. This was exciting news that comes with more than just pride and some bragging rights. USA Today Sports Media Group had almost 24 million unique visitors in March. That size audience, particularly with such a well-defined demographic, opens up important new local and national advertising and e-commerce revenue streams for us. Thanks in large part to our digital reach, we are now deeply involved in ticket, memorabilia and sporting goods sales.

The second strategic initiative I want to discuss today is Digital Marketing Services. DMS is an exciting growth opportunity to put our hometown and brand advantages to work for the 150,000-plus merchants who have been turning to Gannett for years, and in some cases decades, to help them reach their customers. And it is also a great opportunity for new customers who want the advantage of quality, one-stop shopping product sets. The local advertising market is huge, projected to be $1.49 billion per year by 2015. Marketing and services are the largest pieces of the pie. And within that the sweet spot is Digital Marketing Services which are projected to reach nearly $38 billion annually by 2015. And daily deals, digital coupons and social media marketing being among the fastest-growing areas in that niche.

Digital Marketing Services is a new, sizable opportunity that is additive to our existing display advertising and other digital revenue streams. We are keenly aware that Digital Marketing is a fast track opportunity that we are pursuing with a great sense of urgency. We are uniquely positioned to profitably capture significant new business in search engine optimization and marketing, social media and web design. These are important to our client success and we have the know-how to deliver turnkey solutions. In addition to capability, we have one thing that no one else has. The digital world is changing fast and business owners are looking for a trusted partner to help figure out how to take full advantage of the opportunity. And that's where we come in. That's Gannett's opportunity. Our advertisers know and trust us.
We know our clients and the communities better than anyone. And so we are perfectly suited to be an end-to-end provider of digital solutions and services for these businesses.

We have sales staff already on the ground, established brands, and relationships in place. And we have growing capabilities to enable us to structure and sell packaged solutions for advertisers and marketers in our 100-plus local communities. And we are selling packaged solutions. We are not just evolving into a consulting business. We're getting paid to design and deliver advertising campaigns and programs. In addition, we have robust promotional capabilities over the year and in print. Our web and mobile-based portfolio and capabilities are significant and growing. Having these capabilities available from a trusted, knowledgeable, truly local source we believe gives us that advantage that we plan to exploit to the maximum.

So, who's buying these services and what does the Gannett solution look like? Let me just give you one recent example. Our folks in Phoenix worked with a retailer that was a long-term customer and relied on traditional print media that included us and Yellow Pages. They wanted to make a change but were confused and frustrated by the complexity of digital options. They came to us because of our strong relationship. And we implemented a digital solution focused on search optimization, pay-per-click and click-to-call and mobile. We also improved the customer experience on their website and built out the digital back end of their business to increase web traffic. The results for our customer speak for themselves: A ranking of one or two for all targeted keywords, a 500% increase in daily web visits, generating more revenue via both traditional media and a 42% conversion rate on their digital add.

Now on that note, let me turn the call over to Bob Dickey to discuss one of the most important initiatives underway to revitalize US Community Publishing, our new all-access content subscription model. We know this effort is of particular importance and interest to all of you. And we want to share some of the very early feedback we've been receiving as we roll the new model out to our local markets. Bob?

**Bob Dickey - Gannett Co., Inc. - President, US Community Publishing**

Thanks, Gracia. As Gracia pointed out we are in the very early stages with our test sites. But I remain optimistic our approach will indeed help stabilize US Community Publishing. Let me share some of those early results. In March, which was our first full month, we experienced year-over-year circulation revenue gains ranging from 20% to 37%. Across the entire test group combined, revenues increased 29% year over year. St. Cloud and Wilmington were our top-performing markets.

Recently we received many questions about the potential impact on advertising revenues. I'm happy to report that the test sites executed all of their digital campaigns in March. We are successfully communicating with our local advertisers so that they understand how we are working to provide them a more engaged consumer. The test sites total advertising revenues were 2 percentage points better than the USCP average in March. Preprint and Digital revenues were impacted less than projected in our business model. Five of our six markets have successfully sold sponsorships for their smartphone and tablet apps. 40% of the sponsorship revenue is coming from new customers. Combined the test sites posted year over year digital revenue growth.

