GCI - Q4 2014 Gannett Co., Inc. Earnings Call
(EDITED FOR CLARITY)

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OVERVIEW:

Co. reported 4Q14 total Co. revenues of $1.7b and GAAP diluted EPS of $2.92.

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PRESENTATION

Operator

Good day everyone, and welcome to Gannett's fourth-quarter 2014 earnings conference call. This call is being recorded.

Due to the large number of callers, we will limit you to one question or comment. We greatly appreciate your cooperation and courtesy.

Our speaker for today will be Gracia Martore, President and Chief Executive Officer, and Victoria Harker, Chief Financial Officer. At this time I would like to turn the call over to Jeff Heinz, Vice President, Investor Relations. Please go ahead.

Jeff Heinz - ***Gannett - VP of IR***

Thanks, Kayla. Good morning, and welcome to our earnings call and webcast. Today, our President and CEO Gracia Martore, and our CFO, Victoria Harker will review Gannett's fourth-quarter 2014 results. After their commentary, we'll open up the call for questions.

Hopefully you've had the opportunity to review this morning's press release. If you've not seen it yet, it's available at www.gannett.com.

Before we get started, I'd like to remind you 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 reconciliations of those measures to the most directly comparable GAAP measures in the press release on the Investor Relations portion of our website. With that, let me turn the call over to Gracia.

Gracia Martore - ***Gannett - President and CEO***

Thanks, Jeff, and good morning, everyone. Today I'm going to start with a high-level summary of Gannett's strong performance in the fourth quarter. After that, Victoria will review the financial results of each of our segments, provide some detail on special items, and review our balance sheet. Dave Lougee, President of Gannett Broadcasting, and Bob Dickey, President of US Community Publishing, are also here to participate in the Q&A session.

Now, before we turn to our results, I want to mention one other item contained in our earnings release this morning. For those of you who may not have seen it, we are reinstating our share repurchase program, which is funded entirely through free cash flow from operations.

Our strong operating performance, as you saw this morning, and you'll hear more about in a moment, combined with our strong balance sheet, have enabled us to resume the program well ahead of expectations. The buyback reflects our continued commitment to returning capital to our shareholders while maintaining the flexibility to invest in our businesses.

Now, let's get to our earnings results. Our record-setting fourth quarter capped off a watershed year for Gannett -- a year in which we achieved unprecedented revenue and NIBT levels in broadcasting and digital, and tremendous margin growth, propelled by strategic acquisitions, successful growth initiatives, and continued strong cost discipline.

Our full-year 2014 results reflect the successful execution of our plan to move into higher growth, higher margin businesses, and our fourth-quarter results certainly attest to that. Overall for the fourth quarter, Company revenue increased 24%, driven by record revenue in both the broadcasting and digital segments. On a pro forma basis, revenue grew 4%.

These record-setting results in our digital and broadcasting segments also drove substantial growth in adjusted EBITDA, which increased 57% over last year's fourth quarter, to $511 million. The adjusted EBITDA margin was substantially better in the fourth quarter, reaching 30%, over 6 percentage points better than the fourth quarter last year.

On a GAAP basis, earnings per diluted share were $2.92 in the quarter. Non-GAAP earnings per diluted share increased 55% year-over-year to $1.02.

We also kept expenses in check and continued to find and create efficiencies. Even with our acquisition of Cars.com, operating expense growth was well below revenue growth, up only about 18% on a reported basis.

On a pro forma basis, non-GAAP operating expenses were actually about 3% lower than the fourth quarter in 2013. We are very pleased that even as we grow, we remain as lean and efficient as possible.

As I said, broadcasting achieved record-breaking results. Revenue more than doubled. This growth was driven by the addition of the Belo stations and exceptional performances at our stations during the final push of the 2014 political season.

Retransmission revenue growth has continued to be strong. The broadcasting segment had its best-ever political performance in a non-presidential year. Not only are there more dollars supporting the political advertising ecosystem, more importantly, Gannett is taking a greater share of those dollars with its larger footprint and its strong focus.

Gannett's markets covered the majority of key toss-up senate and governor races across the country in states such as Arkansas, Colorado, Georgia and Michigan. Our stations also covered 10 active house races in Phoenix, Denver, St. Louis, and San Antonio and others. Clearly, many crucial races were decided in Gannett markets and our revenue, again, the highest political revenue we've ever achieved in a non-presidential year, certainly shows it.

We have a very strong political footprint in any political year, but especially in presidential election years. So 2016 promises to be another extraordinary year for us in that category.

Beyond numbers, a big development in the quarter was the renewal of affiliation agreements with all Gannett ABC stations. Importantly, the renewal combines our entire footprint, including the stations we acquired from Belo and London Broadcasting under one common long-term affiliation agreement.

Also, through our integration of these additional stations, we are increasing operating efficiencies by applying our centralized services to those stations. The overall integration continues to outpace our expectations. As you'll recall, we projected $75 million in run-rate synergies within the first year. We handily exceeded that number and are well ahead of schedule.

Digital also shattered records this quarter, growing revenue 77% year-over-year to $345 million, primarily due to the acquisition of Cars.com, but also strong organic growth at Cars, as well as at CareerBuilder. Even on a pro forma basis, digital segment revenues were up about 10%, while operating expenses declined slightly. Adjusted EBITDA margins improved significantly compared to last year as a result, an increase of over 8 percentage points to just over 30% for our digital segment.

As expected, Cars.com achieved dramatic growth this quarter, primarily due to higher rates charged to affiliates, but again, also to strong organic growth. So we're already seeing the benefits of that acquisition in major ways and we're optimistic that revenue and profitability will stay well above pre-acquisition levels. Cars.com is already pursuing additional opportunities, some of which we mentioned at our digital investor day.

In January, Cars.com launched RepairPal Certified, its first program designed specifically to help differentiate dealership service departments. In addition, the company is testing new sell and trade products that will ultimately help dealers acquire used inventory at a lower cost. So clearly, we are extending and maximizing Cars.com's expansive reach on an accelerated basis.

As you know, CareerBuilder is the other significant piece of our digital segment. CareerBuilder's North America revenue was up again this quarter and we are also pleased to report that CareerBuilder continues to gain market share, which should positively impact our results in 2015.

Now, most people know CareerBuilder as a leader among job boards, but that's only part of the story. CareerBuilder is evolving into a global leader in human capital solutions, helping companies target and attract great talent by matching the right person to the right job at the right time. CareerBuilder has also built the only global pre-hire software as a service platform that provides organizations with the most effective talent acquisition process.

