NewsGuild-CWA: GateHouse-Gannett Merger Threatens Journalism

The merger of GateHouse Media and Gannett, Inc. threatens journalism. The high debt load will exert downward pressure on wages and employment. Consolidation may accelerate news deserts. And Gannett shareholders are likely to lose money.

The GateHouse purchase of Gannett will weaken newspapers in the communities currently served by the two papers. The combined company will be forced to pay off, at a usurious interest rate, the financing of the deal, which will burden operations afterwards. The merger rewards the owner of GateHouse Media, New Media Investment Group (NYSE:NEWM), for its practices of cash extraction rather than investment in the news industry. The GateHouse-Gannett merger over-compensates Fortress Investment Group, the manager of GateHouse. NEWM is a company in turmoil, with shareholders and management out of alignment. Finally, the deal is harmful to Gannett investors who are likely to receive less value than was offered by Alden Global Capital in January 2019. Gannett shareholders decisively defeated the Alden slate of directors at the annual meeting of shareholders May 16, 2019.

The NewsGuild-Communications Workers of America (TNG-CWA) represents working men and women in telecommunications, customer service, media, airlines, health care, public service and education, and manufacturing. TNG-CWA represents 1,200 news industry employees at 33 newspapers owned by Gannett Co., Inc. and GateHouse Media. Additionally, both TNG-CWA and NewsGuild local unions sponsor pension funds that invest in the public equity markets and are substantial Gannett shareholders.

1. The Architecture of the Deal

On August 5, 2019, GateHouse (via its parent NEWM) announced its offer to purchase Gannett. The deal provided for a hybrid cash/stock transaction. NEWM offered to pay $6.25 **plus** 0.5427 of a NEWM share for each Gannett share. Based on the August 2, 2019 closing price ($10.70) for NEWM shares, Gannett shareholders would receive $12.06 of value for each Gannett (NYSE:GCI) share. The total value of the deal was estimated to be $1.4 billion. After closing, according to this scenario, NEWM shareholders would own 50.5 percent and Gannett shareholders 49.5 percent of the new company.

The new Gannett – the merged entity would retain the Gannett name and stock ticker – would own 263 daily news organizations in 47 states, and would reach 145 unique visitors to its websites on a monthly basis. It would also have a significant presence in the United Kingdom through the Gannett subsidiary Newsquest, which has an average weekly readership of 8 million, 25.3 million unique visitors monthly, and 2,600 employees (of which 800 are journalists).

GateHouse was built by the hedge fund Fortress Investment Group. Although its ownership stake in NEWM is now roughly 1 percent, Fortress manages NEWM and receives payments tied to the size of the company (a management fee of 1.5 percent of assets) and performance (an incentive fee of 25 percent of profits). The deal reduces the size of the incentive fee in the new Gannett to 17.5 percent.

Fortress management terminates at the end of the year 2021. When Fortress exits NEWM, it would receive 4.5 million shares, which would likely be worth at least $45 million.[1] Share values might be even be higher as NEWM CEO Michael Reed projected new Gannett to pay a quarterly dividend of $0.76, double the current dividend of NEWM but 40 percent higher than the sum of the dividends the two companies are paying individually.[2]

Michael Reed, NEWM Chairman and CEO, would be Chairman of the Board and CEO at the new Gannett. Alison Engel, Gannet CFO, would be CFO of the merged company. Paul Bescobert, Gannett CEO (appointed August 5, 2019), would be CEO of the operating subsidiary. The board of directors would consist of nine members, six from NEWM and three from GCI.

To finance the transaction, NEWM would borrow $1.792 billion from Apollo Global Management LP at an annual interest rate of 11.5 percent. The excess of the loan over the payout to Gannett shareholders ($1.4 billion) would go toward paying off existing debt of both New Media and Gannett. The term of the loan is five years, but both companies anticipate a faster payout, especially since the loan has no pre-payment penalties.

The two companies projected $275-$300 million worth of cost savings in the first 24 months after their merger.