Utilizing the meter approach we've been able to test various levels and feel comfortable with a good understanding where to set the meters. It remains very early in the billing cycle but our March 13 week retention improved slightly year over year for the test sites and is just above the USCP average. This was led by successful conversion programs to our easy-pay plan, and that is helping drive the retention. In just six weeks, we have seen an increase of 2 to 5 percentage points in the test markets. EZ-Pay in some of the test markets now exceeds 60% of our total subscribers and is growing. In every market, we outperformed our projections for circulation volumes. Daily and Sunday home delivery and daily single copy declines are below projections. While Sunday single copy declines are projected – [they] are as projected in the markets we moved to $3, and better-than-expected in our $2 markets. As a result, we're doing further analysis to determine the best possible price points as we roll out future sites.

After six weeks, we are currently at 50% of our annual goal for digital subscriptions in these test markets. And we're confident we'll exceed these early projections. Based on local market research, we are charging between $9 and $15 per month for our digital-only subscriptions. The good news is, our new digital subscribers index younger, male, married with children and more affluent than we first realized, filling an important audience gap for us. Our investment in new technology is providing a
much better consumer experience as they manage their accounts. As a result, customers are activating their accounts at a much faster pace than the first test sites. And we are already 35% to our annual goal.

As we outlined at Investor Day, this new subscription model offers us the ability to reinvest in our local markets and provide better customer service across Gannett. To date, we have hired over 100 employees to enhance our customer service centers, consumer marketing efforts, and to provide more unique local content. Those investments, in conjunction with the creation of Gannett Publishing Services, provided us the resources and the expertise to move quickly and successfully into these test markets. We remain committed to this model. And as Gracia pointed out, it focuses on the value of our content and the strength of our local brands. Our next wave of 17 sites takes place beginning May 1. I'm very confident based on the early results that we will continue to execute at the highest possible level going forward. Thank you.

Paul Saleh - Gannett Co., Inc. - SVP, CFO

Thank you, Bob. I'll provide some additional detail on the quarterly results for each of our business segments and cover some items from the balance sheet. Operating revenues in the quarter were approximately $1.2 billion. Total expenses excluding special items totaled $1.1 billion relatively unchanged year over year, despite about $20 million of investment in initiatives and about $6 million in higher pension expense. Earnings per diluted share on a GAAP basis were $0.28. Earnings per diluted share excluding special items were $0.34. We recorded net special items in the first quarter related to facility consolidations and workforce restructuring that totaled approximately $21 million pretax or about $0.06 per share, as detailed on Table 3 of our Earnings Release.

Now let me quickly cover those in more detail. First, we recorded pretax facility consolidation charges of approximately $5 million or about $0.01 per share that reflected primarily accelerated depreciation costs associated with the transfer of production activities for the Cincinnati Inquirer to a third-party printer in Columbus, Ohio. That's the move that was announced in the fourth quarter of last year. As previously disclosed, similar levels of accelerated depreciation will be recorded in the second and third quarters until the move is completed. Second, we recorded pretax workforce restructuring charges of just over $16 million or about $0.04 per share that related primarily to an early retirement offer program we announced for US Community Publishing employees during the quarter.

Turning to our segment results: – In our Publishing segment, revenues were $874 million, down 6% in the quarter reflecting an 8% decline in advertising revenue while circulation was about 2% lower. Advertising demand firmed during the quarter but not enough to mitigate a slow start to the year. Ad demand in January was soft across all categories, particularly the retail and national categories, which experienced double-digit declines. Comparisons narrowed significantly within the quarter and all ad categories were down in the mid single digit in March.

In the quarter, retail and classified advertising were down 8% and 7%, respectively. And national advertising was 13% lower. Retail advertising at our domestic operations was 7% lower for the quarter. However, results improved sequentially in the quarter. And year over year comparisons for March were almost 7 percentage points better than comparisons in January. Retail advertising at Newsquest in pounds declined over 6%, reflecting a soft economic environment in the UK.

National advertising for the Publishing segment was down 13% in the quarter but improved sequentially during the quarter. In our domestic Publishing operations, the difference from January to March was almost 13 percentage points. As Gracia noted, USA Today has been impacted by soft national advertising. Increases in the technology and advocacy categories were more than offset by declines in several categories, including entertainment, telecom, auto, and financial. At Newsquest, national advertising was up over 2% in local currency. This has been a bright spot for Newsquest since the second quarter of last year.