Its various software solutions distribute jobs to multiple sources, build pipelines of passive candidates, equip recruiters with one place to search for candidates across all sources, and provide the tools to effectively track and manage applicant flow that include labor market data, and talent intelligence to inform decisions and optimize recruitment strategy. CareerBuilder's clients find all these tools incredibly useful, and the company's market share and revenue have been growing accordingly.

To give you some additional context on where we see this business going, human capital software solutions revenue increased 78% during the full year 2014 compared to 2013. Three years ago, CareerBuilder's software as a service business represented only about 1% of total revenues. This past quarter, it accounted for 19% of total revenue. There's still a huge growth opportunity there. We believe that our progress to date is merely the tip of the iceberg.

Now, let me switch gears for a moment to our local digital marketing services business, G/O Digital, which had a tremendous quarter. Year-over-year, revenue from small to medium-size businesses increased 52% in the quarter, primarily bolstered by search and social products, which accounted for about three-quarters of the revenue. Baked into that revenue growth is also a 40% expansion of G/O Digital's customer base. This capped a full-year 2014 that saw small to medium-size business revenue increase to 66%.

Looking at the past two years, revenue has more than tripled and average customer spend is up 14% over that time period. More customers, each spending more money, equates to strong performance by G/O Digital. We're pleased with the progress to date, but much more to come over the next 12 to 24 months.

Now, the success of G/O Digital goes beyond the numbers. In 2014, Yahoo named G/O Digital a strategic local ambassador, based on its success in helping entrepreneurs grow their small and medium-size businesses. We are also a Google Premier SMB Partner, and earlier this year BLiNQ Media launched a first-to-market social marketing product, AutoLiFT, to enable auto brands, agencies and dealers to target in-market car shoppers with dynamic localized incentives on Facebook. Our digital properties remain strong and we're looking forward to more success in 2015.

Now, moving on to our publishing segment. We continue to make key enhancements to our offerings that are helping us forge deeper connections with our audiences, our advertisers, and our local communities on a broader scale. While we continue to face industry headwinds and operate in a challenging national advertising environment, we are pleased with our progress and the important enhancements we've made for consumers.

Our USA TODAY local content editions have been even more successful than we could have imagined. The fourth quarter was our best in 2014 in terms of incremental revenue achieved by our local content initiative, and profitability has also improved, as incremental expenses associated with it were lower. It is significantly beating our projections on both revenue and profitability, providing a significant boost.

The most exciting part of the USA TODAY local content story is that there is so much room for growth and expansion and we are exploring syndication of this content as well. The Richmond Times-Dispatch and the Arlington Heights Daily Herald now include USA TODAY content on Sundays, and we are having very productive conversations with other publishers as well. And just last week, we signed a deal with a publisher that will begin in early February in several markets and add approximately 130,000 in daily circulation over the next six months.

The bottom line is that the content is compelling and the demand for it is simply enormous. We fully intend to maintain the innovation that has driven key initiatives, such as the local content editions.

USA TODAY Sports also celebrated a number of key developments this year. Our For The Win social sports site grew page views by over 24% and we launched our college football fan index, which combines social media activity and fan voting to determine the ultimate college football fan base.

The success of all these new ventures highlights two of the key strengths of our publishing leadership: innovation and execution.

We've got an incredibly talented team here that is full of innovative, creative ideas for leveraging the excellent journalism that is in Gannett's DNA. Equally as important, once they've got a promising project on the table, they know exactly how to get it done in a way that creates value for our audiences, our advertising partners, and ultimately our entire company.

And with that, I'd like to turn it over to Victoria, who will provide a detailed review of our financial results. Victoria?

Victoria Harker - ***Gannett - CFO***

Thanks, Gracia. And good morning, everyone. As Gracia has already mentioned, we are very pleased with our fourth-quarter financial results.

2014 was truly an unprecedented year for Gannett by any measure as we continue to make outstanding progress in the strategic transformation of our Company. Before I review our financial results, as well as our capital allocation efforts during the quarter, I'd like to spend a few minutes reviewing several special items, which are included in our financials for the quarter, to help provide additional context for our recurring performance trends.

Our ongoing operational efforts to transform the business continued to generate greater operating efficiencies and effectiveness across the portfolio again this quarter. These initiatives drove $52 million in workforce restructuring and other transformation charges across several of our businesses during the quarter.

At the same time, in connection with an evaluation of expected future financial performance in some areas, we recognized $35 million in goodwill and intangible impairments during the quarter. These operating special items totaled $87 million, with an EPS impact of $0.25 per share.

From a nonoperating standpoint, we recorded income of $439 million, an EPS benefit of $1.13 per share, primarily related to the acquisition of the remaining 73% of Classified Ventures during the quarter. As a result, we recorded a non-cash gain to write up the 27% we already owned to market value. Additionally, our income tax for the quarter reflects a special $237 million benefit, or $1.02 per share, primarily triggered by a restructuring of the portfolio, which helped to offset prior gains and taxes related to the sale of several TV stations, Apartments.com, and other properties.

Now, let's briefly review the ongoing revenue results for the quarter. As a reminder, although I will be focusing on our non-GAAP performance results today, you can find all our reported data and comparatives in our press release.

Across the portfolio, as projected, total Company revenues of $1.7 billion were up 4% year-over-year on a pro forma basis, primarily reflecting the strength of our broadcast and digital segments. Again this quarter, strong political advertising, spending and retransmission revenues contributed significantly to these results.

During the fourth quarter, total Company operating expenses of $1.3 billion on a pro forma basis, excluding special items, were down 3% year-over-year, as a result of our continued focus on efficiencies, as well as lower volume in the publishing segment. Our efficiency programs included further consolidation of our printing and distribution platforms, as well as our real estate footprint, the hubbing of our financial support organizations, and streamlining of our customer service efforts.

Now, let's turn to a more detailed review of segment results. Pro forma broadcast segment revenues were up 25% year-over-year in the fourth quarter, yet another historical high, benefited by strong retransmission fees, record non-presidential political advertising, and digital revenue.

Political advertising spending of about $160 million for the full year, a historical high watermark for non-presidential advertising revenues, was even stronger than anticipated, buoyed by several hotly contested campaigns. This was an increase of over 15% compared to 2010, the most recent non-presidential election year comparison.