2. The Proposed Synergies Will Reduce Employment at the Merged Company

The cost savings touted by GateHouse and Gannett will lead to efforts to reduce headcount. Media analyst Ken Doctor predicted a 10 percent cut in the combined workforce of 24,338.[3] He cited Reed as suggesting the cuts will mostly be outside newsrooms – finance, advertising, circulation – but they still weaken news organizations in the various locations.

---

[1] While it is impossible to know the value of a new Gannett share on December 31, 2021, we have a couple of reference points: share prices of NEWM ($9.20) and GCI ($10.75) as of September 13, 2019 ($9.20). We can postulate that the new Gannett share price might be around $10/share.

[2] Transcript of teleconference between analysts and New Media / Gannett, August 5, 2019, SEC Form 425, August 7, 2019: https://www.sec.gov/Archives/edgar/data/1579684/000114036119014405/nc10003799x14_425.htm

[3] Ken Doctor, "The Gannett–GateHouse Merger is Really Happening, but Expect to See More than 10 percent of Jobs Cut off the Top," Neiman Lab, October 9, 2019: https://www.niemanlab.org/2019/10/newsonomics-the-gannett-gatehouse-merger-is-really-happening-but-expect-to-see-more-than-10-of-jobs-cut-off-the-top/

GateHouse has been shedding employees since it went public in 2014. That may not seem obvious from New Media's annual reports that show overall employee counts rising continually from 6,113 at the end of 2014 to 10,638 at the end of 2018. However, those numbers reflect the company's growth through acquisitions. The reality has been that after each acquisition New Media has imposed job cuts. Typically, GateHouse consolidates copy editing and page design at its Austin, Texas, shared services unit. It then targets experienced and older (and therefore more expensive) reporters for layoff or buyouts. According to the academic Penelope Muse Abernathy, "GateHouse-owned newsrooms are often half the size within a matter of months" of acquisition.[4]

Within the news industry, GateHouse appears to be seen only marginally less likely than Digital First Media to cut jobs. As the *Texas Monthly* wrote in the first sentence of its article about GateHouse buying the Austin American-Statesman, "The publishing company … is developing a bad reputation for buying newspapers and gutting their operations."[5] An article about news and private equity in *The American Prospect* noted steep staff cuts at GateHouse papers – the *Bastrop* (Louisiana) *Daily Enterprise*, the *Fayetteville Eagle*, *Colombia Daily Tribune*, and an anonymous small –city newspaper.[6] An article in *Boston Monthly* in October 2019 noted that GateHouse had consolidated 50 Massachusetts newspapers into 18.[7]

The company does not announce the precise numbers or track job cuts accomplished through layoffs and buy-outs. However, we can develop some measures to approximate the problem. Revenues per employee grew from $106,359 for 2014 to $143,448 for 2018, a 35 percent increase. Earnings before interest, tax, depreciation and amortization (EBITDA) per employee rose from $11,756 for 2014 to $14,561 for 2018, a 24 percent increase. This suggests more work being done by fewer workers.

NewsGuild-CWA bargaining units have witnessed significant reductions: between April 2014 and April 2019, 12 units within GateHouse have experienced a drop in employment of 40.1 percent. (The corresponding percentage for the same time period for nine Gannett units that could be traced was 28.8 percent.)

Already in 2019, GateHouse has had significant job cuts in February, May, and August.[8]

---

[4] Penelope Muse Abernathy, "The Expanding News Desert," Center for Innovation and Sustainability in Local Media, University of North Carolina, 2018: https://www.cislm.org/wp-content/uploads/2018/10/The-Expanding-News-Desert-10_14-Web.pdf

[5] See R.G. Ratcliff, "New Media Buys the 'Austin American-Statesman': A company with a reputation for downsizing newspapers takes over Texas's capital city publication," Texas Monthly, March 6, 2018: https://www.texasmonthly.com/news/new-mediagatehouse-buys-the-statesman/

[6] Robert Kuttner and Hildy Zenger, "Saving the Free Press From Private Equity," The American Prospect, December 27. 2017: https://prospect.org/health/saving-free-press-private-equity/