Classified advertising was about 6.5% lower for the Publishing segment but better than fourth quarter comparisons. In the US, classified advertising revenues were approximately 6% lower but were also better than the fourth quarter. We saw improvements in almost all of the classified categories in the first quarter relative to the forth. Employment in the US, although down marginally in the quarter, improved within the quarter and finished up over 3% in March compared with the prior year. Real Estate classified advertising was down in the quarter but results improved again during the quarter. Now, a continuing trend we identified in the fourth quarter, the states most impacted by the real estate crisis -- California, Florida, Arizona, and Nevada -- had real estate results in line with the rest of our markets. But employment and auto advertising trends were better for properties outside these states.

Looking at our domestic results across regions, our West and Midwest regions outperformed our Northeast and South regions in the first quarter. Publishing properties in the West performed particularly well given that they were cycling a strong performance in the first quarter of last year. The Midwest also showed improvement, excluding the Upper Midwest which was up against challenging comparisons due to the Super Bowl spending in Wisconsin last year. In the Northeast, our New York locations showed substantial improvements in the quarter, while New Jersey still lags. And in the South, results have been mixed with the highlight being Florida which appears to be on an upward swing.

Gracia covered the Digital revenue results and the Publishing segment in some detail. The growth rates of Digital revenue in the segment continues to be a bright spot as we expand our Digital Marketing capabilities and the solutions we can provide to advertisers. Publishing expenses, excluding special items, declined over 1% in the
quarter and were down 3.4% excluding $18 million in initiatives investments. Newsprint expense declined 6% compared to the prior year, primarily due to a 7% consumption decline which was partially offset by a 1% increase in usage prices year over year.

Commenting briefly on the newsprint market -- newsprint prices remained stable throughout the quarter. But the combined impact of softening demand internationally, new supply options that entered in the market in the first quarter and a recent announcement that a major mill will restart in the second quarter all point to a more favorable pricing environment. Focusing for a moment on the Publishing segment profitability that's shown on Table 4, operating income in the Publishing segment was $85 million, excluding special items of $23 million. Now, the $85 million reflects $18 million of initiative investments. Therefore, if you exclude special items and strategic initiative investments, operating margins for the Publishing segment would have been about 460 basis points higher in the quarter.

Now let me give you a quick update on Gannett Publishing Services. As we previously disclosed, we expect the benefit from our consolidation of domestic printing and distribution capabilities into Gannett Publishing Services to be approximately $40 million this year. The savings consists of streamlining our management structure, optimizing our capacity and network capability, consolidating purchasing and leveraging sourcing opportunities. And we are on track to deliver the majority of our targeted savings in the second half of the year.

Turning to the Broadcasting segment, total television revenues were 8% higher in the quarter, driven in part by strong auto advertising, both locally and nationally, and advertising related to the Super Bowl and political spending of $5.1 million. Retransmission revenues totaled $23 million in the quarter, an increase of 17% from the first quarter of last year. Online revenues were 6% higher. Total adjusted television revenues, defined to exclude the incremental impact of even year political ad demand, were up 5.6%. At this point, based on current trends we expect the percentage increase in total television revenues for the second quarter of 2012 to be in the high single digits compared with the second quarter of 2011. Broadcasting segment expenses were up approximately 3%. Excluding strategic investment of approximately $2 million, operating expenses were up 1.5%. Operating income totaled about $73 million in the quarter, an increase of over 14% from the first quarter last year. Excluding investment in initiatives, the operating margin for Broadcasting would have been about 100 basis points higher. And operating cash flow was up over 12% to $80 million.

Digital segment revenues were about 7% higher in the quarter, driven by another strong performance by CareerBuilder which was up 10%. Operating expenses in the Digital segment were up about 7.5% due to higher sales and marketing costs at CareerBuilder. Operating income and operating cash flow in the Digital segment were $16 million and $24 million, respectively. In February, if you'll recall, we announced a new capital allocation plan that included 150% dividend increase to $0.80 per share on an annual basis and a new $300 million share repurchase authorization targeted to be completed over the next two years. During the quarter, we repurchased approximately 2.4 million shares at a cost of $35.5 million.