Retransmission fees continued to grow substantially as well, by nearly 60% on a pro forma basis, as a result of rate increases. That said, core advertising was lower due to displacement by significantly higher demand for political advertising, particularly in the latter part of the campaign season. Broadcast digital revenues were up 17%, driven by digital marketing services, which continued to gain traction, not only in the original Gannett stations, but also in the newly acquired stations, which are now fully trained on G/O Digital products and seeing good results.

Based on current trends, we expect the percentage increase in total revenues for the first quarter of 2015, compared to the same quarter in 2014, to be up in the low- to mid-single digits, despite challenging year-over-year comparisons. First quarter 2014 broadcast revenue benefited from $41 million, related to the winter Olympic games and approximately $10 million from politically related ad demand. The challenge of overcoming these even-year revenue contributions will be partially met in the first quarter of 2015 by Super Bowl advertising on the Company's NBC stations.

During the quarter, broadcast segment operating expenses were up 3% year-over-year, on a pro forma basis, driven by expenses associated with revenue growth initiatives at our new and existing television stations, as well as reverse compensation and investment in sales and marketing tools. Publishing segment advertising revenues of $544 million were impacted by secular pressure again this quarter, down approximately 8% on a pro forma basis, excluding the impact of the sale of Apartments.com, with the year-over-year print advertising revenue decline partly offset by digital growth of 6%.

Within the segment, domestic publishing advertising revenues decreased by 9% year-over-year, although the auto, real estate and employment categories have improved throughout the year. We saw the first year-over-year increase in all of these categories in December, reflecting slight growth in the US economy and the job market. In the UK, Newsquest advertising declined by 3% year-over-year in local currency.

Pro forma domestic online advertising revenue in the publishing segment increased 5% year-over-year, with retail advertising up 4%, driven by G/O Digital with a growing base of customers seeking to diversify their marketing efforts, while increasing the efficiency of their online advertising solutions. National digital revenues also improved 5%. Newsquest online advertising was up a robust 19%, driven by retail and employment category advertising.

Publishing segment circulation revenue continues to be strengthened by the all-access content subscription model, local USA TODAY content contribution, and strategic price increases in our local US publishing sites, which reported their second consecutive quarterly increase this year. This was offset by the cycling of cover price increases at Newsquest, as well as lower USA TODAY group print circulation, resulting in a total circulation revenue decline of 2% for the fourth quarter.

Publishing segment operating expenses were below last year, down 5% due to cost reductions and efficiency gains generated by Gannett Publishing Services and sourcing initiatives, as well as lower volume. Publishing segment operating income was $125 million in the quarter. Within the publishing segment, changes in the Cars.com affiliate agreements and the absence of Cars.com revenue had an unfavorable impact of approximately $9 million in the quarter.

During the quarter, digital segment revenue increased by 10% year-over-year on a pro forma basis, a record high driven by the addition of Cars.com, up 25% and continued growth at CareerBuilder, which was also up 4% year-over-year. The strong Cars.com results reflect new affiliate agreement economics, as well as organic growth in Cars.com direct markets. These direct markets, which account for about 80% of total revenues generated by the Cars.com direct sales force, increased by 20% during the quarter.

Also strongly contributing to the digital segment this quarter, CareerBuilder growth continues to be driven by expanding sales of human capital software as a solution products. Digital segment operating expenses were down 1% on a pro forma basis, reflecting lower lead acquisition costs and revenue share pay to affiliate markets at Cars.com, as well as cost efficiencies at CareerBuilder, which were lower by 2% year-over-year.

During the fourth quarter, company-wide digital revenues totaled almost $540 million, reflecting an increase of 7% year-over-year on a pro forma basis. Digital revenues contributed fully 32% of total Company revenues during the quarter, another historical high for Gannett. Total Company adjusted EBITDA in the quarter of $511 million, increased by 27% on a pro forma basis, with year-over-year gains driven by both broadcast and digital segments, which generated nearly 75% of total company-wide EBITDA.

Free cash flow for the quarter was $203 million, 32% higher than last year, due to our strong operating results. During the quarter, we invested nearly $60 million in capital projects, primarily related to several local publishing real estate initiatives and ongoing digital product development, as well as product integration and enhancements at CareerBuilder and Cars.com. As projected, we invested over $160 million of capital during 2014, with the majority of our investments dedicated to development of digital products and platforms.

With the completion of $675 million senior debt financing for Cars.com, our long-term debt at the end of the quarter was $4.5 billion, with $118 million of cash on the balance sheet. The ending debt balance is substantially lower than expected, due to cash tax savings I previously detailed, as well as strong cash from operations. During the fourth quarter, interest expense was $74 million, largely driven by the debt associated with the acquisition of Belo and Cars.com.

During 2014, we were able to return almost $260 million to shareholders through dividends and share repurchases, despite the temporary suspension of our share repurchase program. Since the time we announced the current buyback program in July of 2013, we have completed over 50% of our $300 million commitment, with 5.6 million shares repurchased, at an average price of $27.03 per share.

As you've heard, we are looking forward to 2015 as a year of great opportunity across a variety of venues within our portfolio of businesses. We anticipate a very strong year of Cars.com results, which we project to be accretive to free cash flow by approximately $0.43 a share and neutral to EPS for the year.

Naturally, year-over-year comparisons will be impacted by the cyclical absence of record political advertising, as well as significant Olympics revenue compared to 2014, which when combined, totaled $200 million. In addition, in 2015, we project higher expenses related to reverse compensation under the terms of our contractual commitments.

Retransmission revenue is expected to be in the range of $440 million to $445 million. Capital expenditures for 2015 are expected to be in the range of $135 million to $140 million, about $25 million lower than in 2014, as a result of fewer remaining real estate projects. Depreciation is projected to increase to approximately $210 million to $215 million in 2015, including the impact of the Cars.com acquisition.

Amortization is expected to be in the range of $135 million to $140 million, also impacted by the Cars.com acquisition. As discussed in December at the UBS conference, we anticipate the new pension mortality tables will negatively impact pension expense this year. We'll continue to update you as this gets refined. In keeping with the prior year, the 2015 tax rate is projected to be approximately 32%.

Overall, we're very pleased with our continued progress reflected in our 2014 financial results. As we execute on our separation into two strong publicly traded companies midyear, we continue to see significant opportunities on the horizon and look forward to sharing those with you. With that, I'll turn the call back to Gracia for closing remarks prior to the Q&A.