[7] Chris Faraone, "No News Is Bad News," Boston Magazine, October 29, 2019: https://www.bostonmagazine.com/news/2019/10/29/end-of-local-news/?utm_source=Daily+Lab+email+list&utm_campaign=092097644c-dailylabemail3&utm_medium=email&utm_term=0_d68264fd5e-092097644c-396127213

[8] Tom Jones, "Layoffs Hits Several GateHouse Newsrooms," Poynter, August 13, 2019: https://www.poynter.org/newsletters/2019/layoffs-hit-four-gatehouse-newsrooms/; Tom Jones, "GateHouse Media Lays off Journalists across the Country," Poynter, May 23, 2019: https://www.poynter.org/reporting-editing/2019/a-major-round-of-layoffs-at-gatehouse-media/; Benjamin Goggin, "Local newspaper giant GateHouse Media laid off at least 60 journalists across

3. The Financing from Apollo will Burden the Merged Company

The financing arrangement in this deal is expensive. The new Gannett will pay 11.5 percent annually over five years for a $1.792 billion loan from Apollo Global Management. New Media leadership contends the merged company will accelerate the repayment schedule and there is no pre-payment penalty. If the new Gannett takes five years to pay off Apollo, it will likely spend in the vicinity of $2.26 billion total. If the new Gannett pays off Apollo in three years, it could do so for $2.0 billion. In either case, paying down the deal will be hard given the dividend promise and the Fortress premium (at least until the end of 2021).

The interest rate is high – 3 percent higher than any current debt held by either company. That premium over five years will add an additional $160 million to company expenses. A back-of-the-envelope calculation suggests that the interest premium could pay for roughly **320 employees** over those five years.

Where the money will come from might be a challenge. The combined free cash flow from operations in 2018 came to $313.2 million. Yet, a five-year repayment plan would necessitate a minimum of $350 million a year and likely more.

The loan from Apollo almost triples the combined long-term debt of the two companies. At June 30, 2019, Gannett had $172 million in long-term debt and New Media had $435 million in long-term debt, for a total of $607 million. The Apollo loan pays off the old debt but replaces it with an obligation to pay off $1.792 billion.

The purchase offer also stipulates that Apollo would have appointment rights for the board of directors of the merged company. Initially, Apollo will appoint two board observers. If consolidated debt to EBITDA drops below a certain threshold, however, Apollo will have the right to full board representation.

4. The GateHouse Growth Model

On the surface, GateHouse appears to be a dynamic company within a long-suffering news industry. Its revenues have *increased* by 133 percent between 2014 and 2018. (See Table 1.)

Between 2014 and 2018, however, NEWM bought 53 daily newspapers, increasing daily circulation from 842,000 to 1.5 million. It bought 67 weeklies, increasing weekly circulation from 1.0 million to 1.7 million. (See Table 2.)

---

the US after a $30 million acquisition," Business Insider, February 10, 2019: https://www.businessinsider.com/gatehouse-media-lays-off-sports-and-photo-staff-after-30-million-deal-new-media2019-2

Table 1: NEWM Financial Information 2014-1H2019							
$ million	2014	2015	2016	2017	2018	1H2019	2014-18
Revenue	$652.3	$1,195.8	$1,255.4	$1,342.0	$1,526.0	$792.0	$5,971.5
EBITDA	$72.1	$133.0	$142.9	$149.4	$154.9	$66.1	$652.3
Net income	-$3.2	$67.6	$31.6	-$0.9	$18.2	-$6.3	$113.3
Total Debt	$218.8	$353.8	$353.2	$359.9	$440.6	$1,111.3	
Debt/EBITDA	3.0	2.7	2.5	2.4	2.8		
Dividends	$18.2	$57.4	$59.8	$75.6	$87.2	$46.0	$298.2
Stock Buybacks	$0.0	$0.0	$0.4	$5.7	$0.8	$0.7	$6.9
Dividends + Buybacks as Percentage Net Income	-568.75%	84.91%	190.51%	9033.33%	483.52%	741.27%	**269.29%**
Source: Capital IQ							

Yet, as GateHouse admits, results from continuing operations (so called “same-store”) results have been declining, both in terms of revenues and EBITDA. Starting in 2017, however, the company stopped reporting annual same-store numbers. This is unfortunate because it prevents us from understanding how much new acquisitions affected the company’s balance sheet. From the annual reports, we note a substantial difference between overall gains and same store losses between 2014 and 2016. (See Table 3.)