Turning to the balance sheet, at the end of the first quarter we had approximately $1.67 billion of debt outstanding, a reduction of $95 million during the quarter. Our debt to EBITDA ratio, as measured for the covenant test in our credit facilities, was about 1.7 times at the end of the quarter. Interest expense in the first quarter was $7 million lower than the first quarter of last year, due primarily to lower average debt balances. At this point, our all-in cost of debt is approximately 6.7%.

Cash at quarter end was $157 million. And capital expenditures in the first quarter were about $18 million. Free cash flow in the quarter totaled $148 million after a $54 million contribution to our pension plan. Finally, before I open it up for questions I wanted to remind you that similar to this quarter, we expect the second quarter to reflect continued investments in our strategic initiatives and higher pension expense. Initiative investment is expected to total $30 million in the second quarter. The increase in pension expenses will be $24 million for the entire year. So the expense next quarter will be in line with the first quarter and it will be about $6 million.

And with that I'll open it up for questions.

**QUESTION AND ANSWER**

**Operator**

(Operator Instructions) John Janedis with UBS.

**John Janedis - UBS - Analyst**

You've had weakness in telecom and entertainment and national print. And I think it seems like the industry also saw weakness for those categories in the quarter, as well. Is it your sense that the categories, meaning those two, have made a strategic decision to spend away from print onto other media platforms this year?
John, I don't think it's that they are choosing to spend away from print as much as it's that some of the competitive pricing wars and other issues that drove a lot of telecom spending have abated a bit. When we look at, for instance, our television numbers in the first quarter, we also see that telecom was a lagging category for them in a sea of fairly strong other categories. So I don't think it's just the print issue. I think it's more a moment in time for the telecom companies as they have a different strategy around how they're pursuing growth.

John Janedis - UBS - Analyst

Okay. And entertainment, Gracia, that's less movies for USA Today, that's correct, right?

Gracia Martore - Gannett Co., Inc. - President, CEO

Yes, exactly. On the entertainment side, USA Today simply doesn't get the level of movie advertising that newspapers, for instance, in LA or New York get from that category.

John Janedis - UBS - Analyst

Okay, thanks. Just quickly on CareerBuilder, what were the North American revenues for the quarter? And within the Digital segment, I think if you back into the numbers it looks like non-CareerBuilder was flattish. Can you talk about what you're seeing there within the segment ex-CareerBuilder?

Gracia Martore - Gannett Co., Inc. - President, CEO

Sure. On North American revenues, I believe that the network North American revenues were up about 7% in the quarter. International revenues obviously were much stronger -- up in the 35% or so range. And obviously, CareerBuilder drove a lot of the growth that we saw in the Digital segment. Shop Local also had a pretty good quarter, as well.

John Janedis - UBS - Analyst

Thank you.

Operator

Alexia Quadrani with JPMorgan.

Alexia Quadrani - JPMorgan Chase & Co. - Analyst

Just a question on your outlook for the second quarter. First on the Publishing side, any comments you can give us on how April is trending in print? And then on your Broadcasting guidance in terms of pacing, I think it implies that we may see some softening in core in Q2, just given what we're expecting in political and retrans. Is that what you're suggesting, as well?

Gracia Martore - Gannett Co., Inc. - President, CEO

Let me comment about the outlook for the second quarter. Overall, as we indicated, our advertising comparisons got much better as the first quarter went on. And like for many others January was a slow month. But clearly, we accelerated through February and March. And as I said earlier, our average for February and March was better than what we did in the fourth quarter. So starting out of the blocks, we currently anticipate that the second quarter will be much more like the way we ended the first quarter rather than the sluggishness that we saw in January.

On the television side, I don't think that our guidance is implying that core business will be a little softer. We don't have the Super Bowl which helped a little bit in the first quarter on our NBC affiliates. Political -- we'll see how that all plays out but I don't think we're looking for heroic political numbers in the second quarter. Frankly,
as we mentioned, about 80% of our political dollars are garnered between Labor Day and Election Day. Usually the first and second quarters are not a significant political opportunity. So our core businesses are hanging in there quite well. I look at auto, and auto pacings are up in the 20%-plus range for Broadcasting. A little bit of that is in comparison to the last year's second quarter when we had, towards the end of the quarter, the impact of the Japanese tsunami. But we also had, absent the auto side, up revenues in Broadcasting last year in the second quarter. So in no way does that guidance imply that we expect core revenues to be softer.