Gracia Martore - ***Gannett - President and CEO***

Thanks, Victoria. The success we've achieved over the last few years has been built upon a strong foundation of our purpose, disciplined financial stewardship, shareholder focus, and Board and management accountability. As we iron out the specifics of the two independent companies following the separation, we are committed to instilling the same kind of strong foundation at both industry-leading companies, ensuring that they are each best positioned in every way for future growth and success.

And while we're on the topic of the separation and before we open up the call for questions, I'd like to comment briefly on the letter we received last month from Carl Icahn, stating his intention to nominate two candidates for election for our Board, and to submit non-binding corporate governance proposals at Gannett and the post spin publishing company. Mr. Icahn's attempt to dictate corporate governance at Gannett, let alone at a new company that has not yet been established and whose governance profile has yet to be determined, frankly, is overreaching.

We have an experienced Board that has been a driving force behind the successful execution of our strategy. Our corporate governance is shareholder-friendly today at Gannett and there is no reason to think it won't be at the new publishing company.

The Board, of course, will evaluate Mr. Icahn's governance proposals and his director nominees through the lens of what is best for all of our shareholders. And that's all I'll say about this today.

The spin-off is on track and we expect to file our Form 10 sometime in March. With that, why don't we turn it over to Kayla for questions? Thank you.

QUESTION AND ANSWER

Operator

Thank you.

(Operator Instructions)

We'll take our first from John Janedis with Jefferies.

John Janedis - ***Jefferies & Company - Analyst***

Thank you. Thanks for the color on the cost controls. Were there any one-time events and is there a reason why that doesn't continue for the next quarter or two, given the timing of the workforce reductions? And then just on the buyback, is the goal to go back to the prior pace in the near term, or do you keep maybe a more modest pace until you complete the spin? Thank you.

Victoria Harker - ***Gannett - CFO***

Let me take this. John, this is Victoria. The first part of your question relative to cost controls: A piece of that will have ongoing recurring benefit on a go-forward basis. In terms of the special items that I pulled out, those were related to workforce restructuring and severance and things like that, so that would be one-time.

But the ongoing benefit of the things that we did, for example in terms of the back office restructuring, in terms of the reductions in force, obviously will have a benefit. As to the property, the footprint of our real estate properties have ongoing reductions to our lease costs. So the one-time things I pulled out, those are not recurring. And then we have ongoing efficiencies as a result of those.

Gracia Martore - ***Gannett - President and CEO***

John, with respect to the share repurchase program, we would expect that the pace that we had before we put the program on hold will be the pace at which we will act under the program until the spin, when we obviously then will have two separate capital policies.

John Janedis - ***Jefferies & Company - Analyst***

Thanks a lot.

Gracia Martore - ***Gannett - President and CEO***

Thanks, John.

Operator

We'll take our next question from Bill Bird with FBR.

Bill Bird - ***FBR & Co. - Analyst***

Good morning. Just from your initial work on the separation, do you have a feel for any potential dissynergies? And for modeling purposes, can you give us any help with reverse comp and what that might represent as a percent of retrans? Thank you.

Gracia Martore - ***Gannett - President and CEO***

With respect to dissynergies, Bill, we are extremely focused on making sure that we minimize to the greatest degree possible any dissynergies as a result of the spin. So for instance, I mentioned earlier our G/O Digital business, which has been growing very nicely. And obviously benefits from having an enormous amount of scale, which is provided by the 81 markets that are in our community publishing group and in the 46 stations that are in our broadcasting group.

What we will be doing with G/O Digital is, while it will reside in the broadcasting and digital company, we will have a commercial agreement with our publishing company to provide those services so that they will have the same advantages of scale, et cetera, that we have across it today. We will also, you know, be looking at transition service agreements in a variety of areas that will provide us opportunities to continue the same effective pricing and other things that we enjoy that will extend across both companies for a period of time.

So -- but obviously, on the flip side, there's another CEO, another CFO, a corporate -- a new Board. So a corporate structure that obviously has to be supported. But I think our goal frankly, one of the goals -- the ancillary goals of this whole process is, it enables us to re-look at a lot of the things that we're doing and where there are opportunities to actually find even more efficiencies. So we are hoping, bottom line, to have very, very nominal dissynergies as a result of the spin.

Operator

We'll take our next question from Craig Huber with Huber Research Partners.

Gracia Martore - ***Gannett - President and CEO***

I'm sorry, Craig. Before you go, I know that there's a second part of Bill's question that we need to answer, and that's with respect to reverse retrans. And Dave, do you want to say anything on that?

Dave Lougee - ***Gannett - President of Gannett Broadcasting***

I would just say --

Operator

Pardon the interruption. This is the operator. We are unable to hear you.

Dave Lougee - ***Gannett - President of Gannett Broadcasting***

Hello?

Operator

Yes, I think that is better. Pardon the interruption. You are still very distant. I apologize.

Dave Lougee - ***Gannett - President of Gannett Broadcasting***

Is that better? Can you hear us now?

Operator

Yes, we can. Thank you.

Dave Lougee - ***Gannett - President of Gannett Broadcasting***

I'll hold the cord. The guidance we'd given before was that on -- our affiliation agreements come up over time, so we've got some up in 2015, some up through 2019. But what we said before, on the stations that are paying reverse retrans, that that percentage in calendar year 2015 will be 45%, for the stations that are paying.

Gracia Martore - ***Gannett - President and CEO***

To the amount of retrans those stations are getting.

Dave Lougee - ***Gannett - President of Gannett Broadcasting***

The amount of retrans that those stations are getting.

Gracia Martore - ***Gannett - President and CEO***

Okay. So we apologize, Craig. If you want to go to your question.

Craig Huber - ***Huber Research Partners - Analyst***

Thank you. Can you hear me, Gracia?

Gracia Martore - ***Gannett - President and CEO***

Yes, we can hear you. I hope you can hear us.

Craig Huber - ***Huber Research Partners - Analyst***

Everything's good. Just if you could give a little bit more clarity, please, on what your TV advertising pacings are looking like for the first quarter and maybe if you could somehow pull apart some of the year-over-year issues with political and Olympic. And I'm also curious, if you could touch on how auto is doing for television for the first quarter and also how did it do in the fourth quarter, particularly post the elections? Thank you.

Gracia Martore - ***Gannett - President and CEO***

Let me start with sort of an overview and then Dave can jump in with more specifics. But the first quarter's going to be a little tricky because as you may recall, we have $41 million of Olympic revenue that we achieved last February that simply will not be present this February. So as you can appreciate. And then there was the Super Bowl.