Still, we can see the effects of acquisitions from 2014-2016. In 2015, the acquisition of 31 dailies and 66 weeklies generated an increase in revenues of $591.9 million, given that overall revenues increased $543.5 million *and* same store revenues decreased $48.4 million. In 2016, the acquisition of 1 daily and the loss of 8 weeklies brought an increase of $92.4 million, given that overall revenues increased $59.6 million and same store revenues decreased $32.8 million.

Table 2: NEWM Growth in News Footprint, 2014-2018					
	2014	2015	2016	2017	2018
Dailies	93	124	125	142	146
Daily Circulation	842,000	1,500,000	1,400,000	1,500,000	1,500,000
Weeklies	256	322	314	326	323
Weekly Circulation	1,038,000	2,321,000	2,215,000	2,318,000	1,668,000
Weekly Paid Circulation	297,000	321,000	315,000	318,000	268,000
Weekly Free Circulation	741,000	2,000,000	1,900,000	2,000,000	1,400,000
Shoppers (ad-only)	103	118	124	140	132
Shopper Circulation	2,600,000	2,800,000	3,000,000	3,500,000	3,100,000
Websites	379	489	538	569	581
Source: SEC Form 10-K, New Media Investment Group, various years					

Table 3: NEWM Same Store vs. Overall Revenues		
$ million	2015/2014	2016/2015
Same store changes in revenue	($48.4)	($32.8)
Overall changes in revenue	$543.5	$59.6
Source: SEC Form 10-K, New Media Investment Group, various years		

Starting in reporting for 2017, the company claims simultaneously "same store results … are not significant from actual results" but that it has experienced "ongoing declines in same store print advertising revenue streams." It just does not specify the severity of the advertising declines.[9]

Those declines, however, are evident in quarterly earnings reports. NEWM reports regular same-store quarterly revenue declines compared to the same quarter of the previous year. See Table 4. The claim that same store revenues "are not significant from actual results" is an exaggeration if not a deliberate obfuscation. Overall revenue growth has been driven by acquisitions only. This will be hard to replicate after NEWM takes over a Gannett that is larger than itself.

Table 4: NEWM Same Store vs. Overall Revenues Quarterly over Previous Year's Quarter			
1Q2017	-6.2%	3Q2018	-4.8%
2Q2017	-5.4%	4Q2018	-6.4%
3Q2017	-6.4%	1Q2019	-7.4%
4Q2017	-5.6%	2Q2019	-6.9%
1Q2018	-4.5%	3Q2019	-7.9%
2Q2018	-4.9%		
Source: SEC Form 8-K, New Media Investment Group, various dates			

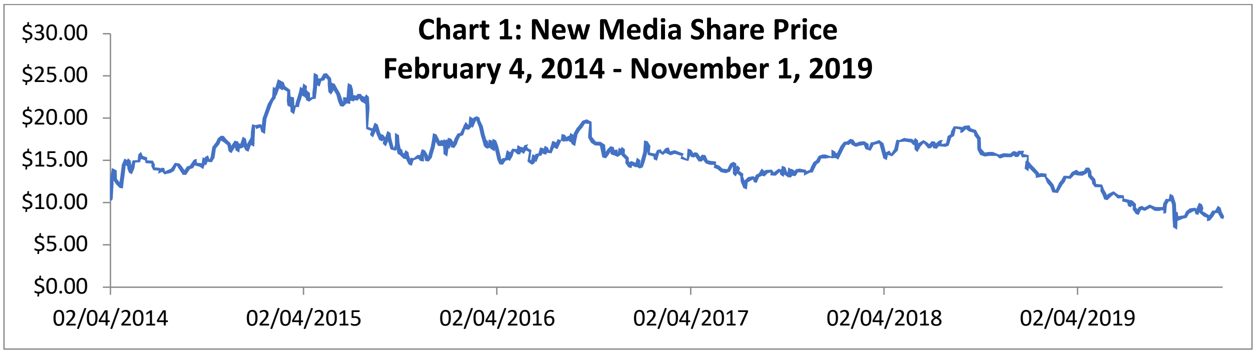
5. The Extraction of Cash out of GateHouse