Where we sit today we only really have good pacings for April and into May. June we'll have to see. Dave Lougee, when we talk to him, he thinks that there is potential for some upside to the June pacings that we're having just a very early glance on right at the moment. Newsquest will continue to do a good job and continue to outpace their regional competition in the UK. So overall, I'd say the comment is, again, that the second quarter is starting out and we expect it to be much more like the way we finished the first quarter than the January aberration.

Alexia Quadrani - JPMorgan Chase & Co. - Analyst

Okay, thank you. That's very helpful. And then can I just clarify something that I think you mentioned about your strategic growth initiative? I may have misheard this. Was the comment earlier that we should assume that we should start seeing positive circulation revenue growth at year-end? Is that right or did I mishear that?

Bob Dickey - Gannett Co., Inc. - President, US Community Publishing

That would be the expectation, yes, as we rollout throughout the end of September. So by that point in time some of our sites will have been out as long as six months.

Gracia Martore - Gannett Co., Inc. - President, CEO

Again, you have to recall that some of our subscriptions are three months, six months, year subscriptions. So it will take time for those dollars to fully be realized. But as we said in February, we expect that the bottom line impact from the content subscription model should be a favorable about $100 million in full-year 2013.

Alexia Quadrani - JPMorgan Chase & Co. - Analyst

Okay, that's very helpful, thank you.

Operator

Doug Arthur with Evercore Partners.

Doug Arthur - Evercore Partners - Analyst

Yes, a couple questions. Just on political in the second quarter in terms of your assumptions, as I look back to 2010, I think you did about $12 million in political in Q2 in a non-presidential year. Do you think you can get there this year in the second quarter or it's not clear at this point?

Gracia Martore - Gannett Co., Inc. - President, CEO

We look at both 2008 which was a presidential election year, as well as 2010 which was a non-presidential year. In 2008 we had about $5 million of political spending in the second quarter. In 2010, there were more gubernatorial and senatorial races and those sorts of things that tend to generate dollars a little bit earlier in the year. I'd say at this point our expectation is that political will probably be somewhere between $5 million and $10 million in the quarter. We'll have to wait and see. We are heartened by the fact that it appears that the presidential fundraising and the presidential election is finally getting underway in a very big way. And if you listen to any of the pundits about the kind of spending that is going to occur this year it is going to be potentially unprecedented. We will be the beneficiary of that as it rolls out. But it will be primarily in that Labor Day to election day period where we see the vast majority of that. In the interim, unlike 2010, we have fewer senatorial and fewer gubernatorial races. That's consistent with 2008.
Okay. And just to follow-up on the improvement in Publishing in March, what role, if any, did the early Easter play in that? And will there be a hangover effect in April?

Gracia Martore - Gannett Co., Inc. - President, CEO

While Easter was earlier in the month, that week before Easter was partially in, a little bit in the March numbers. But actually the week before Easter was in our second quarter, as was Easter and the week before it last year so I don't think there's going to be a big impact. There was a big impact in March for the earlier Easter. Nor do I think there's going to be much of a change in April. I'd suggest that, as always, we can combine March and April and we'll report on that in the second quarter, as we did last year.

Doug Arthur - Evercore Partners - Analyst

Okay, thank you.

Operator

Craig Huber with Huber Research Partners.

Craig Huber - Huber Research Partners - Analyst

Just a few questions here. Can you talk about your pension this year? How much are you expecting for the full year to put into your pension plan? And also, can you talk about furloughs, what is potentially planned for the second quarter? And did you have any in the first quarter? And I have a follow-up, thank you.

Paul Saleh - Gannett Co., Inc. - SVP, CFO

I think we said on the pension expense on a year-over-year basis it's going to be $24 million higher expenses in 2012 than it is in 2011. And we said it's about $6 million a quarter.

Gracia Martore - Gannett Co., Inc. - President, CEO

And as to furloughs, we have already announced some, not Company-wide furloughs but in very selected areas. And just to give you some background, in 2011 in the first quarter, furlough savings were about $10 million. And they were about $8 million in the first quarter this year, $7.9 million. In the second quarter, we expect furlough savings to be about $4 million, which is consistent to what we did last year when we again limited the number of employees that were participating in the furlough program.