And so there's some -- and then there was about $10 million of political in the first quarter of last year that simply won't repeat. I think the Super Bowl probably cancels out the political, so you're still dealing with that $41 million of Olympics, which makes pacings during the quarter pretty tricky. But as we, I think look out to March, I think we feel good about what we're seeing so far, but it's really early in the quarter for us to be really giving any specific numbers yet. But Dave?

Dave Lougee - ***Gannett - President of Gannett Broadcasting***

Just to amplify what Gracia said, again, we do have a lot of noise. We've got the Super Bowl here in January, so we have a lot of numbers to compare against. But I think what we're seeing is some marginal improvement from January over December, and as Gracia says, as more money goes into consumers' pockets with the impact of these gas prices, I think we're starting to see signs that we'll see continued marginal improvement going through the quarter. February is very difficult for us on a comparative basis because of the Olympics last year. And the question on auto, auto was flat to, you know, a little bit down in December, but is looking better in the first quarter.

Craig Huber - ***Huber Research Partners - Analyst***

If I could just ask, when you guys talk about the marginal improvement you're seeing in the TV pacings, making some of these adjustments here, in your mind, does that take into account I guess a year ago how bad the first quarter was a year ago? With the weather, it certainly seems like it was much more severe a year ago than this year. Can you make that comment?

Dave Lougee - ***Gannett - President of Gannett Broadcasting***

Good question. In our particular markets in broadcast, it really had no impact on us last year.

Gracia Martore - ***Gannett - President and CEO***

It was obviously an impact in publishing where we couldn't get a lot of papers delivered. We had late cancellations with respect, but I think we didn't talk--

Dave Lougee - ***Gannett - President of Gannett Broadcasting***

Not in broadcasting.

Gracia Martore - ***Gannett - President and CEO***

-- any significant impact on the broadcasting markets.

Craig Huber - ***Huber Research Partners - Analyst***

Okay. Thank you.

Gracia Martore - ***Gannett - President and CEO***

Good, thank you.

Operator

We'll go next to Alexia Quadrani with JPMorgan.

Alexia Quadrani - ***JPMorgan - Analyst***

Thank you. Sorry. Just to clarify that, is the guide for the first quarter TV pacings to be up, low-single digits, inclusive of that very difficult comp of the $41 million, or excluding that comp? Sorry, didn't quite get your answer.

Gracia Martore - ***Gannett - President and CEO***

Well, the guidance that we give in the press release, which is low- to mid-single digits, is for all revenue, all broadcast revenue.

Alexia Quadrani - ***JPMorgan - Analyst***

Okay. Okay. So the advertising will obviously be -- sounds like it's trending better in January, but you've got a very difficult comp there.

Gracia Martore - ***Gannett - President and CEO***

You look at the comp we have. I mean, we're the victim of our own incredible success. We had a fantastic Olympics and we continue to do a great job, I believe, across the Company as these special events like Olympics, like Super Bowl, like other things, political come up.

Not only is it just we happen to be in good markets, but we are absolutely maximizing every opportunity, doing a great job on inventory management and taking market share. So punching above our weight in many cases. So it's tough when you have that kind of success, then the next quarter to have to compare against that. But we'd rather have the great success and then have to deal with the comparison.

Alexia Quadrani - ***JPMorgan - Analyst***

Just staying on the retrans for a second, I know there's a lot of focus on the reverse comp renewals for the affiliate. If you're looking on the gross retrans, given your guidance remains very, very healthy, is it -- you have more knowledge than we do given the timing of your renewals with your distributors. Can we expect similar healthy growth in gross retrans in 2016?

Gracia Martore - ***Gannett - President and CEO***

Yes, we can. And I'll have David tell you how.

Dave Lougee - ***Gannett - President of Gannett Broadcasting***

I think the good news for us is that the expirations of our agreements are pretty well diversified to the calendar years in terms of percentage of subs, so it's nicely diversified at the end of each calendar year. And we continue to have a situation where the good news is, as I've said before, the market is continuing to appropriately align itself between audience and subscriber revenues. And now I think it's interesting you're seeing the attention on cable bills, frankly turn to sports fees, where there's actually a disproportionate relationship. I think from a broadcast side, you'll continue to see an appropriate realignment.

Gracia Martore - ***Gannett - President and CEO***

And we've got a couple of situations coming up toward the end of the year, which won't have any real impact on 2015, but obviously will be very beneficial to 2016.

Alexia Quadrani - ***JPMorgan - Analyst***

Okay. Thanks so much.

Gracia Martore - ***Gannett - President and CEO***

Thank you.

Operator

We'll go next to Marci Ryvicker with Wells Fargo.

Marci Ryvicker - ***Wells Fargo*** - ***Analyst***

Thanks. Sorry to harp on the guidance comments, but Victoria, I just want to make sure I understand. You said in your prepared remarks, total company revenue is expected to be up low-single digits to mid-single digits. And that the press release said total TD revenue expected to be up low-single digit to mid-single digit. Just want to make sure that that is the case, is the first question. And then the second question is, typically we've heard that Olympic revenue is about two-thirds incremental. Would you say that that's the same for your group of stations?

Victoria Harker - ***Gannett - CFO***

Relative to the broadcast we were talking total revenue, relative to being up low- to middle-single digits.

Gracia Martore - ***Gannett - President and CEO***

We gave no guidance on total company revenue.

Marci Ryvicker - ***Wells Fargo*** - ***Analyst***

Okay.

Gracia Martore - ***Gannett - President and CEO***

Total Gannett Company revenue. We give no guidance, but what we do give, as you saw in the press release, is guidance with respect to total revenue for broadcasting.

Marci Ryvicker - ***Wells Fargo*** - ***Analyst***

Got it. And then in terms of the -- go ahead.

Dave Lougee - ***Gannett - President of Gannett Broadcasting***

In terms of your Olympics question, it's actually a little less than that because we've got the reverse impact on our non-NBC stations of that sort of unwired money that comes into the market and in terms of share basis on those stations. So overall for the division, it's not two-thirds. It's somewhat lower than that.

Marci Ryvicker - ***Wells Fargo*** - ***Analyst***

Okay. And just one follow-up, do you have any expectations for political this year?

Dave Lougee *- Gannett - President of Gannett Broadcasting*

Not high ones. Sort of traditional off year numbers.

Marci Ryvicker *- Wells Fargo - Analyst*

Great. Thank you.

Dave Lougee *- Gannett - President of Gannett Broadcasting*

Thank you.

Operator

We'll go next to Doug Arthur with Evercore ISI.