New Media has made a clear decision to prioritize dividends over investment in news. It has raised the quarterly dividend virtually every year since 2014 from $0.27 to its current $0.38. Between 2014 and 2018, NEWM paid $298.2 million in dividends. Combined with share repurchases, the company has paid out much more than its net income: dividends + stock buybacks equaled 269.29 percent of net income between 2014 and 2018. (See Table 1.)

[9] SEC Form 10-K, New Media Investment Group, February 28, 2018, quotes from pages 77 and 72: https://www.sec.gov/Archives/edgar/data/1579684/000157968418000003/newm-20171231x10k.htm

The data from 2019 suggest an uptick in this extraction process. Table 1 shows that in the first half of 2019, the company had net income of -$6.3 million, yet it gave shareholders dividends worth $46 million and bought back $0.7 million of stock.

The strategy has had mixed results. Share prices have fallen 19.24 percent between the date the company went public on February 4, 2014, until November 1, 2019, and they have fallen 26.71 percent between January 1, 2019 and November 1, 2019. (See Chart 1.)



The high dividend has its appeal, however. Accounting for dividends, the **adjusted** share price (share price with dividends reinvested) has actually risen 44.34 percent between February 4, 2014, and November 1, 2019. This discrepancy between share price and adjusted share price shows the importance of dividends in giving New Media shareholders a “sugar high” – a temporary but unsustainable boost in share value. Because Gannett shareholders are buying late in the game, they may not be able to take advantage of multiple quarters of dividends. The cash flow tug-of-war among shareholders, the Fortress premium, and the debt payoff will consume at least one victim.

6. The Purchase Offer Over-Compensates Fortress Investment Group

NEWM has had an additional incentive to buy assets: the larger the company, the more its manager would receive. Fortress Investment Group, now owned by Softbank Group, bought the newspaper assets of Liberty Media in 2005. It made a number of acquisitions thereafter, but the company’s indebtedness was too difficult to sustain during the collapse of advertising during and after the financial crisis of 2008-2009: The company went into bankruptcy. Fortress was both a shareholder and a creditor through its subsidiary Newcastle Investment Corporation, so it ended up controlling GateHouse.

At the time, however, Newcastle was a Real Estate Investment Trust (REIT), controlled by Fortress (both the board and the executive team). Newcastle owned Local Media, a set of New England papers formerly owned by Dow Jones. Newcastle combined GateHouse and Local Media under the auspice of New Media Investment Group with an 84.6 percent controlling stake. It then spun off its stake in New Media to its shareholders. Fortress remained the manager.

A management agreement between Fortress and NEWM provides for both management fees and incentive fees.[10] Fortress gets an annual fee equal to 1.5 percent of NEWM total assets, thereby incentivizing the manager to buy as many assets as it could. Fortress also receives "incentive compensation" dependent upon adjusted net income. Between 2014 and June 30, 2019, Fortress received $48.6 million in management fees and $62.6 million in incentive fees.[11] NEWM CEO Michael Reed is paid by Fortress. Wesley Edens – co-founder, principal, and co-CEO of Fortress – had been Chairman of the NEWM board from bankruptcy exit in 2013 to May 2019, and his director fees were paid by Fortress.