Craig Huber - Huber Research Partners - Analyst

I'm sorry for pension, I meant the pension contribution for the year, not the expense.

Gracia Martore - Gannett Co., Inc. - President, CEO

$54 million in the first quarter that we did.

Paul Saleh - Gannett Co., Inc. - SVP, CFO

Right. And we probably have possibly another $50 million for the rest of the year. But it all depends also on some of the legislation that is right now up for a vote sometime in the July time frame. If it goes through then the funding may be lower.
Gracia Martore - Gannett Co., Inc. - President, CEO

Yes, it's about $60 million for the remaining three quarters. But that was factored into all of our thinking for the year.

Craig Huber - Huber Research Partners - Analyst

Okay. Also if I could ask please, Gracia, your daily and Sunday circulation volume in the quarter for the US, what was the percent change there year-over-year?

Gracia Martore - Gannett Co., Inc. - President, CEO

For US Community Publishing and USA Today combined on a daily basis for the first quarter, net paid circulation was down about 3.5%. On Sunday it was down about 3.4%. But within those numbers there are some differences. Bob alluded to the fact that we have aggressively raised single copy pricing. So we've seen more of a reduction in single copy than we have seen in home delivery, particularly on Sunday. And then also I'd say a terrific area for USA Today especially has been our e-edition numbers which at USA Today exceeded the drop-off in print copy. So, in fact, USA Today on a daily basis saw about a 2% increase in circulation in the first quarter.

Craig Huber - Huber Research Partners - Analyst

And lastly, Gracia, for CareerBuilder your salesforce-only revenue, what was the percent change there year-over-year? Thank you.

Gracia Martore - Gannett Co., Inc. - President, CEO

I'm sorry, are you referring to CareerBuilder only, excluding the newspapers' sales?

Craig Huber - Huber Research Partners - Analyst

Yes, exactly. Yes, what you would book in the Digital line, the salesforce-only piece of it, please? What the percent change was?

Gracia Martore - Gannett Co., Inc. - President, CEO

Okay. As I said, CB's North American revenue, excluding newspaper-driven revenue, was up about 8.3%. International revenue was up substantially 40%-plus. So overall, I think we said we reported about a 10% increase in revenues overall for CB in our reported numbers.

Craig Huber - Huber Research Partners - Analyst

Okay, thank you.

Operator

Jim Goss with Barrington Research.

Jim Goss - Barrington Research Associates, Inc. - Analyst

I was wondering about initiatives like USA Today, Sports Media Group and DMS. As you get into the competitive situation, you're looking at internet, tablet, and mobile, I presume, as categories. And I'm wondering how they break out now and how they will break down in the future. And what you need to do to develop categories like tablet and mobile that are fairly non-existent right now. And also who you feel are the key competitors in these newer efforts you're undertaking.
Jim, I'd start by saying that overall, browser and internet-based ad revenues and other kinds of revenues are absolutely the lion's share at this point of our Digital revenues. But we are also incredibly mindful of the fact that the tablet is going to be an increasingly important advertising force over the next few years, particularly as the adoption of tablets becomes much more ubiquitous and universal. And from a mobile perspective, there are clearly opportunities there on the ad revenue side, as well as down the road e-commerce revenue opportunities. One of the things that we have been doing in conjunction with the work we've been doing on the all-access content subscription model, is that we have started up mobile and tablet apps in all of those markets. Obviously, some of them are in their infancy. And Bob, if you'd like to jump in here and comment..

Bob Dickey - Gannett Co., Inc. - President, US Community Publishing

Sure. All of our sites will have those apps by the end of September. So as we roll out more we'll be able to even look at new opportunities that would go with national and regional advertisers. But in the early test sites, we are seeing about 40% of the advertisers that are taking advantage of our mobile and tablet are new. Which is very encouraging because that's part of the strategy: to rollout these to bring new and different advertisers into the mix.

Gracia Martore - Gannett Co., Inc. - President, CEO

And then as I mentioned earlier, USA Today is relaunching its app, mobile, and the print product as well. All in conjunction with the 30th anniversary of USA Today in September. So we see those areas; they're small now. And even if you look at overall numbers that are being reported, tablet and mobile are still a very small piece of overall Digital revenues. But we see those categories as growing disproportionately to the rest of Digital revenues. And that's why we are making the investments and doing the things that we are doing in both of those areas that we think are going to be very important growth areas for us over the next several years.