Doug Arthur *- Evercore ISI - Analyst*

Good morning. Two questions. Gracia, if you go back to the guidance for pro forma 2014 when you announced the Cars.com acquisition, I think your revenue guidance was $538 million at the time. You adjusted that in December. What is -- how is your view of kind of the near term growth of Cars.com 2015, 2016 changed since the August timeframe? And then I have one follow-up on newspaper advertising.

Gracia Martore *- Gannett - President and CEO*

Well, actually, I don't think the guidance really has changed. I think we talked about 20 -- sort of low- to mid-20 percentage range growth in revenue. And I think in the fourth quarter, it was about 25%. As I look into the first quarter of next year -- this year, 2015, that number looks like it is right in the sweet spot, could be a percentage point higher or so. So we feel very good about the guidance that we gave back in August and, you know, if anything, we're very comfortable with it and hopefully we'll see a point or two better.

Doug Arthur *- Evercore ISI - Analyst*

So when you say the sweet spot, you're talking low- to mid-20s?

Gracia Martore *- Gannett - President and CEO*

Yes.

Doug Arthur *- Evercore ISI - Analyst*

Okay. All right. And then secondly, I think that in December, Bob Dickey threw out a sort of broad guide on local publishing advertising being positive in 2015. It was down 7%-plus in the fourth quarter. Is that still the working principle here?

Bob Dickey - ***Gannett - President of US Community Publishing***

Yes, Doug. This is Bob. As we look at local controllable, I mentioned that's about 75% to 77% of our total advertising. So our focus is really working the local market share and our plan still calls for us to be positive in 2015. On the local controllable number.

Gracia Martore - ***Gannett - President and CEO***

And that's a subset of the local number you see in the numbers that we give you as an attachment to the pro forma numbers we give you as an attachment to the press release, because that local number would include, at least for Gannett, big department stores, other kinds of things. So what Bob is referring to is that those small, medium-size businesses that are the bread and butter of those local communities, where we really have control over it, it's not controlled by somebody out there that's deciding to, let's slash spending by 10% across the board across every market in America.

So we feel very good about, as Bob said, what we can control. We're seeing, you know, good signs there and he feels very confident about 2015 on that front. Obviously, national advertising, large retailers, that's, that has been, I think, the challenge for just about everyone that I talk to and that we see who have reported and I think will report.

Bob Dickey - ***Gannett - President of US Community Publishing***

Doug, part of our program during the past year, we've really focused on various initiatives. They're starting to show traction. Total auto revenues for us were positive in December. Total recruitment revenues were positive. And total real estate revenues were flat. So to go to Gracia's point, those are local sales efforts, talking with local realtors, car dealers, et cetera. So we're very comfortable with that traction right now.

Doug Arthur - ***Evercore ISI - Analyst***

So just to be clear, the 75% to 77% you're talking about is a sort of hybrid, local retail, local classified number?

Bob Dickey - ***Gannett - President of US Community Publishing***

Yes.

Doug Arthur - ***Evercore ISI - Analyst***

And that's a subset of what you actually report?

Bob Dickey - ***Gannett - President of US Community Publishing***

Correct.

Doug Arthur - ***Evercore ISI - Analyst***

Okay. Thank you.

Operator

We'll go next to Jim Goss with Barrington Research.

Jim Goss *- Barrington Research Associates, Inc. - Analyst*

Okay. Staying on the topic of the publishing ad revenues, you definitely had better experience in classifieds and is this -- are we getting to any sort of stabilization area, you know, where it will be up and down, but not just continued pressure? The expense has usually been at Cars.com or CareerBuilder, to try to pick up what you were losing. But is that a better environment going forward right now?

National, you have that minus 20.8% number. I assume that was probably a USA TODAY number. Perhaps you could explain that a little bit. And then talk about the strategy, maybe early glimpse of strategy beyond the split. Then overcoming some of these ad pressures in the context of a more limited platform that the new company would provide.

Gracia Martore *- Gannett - President and CEO*

Go ahead, Bob.

Bob Dickey *- Gannett - President of US Community Publishing*

Sure. As it relates to classified, you're correct. That's an area where we believe the slightly improving economy in many of our markets, the consumer confidence level is getting better. We start to see that free up some spending in the markets, as retailers are fighting for market share, auto dealers, et cetera.

Believe the real estate market with low rates in our key real estate market sites will continue to be an opportunity for us. We feel strong about recruitment in auto. So yes, to classified, we think we're starting to see some stabilization as it relates to that particular segment of our business.

Gracia Martore *- Gannett - President and CEO*

I think with respect to USA TODAY and national advertising in general, as we've all talked a lot about, I think it's pretty volatile and I think what we saw in the fourth quarter, particularly at USA TODAY, we are -- they're a great platform for instance, for new car launches or product changes. Some of those were deferred into the first quarter and I think that that led to a bit of an exacerbation of the national numbers that we saw at USA TODAY.

I think what we're looking at, as I look into the first quarter and we've gotten an early, early blush on what we think things are looking at, we should see improvement on the national advertising side because I think we'll start to see some of that auto advertising that was delayed in the fourth quarter actually starting to pick up. We had a lovely wrap on USA TODAY yesterday from Jeep Chrysler. Pleased to see that obviously.

I'd say overall on the publishing side, again, early, but what we're looking at looks like it will be total revenue for publishing, you know, probably better by a percentage point or so in the first quarter, and it looks like total advertising revenues will be better by potentially a couple of percentage points in the first quarter. So I think just some interesting things going on in the fourth quarter that, at least early in the first quarter we are seeing expectations of improvement.

Jim Goss *- Barrington Research Associates, Inc. - Analyst*

Okay. Thanks. That's very helpful.

Gracia Martore *- Gannett - President and CEO*

Thanks, Jim.

Operator

We'll go next to Edward Atorino with Benchmark.

Edward Atorino *- The Benchmark Company - Analyst*

Good morning. Some of the broadcast companies, I want to say dabbling, maybe that's the wrong word, into programming instead of buying programming, getting it to various stages of production. Is that on your blackboard somewhere, or is it too early to talk about that?

Gracia Martore *- Gannett - President and CEO*

It's definitely been on our blackboard. And with 46 TV stations that cover almost a third of the households in the country, we think we are in some ways very uniquely positioned to be able to do some things in that area. We can't talk specifics with you today, but there's quite a bit on the drawing board. Dave, if you want to add anything to that.