While the merger deal **provides for the exit of Fortress at the end of 2021** from its management agreement, it gives the hedge fund a very generous compensation package. The management fee, whose percentage remains the same at 1.5 percent of assets, is likely to more than double in 2020 and 2021. While the incentive fee diminishes from 25 percent to 17.5 percent, it will be a smaller percentage of a larger pie whose size we cannot yet calculate. The 4.5 million shares Fortress receives after December 31, 2021, as part of the merger deal are likely worth at least $45 million. Leon Cooperman, the largest investor in New Media, called the Fortress compensation package "morally wrong."[12]

Altogether, Fortress will likely have extracted over $250 million from New Media / GateHouse between 2014 and 2021. A back-of-the-envelope calculation suggests those fees could have paid the salaries and benefits for **336 workers**.

7. The Cash-Stock Purchase Offer Under-values Gannett

The August 5 offer valued Gannett shares only nominally higher (0.5 percent) than Alden's pure-cash offer of $12.00 per share in January.[13] In rejecting Alden's bid, in February 2019, the Gannett board concluded the Alden offer "undervalue[d] Gannett, its assets and its prospects."[14] We have to wonder about the change of heart at Gannett, especially since a nominally better offer from GateHouse does not compensate for the **risk** to Gannett shareholders that NEWM's stock price could lower the value of their shares.

---

[10] SEC Form 10-K, New Media Investment Group, February 28, 2019, Exhibit 10.37,"Amended and Restated Management and Advisory agreement dated as of February 14, 2014": https://www.sec.gov/Archives/edgar/data/1579684/000119312514106565/d694452dex1037.htm and Exhibit 10.39, "Amended and Restated Management and Advisory agreement dated as of March 6, 2015": https://www.sec.gov/Archives/edgar/data/1579684/000157968417000005/newm-20161225ex1039.htm

[11] SEC Form 10-K, New Media Investment Group, various years.

[12] "New Media Investment Group Inc. (NEWM) CEO Mike Reed on Q3 2019 Results - Earnings Call Transcript, October 31, 2019: https://seekingalpha.com/article/4301846-new-media-investment-group-inc-newm-ceo-mike-reed-q3-2019-results-earnings-call-transcript?part=single

[13] See letter from MNG Enterprises to John Jeffry Louis III, Chairman of the Gannett Board of Directors, January 14, 2019, included in SEC filing 13D, MNG Enterprises, Inc., January 14, 2019: https://www.sec.gov/Archives/edgar/data/1635718/000092189519000082/0000921895-19-000082-index.htm

[14] See letter from J. Jeffry Louis to MNG Enterprises, Inc., included in Gannett press release, February 4, 2019, included in SEC filing 8-K, Gannett Co., Inc., February 4, 2019: https://www.sec.gov/Archives/edgar/data/1635718/000134100419000072/0001341004-19-000072-index.htm

Indeed, this is what has happened. As of November 1, 2019, with the closing price for NEWM shares at $8.48, the deal is worth **9.99 percent less** than it was on August 5 and **9.57 percent less** than the Alden offer.

While the NEWM share price will continue to fluctuate, there is no guarantee that the share price will be at a level to value Gannett assets by the time the deal closes (shortly after shareholder votes at both companies on November 14, 2019). Furthermore, NEWM shareholders appear to be losing confidence in the company: NEWM share price has fallen 26.71 percent in 2019 (as of closing price on November 1, 2019).

In summary, this deal values Gannett at a lower level than did Alden and it is risky since NEWM shares could fall further.

8. GateHouse is a Company in Turmoil

New Media management, board and shareholders are not aligned. Shareholders have rebuked management and the board six times in the last three years.

Shareholders bucked management three times at the 2019 annual meeting of shareholders. They voted overwhelmingly (73.28 percent) to **withhold** their vote for director Theodore P. Janulis. Shareholders voted 75.07 percent *against* the annual advisory of pay, a management proposal. (This is particularly ironic since GateHouse only lists one executive – COO Kirk Davis – in its proxy statement. The others, including CEO Mike Reed, are paid by the Fortress Investment Group.) Finally, shareholders voted 67.71 percent **for** a proposal from the California Public Employees Retirement System (CalPers) that would require directors to receive a majority vote in order to be elected.