And the other thing I would mention is video. Again, all of the prognosticators talk about the fact that video, and dollars that are going to be placed alongside video, are going to grow, and grow in an outsized way. That's one of the reasons behind the video production center that we have just put in our television station at WXIA in Atlanta that is going to be servicing the entire Gannett organization. We see video as an incredible opportunity. Having 23 television stations gives us a nice boost in that area with folks who understand video who can teach the rest of the organization about that. And who can share video in a much more meaningful way than if we just simply had Publishing assets. So you're absolutely right. Those are areas that we are all very focused on, areas that we are spending a lot of time and investment on. And areas that we see as helping to propel our growth into the future.

Jim Goss - Barrington Research Associates, Inc. - Analyst

And if I might, just to scale this and look at the development of internet which maybe took 10 or 15 years to get to the size and scope it has so far, do you think the mobile type market and mobile advertising will take a longer or shorter period of time to gain scale? And do you think it has an opportunity to be as big or bigger than internet is right now?

Gracia Martore - Gannett Co., Inc. - President, CEO

I actually think that it will scale as quickly if not more quickly than what the internet did. I think there's a lot more focus on it. Just the evolution of business today, things grow faster and scale faster than they have even in the internet age since the early '90s. So we would expect that over the next five years to grow significantly. It's why we're putting in a lot of time and attention. And I think it does have the potential to grow to be larger than the internet. I'm not going to project when that would be but I absolutely believe that it does. And then three years from now we'll probably be talking about other platforms that we haven't even envisioned today that will be going through the same sort of metamorphosis that mobile and tablet and these other areas are looking to grow in.

Jim Goss - Barrington Research Associates, Inc. - Analyst

Thanks, really appreciate it.
Edward Atorino with The Benchmark Company.

Edward Atorino - The Benchmark Company - Analyst

I've got one question but it's got ABCs. One, your debt at the end of the quarter and the share base at the end of the quarter. And second, cost trend in newspaper's exit charges.

Gracia Martore - Gannett Co., Inc. - President, CEO

Debt was about $1.7 billion at the end of the quarter, as Paul said earlier. And I'm sorry, Ed, the other one?

Edward Atorino - The Benchmark Company - Analyst

The share base at the end of the quarter.

Gracia Martore - Gannett Co., Inc. - President, CEO

It was I think about 240 million diluted shares at the end of the quarter.

Edward Atorino - The Benchmark Company - Analyst

Okay. And if we look at the first quarter cost trend excluding special charges, that's the annual trend?

Gracia Martore - Gannett Co., Inc. - President, CEO

If you just look at it ex the charges, you have to also look at it excluding strategic initiatives. And Paul indicated that strategic initiative investments would be about $30 million. If you take initiatives and special charges out, I think we'll continue to do a great job on managing expenses, as we've always done. There was a buyout program in US Community Publishing that about 400 or so folks took advantage of, that we took a special charge for this quarter. And there will be a small remaining piece next quarter to take. And we'll get savings out of that as well in the second, third and fourth quarters.

Paul Saleh - Gannett Co., Inc. - SVP, CFO

I would say also, I'll add on the cost side, we have the benefit of our Gannett Publishing Services that also are going to be playing out in the second half of the year. And then a lot of the revenue initiatives, basically the revenue initiatives, the benefit will drop to the bottom line.

Edward Atorino - The Benchmark Company - Analyst

Did you give an April advertising for newspapers?

Gracia Martore - Gannett Co., Inc. - President, CEO

No, we've got to close out the month. But what we said was just overall is that we all know how the first quarter, January a slow month. Virtually everyone I've talked to, whether you're digital, broadcast or publishing, talked about a very slow start to the year. But then February was better and March much better. And it looks like the second quarter is starting out as, and will ultimately be, more like the end of the first quarter and not at all like the January beginning of the first quarter.
Thank you.

Gracia Martore - Gannett Co., Inc. - President, CEO

Thank you. And I think that's it for time today. If you have any additional questions, you should feel free to call Jeff Heinz at 703-854-6917. Thank you very much for joining us today and we appreciate all your time and attention.

Operator

Again that does conclude today's conference. Again thank you for your participation. Have a good day.