Dave Lougee *- Gannett - President of Gannett Broadcasting*

I'd just say the question is really spot-on. Given the profile of stations we have, not just the 31% reach, but also a lot of them really being beach front real estate for programming, we think is, to your question, as it suggests that we ought to be in it ourselves. So both ourselves and with other broadcast peer groups, we are in some good discussions about that very future issue. We see it as an opportunity, not just frankly in terms of platforms and programming for our core TV stations, but also in the OTT space as well.

Edward Atorino *- The Benchmark Company - Analyst*

Okay.

Gracia Martore *- Gannett - President and CEO*

And the good news, Ed, the cost of programming these days is significantly lower than--

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Dave Lougee *- Gannett - President of Gannett Broadcasting*

Production.

Gracia Martore *- Gannett - President and CEO*

-- when you and I used to talk about this 10 or 15 years ago.

Edward Atorino - ***The Benchmark Company - Analyst***

Well, we've been around for a while.

Gracia Martore - ***Gannett - President and CEO***

Apparently. Apparently.

Edward Atorino - ***The Benchmark Company - Analyst***

Thank you very much.

Gracia Martore - ***Gannett - President and CEO***

Thanks, Ed.

Operator

We'll go next to Michael Kupinksi with Noble Financial.

Michael Kupinski - ***Noble Financial Group - Analyst***

Thank you, and thanks for taking the questions. In terms of the first-quarter broadcasting, I kind of want to drill down on a couple things here. Just looking at the sheer dollar amount of variance in that first quarter pacing down, I would have to imagine that national advertising is coming back pretty strongly.

I was wondering if you could just talk about the pacings between local and national, and then secondly, are the categories all consumer-based? And is that what's really driving the lower gas prices, really driving that? Or is there an effect of network inventory in pricing that might influence the national advertising for you?

Gracia Martore - ***Gannett - President and CEO***

Dave?

Dave Lougee - ***Gannett - President of Gannett Broadcasting***

So the answer is some of our monies are a little muddy, for the reasons we discussed earlier because of Super Bowl and others. But yes, national has come back some this quarter. I think it's a combination of reasons you outlined. I think the fundamentals are better and are getting better as we go through the quarter because of the consumer.

But local is also improving. So from a category standpoint, it is consumer categories that are looking strong for the quarter. Retail and auto are improving, so to your question, yes, I do think there's a cause and effect.

Michael Kupinski - ***Noble Financial Group - Analyst***

Just to go back, some broadcasters' last couple of quarters were indicating that network inventory and pricing was kind of influencing national advertising for them. Did you see any effect from that, or are you seeing any changes in network inventory and pricing that's influencing the quarter as well?

Dave Lougee - ***Gannett - President of Gannett Broadcasting***

You know, you never have exactly perfect intelligence on that particular marketplace, to be honest with you. But I do think that yes, I think there's some positive impact on that in first quarter. I'm less clear on what that impact for us was in the fourth quarter because, again, with all the political that we had, it was a little tough to understand our own fundamentals on national.

Michael Kupinski - ***Noble Financial Group - Analyst***

And then finally, several years ago, the Company identified an initiative to build its sports franchises, which included the support of USA TODAY. I was just wondering, does the Company still plan to build upon its sports franchise? Or has that goal been kind of redefined by the spin of the newspapers?

Gracia Martore - ***Gannett - President and CEO***

Well, it will be a little bit redefined as a result of the spin. But I know that there continues to be a lot of work done and we continue to be very bullish on the opportunity for us to make a significant mark on the sports media aspects, because of the strong brand that USA TODAY simply has in that arena. And so I think that we'll continue to, certainly Bob, you should jump in here, continue to see that as a real opportunity at the publishing side for sure.

Bob Dickey - ***Gannett - President of US Community Publishing***

I think we've proven that there's definitely some opportunity in our league properties segments. To Gracia's point, the brand resonates, the leagues have been good partners with us and we will continue to certainly explore every opportunity with them. So yes, right now, it is still an important part of what we plan to do going forward.

Gracia Martore - ***Gannett - President and CEO***

And I think there's been huge success with For The Win. I think that's probably the leading sports property in and of itself, tremendous consumer resonance.

Bob Dickey - ***Gannett - President of US Community Publishing***

It's a real success story for our traffic and audience growth. There's no question, along with some of the other niche sites that have joined the network as well, and we believe that there's still a lot of upside to all of that business.

Michael Kupinski - ***Noble Financial Group - Analyst***

I guess just as a follow-up, so the initiative on the sports franchises largely go to the newspaper side and not the broadcast side, is that right?

Gracia Martore - ***Gannett - President and CEO***

I think certainly primarily because of the USA TODAY branding, et cetera, but I suspect that as we're going to do everywhere, we'll continue to share content and there may be opportunities, particularly, you know, for instance the Super Bowl is in Phoenix. We have a great television station, as well as a great publishing property there, but I think there'll continue to be sharing of content that we will do because there's lots of opportunities to do that and we all know each other.

Michael Kupinski - ***Noble Financial Group - Analyst***

Okay.

Bob Dickey - ***Gannett - President of US Community Publishing***

Clearly, as we look at lead properties, there's nothing that says it has to be only in publishing sides. We would certainly talk to our friends on the broadcasting side as well.

Dave Lougee - ***Gannett - President of Gannett Broadcasting***

And we just executed a company-wide initiative for a large client for the Super Bowl that cut across all divisions, because all of those assets meant something to the client. And there's every reason for us to do that continuing forward after the split.

Michael Kupinski - ***Noble Financial Group - Analyst***

Okay. Perfect. That's what I was looking for. Thank you.

Gracia Martore - ***Gannett - President and CEO***

Thanks.

Operator

We'll take our next question from Barry Lucas with Gabelli and Company.

Barry Lucas - ***Gabelli & Co. - Analyst***

Thank you, and good morning. Gracia, I was hoping you could talk a little bit about prospective M&A for the two new companies going forward. You have a fair amount of room under the cap for television stations, and the publishing company will come out debt-free among a new group of other players, Tribune Publishing, Journal Media Group, et cetera. So I was hoping maybe you could talk a little bit about that topic.

Gracia Martore - ***Gannett - President and CEO***

You know, Barry, I think what always -- as you know, we're always incredibly disciplined about the acquisitions we do. But one of the benefits of, after the spin we will have two companies that will have fantastic balance sheets. Publishing will have virtually no debt. Broadcasting, even levered the way we anticipate with all the debt going there. As you saw, our debt level was lower at year end by a couple of hundred million than we thought.