At the 2018 annual meeting, shareholders voted to **withhold** their vote (64.65 percent) for director Laurence Tarica.

At the 2017 annual meeting, shareholders voted to **withhold** their vote (66.28 percent) for director and then-chairman Wesley R. Edens. They also voted 82.96 percent **for** a proposal from TNG-CWA that required an annual election of directors.[15]

This type of shareholder rebuke is extremely rare in public companies. New Media shareholders and their management and board are not on the same page, a situation that is likely to worsen.

TNG-CWA notes with deep concern that Mr. Janulis and Mr. Tarica have been appointed to the board of the new Gannett despite their disavowal by shareholders in 2019 and 2018, respectively.

[15] The company modified its governance in acknowledgement of the TNG-CWA proposal. It did not demand the resignations of either Edens or Tarica.

9. Conclusion

Consolidation within the news industry is likely, but this deal concerns us. The combination of the Fortress payout for the next two years, the high dividend, and the extra debt appear likely to force severe "efficiencies" on the company. If the merged company decides to accelerate debt repayment, then efficiencies will have to be increased. The two companies estimated $275-$300 million in annual synergies, the majority of which are planned in the first two years after the deal closes. Of that total, $115 million would come from "newspaper operations." This may not be enough.

Also, the company does not provide scenarios for possible economic downturns. The current economic expansion is now the longest expansion in U.S. economic history. Eventually, we will have a recession and with it a decrease in advertising revenues and pressures on all news organizations.

For those stakeholders concerned about the fate of journalism, the GateHouse approach to news has to be worrisome. Stripping news staffs to bare bones – in ways that mimic the behavior of Alden Global Capital – means certain activities are no longer funded and news organization cannot play the role of independent oversight of elected officials and private organizations.

Newspapers are a public good. They educate the public and are therefore critical to democratic governance. Whether it is local government or the competition of political ideas, newspapers allow citizens to make informed choices in electing leaders. They shed light on the expenditure of monies so that citizens have insight into how their tax revenues are spent.

We encourage organized workers at Gannett and GateHouse to push the company to retain jobs and offer sensible compensation. We encourage unorganized workers at Gannett and GateHouse to join TNG-CWA. The strong voices of workers, readers, community leaders and some shareholders will help pressure the company to address fundamental issues – preserving quality journalism, protecting career-sustaining jobs, and serving our communities.

TNG-CWA and the New Gannett

1. The NewsGuild-CWA expects to hold the new Gannett to the assurances it gave when it announced the merger on August 5, 2019: a "commitment to high-quality journalism and community leadership."[16]

2. TNG-CWA commits to ensuring that "high-quality journalism" means the continued employment of dedicated professionals with appropriate remuneration to attract and sustain them. We will watch carefully attempts to reduce headcount and short-change employees.

---

[16] Mike Reed and Kirk Davis, Communication to GateHouse Media / BridgeTower Media Employees," August 5, 2019, reproduced on SEC Form 425, New Media Investment Group, August 6, 2019: https://www.sec.gov/Archives/edgar/data/1579684/000114036119014328/nc10003799x13_425.htm

3. TNG-CWA will monitor the application of “community leadership” to ensure that it entails a continued presence of daily and weekly newspapers in the towns and cities where they are currently located in order to report on issues of public policy and neighborhood activities.

4. TNG-CWA expects new Gannett to invest in its operations and to end the extraction of cash at the expense of employees and communities. Such investment includes both the digital and print sides of the business.

5. TNG-CWA expects management at new Gannett to remain neutral when employees make a decision to seek collective representation. Any attempt to interfere with employee choice will be seen as a collective injury to all new Gannett employees.

6. TNG-CWA expects to be active in ensuring good corporate governance at new Gannett. We are particularly appalled that two directors who received a majority of withhold votes by shareholders at New Media have been appointed directors at new Gannett.