So we generated an enormous amount of free cash flow. Will it be able to pay down debt, etc. So we still have a lot of opportunity there to do great opportunistic acquisitions. We have an appetite to do them, to expand where we can on a very disciplined basis. And I think the Belo transaction, the Cars transaction, are great testaments to the fact that when we see an opportunity where we believe that we can bring a lot of value and realize that value very directly, then we are prepared to act in a meaningful way. So I think that we are very open to opportunities, further tuck-in opportunities, certainly at least on the broadcast side.

Also, on the digital side, as Cars.com continues to evolve its product suite and continues to meet the needs of its clients, to the extent that there are opportunities to look at some fill-ins, or some expanding of some of the things that we're doing there, then that's obviously something that we will pay a lot of good attention to. I know Bob is -- I think we're also blessed with not only having fantastic balance sheets, but we also have some of the best operators, if not the best operators, in both of those companies. And so Bob's ability to bring the incredible innovation that his team and he have brought around revenue, as well as the strong cost discipline that we have there, I think leads us to believe that there may be opportunities, obviously to consolidate some of the properties there.

But again, always being very careful and making sure that what we're going to do is create shareholder value with any opportunity that we look at. But I think you're absolutely right. There are going to be lots of opportunities for both companies and we will be very careful stewards of our capital, and make sure that in both companies there's a direct return of some capital, but there's also other opportunities to invest in growth opportunities.

Barry Lucas - ***Gabelli & Co. - Analyst***

Great. Thanks very much, Gracia.

Gracia Martore - ***Gannett - President and CEO***

Thank you. And I think we've got time for one more question.

Operator

We'll take our final from Liang Feng with Morningstar.

Liang Feng - ***Morningstar - Analyst***

Good morning. Thanks for taking my question. You mentioned that Gannett exceeded its $75 million in the first year synergy target. Could describe the main drivers of this delta in a bit more detail?

Namely, how much of that performance was driven by revenue gains such as retrans versus cost savings? And if it is cost savings, does that mean that Gannett is achieving the cost savings even faster than originally planned? Or is it primarily because you have identified incremental opportunities beyond the initial estimates?

Gracia Martore - ***Gannett - President and CEO***

You know, it's all of the above. I think on the retrans side, we're always very careful when we, when we acquired Belo. We're always very careful that the number that we put out for synergies is a number that we are highly, highly confident we can achieve.

So we'll bake in some conservative estimates. I think we certainly did better on the retrans side than we were expecting. I think we identified additional opportunities with respect to--

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Gracia Martore - ***Gannett - President and CEO***

Digital revenue side. Other opportunities on just the basic blocking and tackling of procurement of our consolidating traffic systems. All of those kinds of things. So -- and then some additional things.

So we did -- we did better, I think, in probably each and every one of the categories and then found a couple of new categories as well. On the digital marketing services side, there's still some really good opportunities there with respect to the Belo stations, as well as the London Broadcasting stations that we brought on obviously later last year. So just kind of an all-around effort, as you would expect.

Liang Feng - ***Morningstar - Analyst***

Thank you. And given what you've seen so far, is there anything that you can say on the three-year target?

Gracia Martore - ***Gannett - President and CEO***

We remain highly confident.

Liang Feng - ***Morningstar - Analyst***

Thank you.

Gracia Martore - ***Gannett - President and CEO***

Thank you. Thanks very much for joining us today. We appreciate all your time. If you have any further questions, please don't hesitate to call Jeff at 703-854-6917. Have a wonderful day.

Operator

This concludes today's conference. Thank you for your participation.

Forward Looking Statements

Any statements contained in this communication that do not describe historical facts may constitute forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995, including the potential distribution of Gannett's Publishing business to its shareholders and the expected financial results of the two companies after the separation. Any forward-looking statements contained herein are based on our management's current beliefs and expectations, but are subject to a number of risks, uncertainties and changes in circumstances, which may cause actual results or company actions to differ materially from what is expressed or implied by these statements. There is no assurance as to the timing of the spin-off or whether it will be completed. Economic, competitive, governmental, technological and other factors and risks that may affect Gannett's operations or financial results are discussed in our Annual Report on Form 10-K for the fiscal year ended December 29, 2013, and in subsequent filings with the U.S. Securities and Exchange Commission. We disclaim any obligation to update these forward-looking statements other than as required by law.

Important Additional Information

Gannett intends to file a proxy statement and WHITE proxy card with the Securities and Exchange Commission (the "SEC") in connection with the solicitation of proxies for the 2015 Annual Meeting (the "Proxy Statement"). Gannett, its directors and certain of its executive officers will be participants in the solicitation of proxies from shareholders in respect of the 2015 Annual Meeting. Information regarding the names of Gannett's directors and executive officers and their respective interests in Gannett by security holdings or otherwise is set forth in Gannett's proxy statement for the 2014 Annual Meeting of Shareholders, filed with the SEC on March 17, 2014. To the extent holdings of such participants in Gannett's securities have changed since the amounts described in the 2014 proxy statement, such changes have been reflected on Initial Statements of Beneficial Ownership on Form 3 or Statements of Change in Ownership on Form 4 filed with the SEC. Additional information can also be found in Gannett's Annual Report on Form 10-K for the fiscal year ended December 29, 2013, filed with the SEC on February 27, 2014 and in Gannett's Quarterly Reports on Form 10-Q for the first three quarters of the fiscal year ended December 28, 2014 filed with the SEC on May 7, 2014, July 30, 2014 and November 5, 2014, respectively. Details concerning the nominees of Gannett's Board of Directors for election at the 2015 Annual Meeting will be included in the Proxy Statement. BEFORE MAKING ANY VOTING DECISION, INVESTORS AND SHAREHOLDERS OF THE COMPANY ARE URGED TO READ ALL RELEVANT DOCUMENTS FILED WITH OR FURNISHED TO THE SEC, INCLUDING THE COMPANY'S DEFINITIVE PROXY STATEMENT AND WHITE PROXY CARRD AND ANY SUPPLEMENTS THERETO BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Investors and shareholders will be able to obtain a copy of the definitive proxy statement and other documents filed by the Company free of charge from the SEC's website,www.sec.gov. The Company's shareholders will also be able to obtain, without charge, a copy of the definitive Proxy Statement and other relevant filed documents by directing a request by mail to Gannett Co., Inc., 7950 Jones Branch Drive, McLean, VA 22107, or from the Company's website, http://www.gannett.com.