



New Media Spin-Off

February 2014

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Certain statements in this Presentation may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, but not limited to, statements regarding the expected timing for the completion of the spin-off of New Media Investment Group Inc. (“New Media”); New Media’s ability to execute its business plan, including any ability to grow, either organically or through acquisitions, and to stabilize cash flows, grow digital revenue, including online advertising and digital services, through the expansion of Propel or otherwise, and offset declines in print revenue with digital revenue; New Media’s ability to generate free cash flow and distribute any portion of such cash flow as a dividend; and expectations regarding the viability of local newspapers, the impact of the rise in internet advertising on digital marketing services businesses, spending by small and medium sized businesses on digital marketing and the opportunity for Propel to serve as an outsourced digital marketing department for such businesses.

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Executive Summary

We expect to complete the spin-off of New Media on February 13, 2014

- **Newcastle (NYSE: NCT) will spin off all of its media investments, which include:**
 - Restructured GateHouse (“GHS”) and Local Media Group, Inc. (“LMG”)⁽¹⁾
- **New Media (NYSE: NEWM) will be a new publicly-traded local media company**
- **NEWM began trading on a when-issued basis on February 4**
 - Receive 0.07219 shares of NEWM common stock for each Newcastle common share⁽²⁾
- **Reasons for the spin-off of New Media**
 - Dedicated vehicle to pursue significant investment opportunities in the media industry
 - Tailored capital structure that facilitates NEWM’s ability to pursue attractive acquisitions

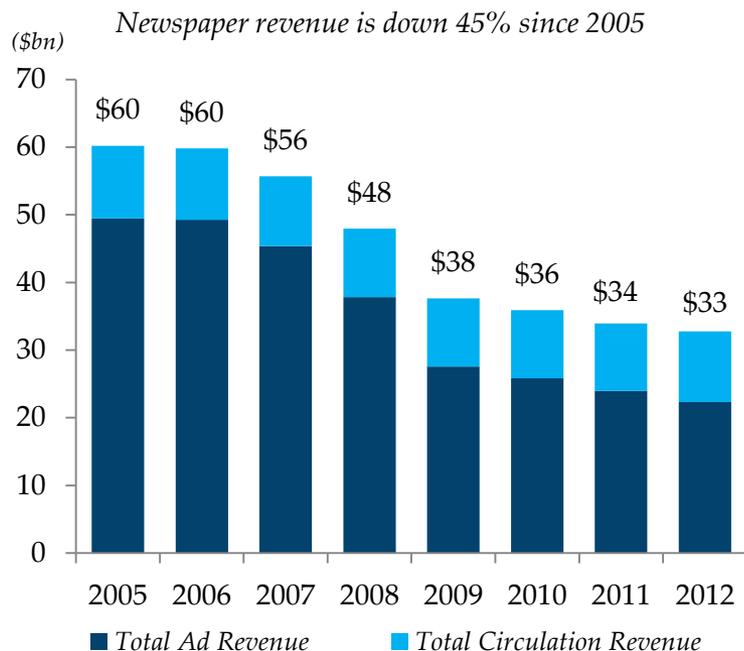
1) LMG was formerly known as Dow Jones Local Media Group, Inc.

2) Figure represents a rounded number. The exact distribution ratio is 0.07219481485. Newcastle’s equity interest represents 25,373,120 shares, or approximately 84.6% of the total number of outstanding shares of New Media common stock.

Traditional Print Media in Steady Decline

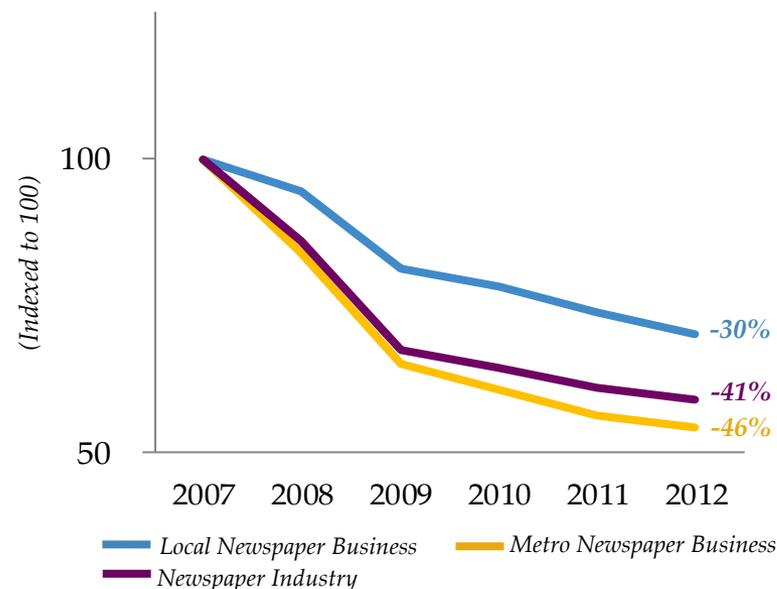
- The rise of internet has disrupted the newspaper industry's business model
 - Transformed how consumers spend their time, consume news & information, search and shop
- As a result, total advertising revenue declined steadily over the past decade
- However, local newspapers have retained more revenue than metropolitan newspaper peers⁽¹⁾
 - Local newspapers remain essential longstanding portals of relevant community content

Traditional Newspaper Industry Revenue⁽²⁾



Newspaper Industry Revenue: Local & Metro^(1,2)

Local Newspaper Business performed better since 2007 vs. Metro Newspaper Business & Newspaper Industry overall



1) Local Newspaper Business represents GHS based on what it owns today. Metro Newspaper Business represents a publically traded peer of GHS with a portfolio predominately consisting of metropolitan newspapers. The Local Newspaper Business and Metro Newspaper Businesses are large and varied, and results presented may differ from other industry participants.

2) Newspaper Association of America, 2013.

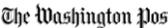
...Results in Market Disruption

- **Industry recapitalization**
 - Over 20 bankruptcies in the newspaper and directory industries since 2009

- **Valuations reset**
 - Pre-crisis, these businesses traded at 10x EBITDA
 - Today 50-90% lower⁽¹⁾

- **This industry distress has created an opportunistic M&A environment for local media assets**
 - Highly fragmented ownership
 - Significant number of family owned operations
 - Further de-levering likely to occur

- **Addressable market for U.S. newspaper & directory acquisitions is approximately \$35 billion⁽²⁾**

Select Bankruptcies / Sales	Date	Event
	2008	Ch. 11
	2009	Ch. 11
	2009	Ch. 11
 Investors	2009	Ch. 11 / Sale
	2009	Ch. 11
	2009	Ch. 11
	2009	Ch. 11
	2010	Ch. 11
	2011	Sale
	2011	Ch. 11
	2011	Sale
	2012	Ch. 11
	2012	Ch. 11
 Investors	2012	Sale
	2012	Sale
	2013	Sale
	2013	Ch. 11 / Merger
 Jeff Bezos	2013	Sale
 John W. Henry	2013	Sale
	2013	Sale

1) Percentages based on recent transactions and management estimates.

2) Internal estimates based on data from recent sales.

Behind the Chaos, Newspapers Have Been Reinventing Their Business Model

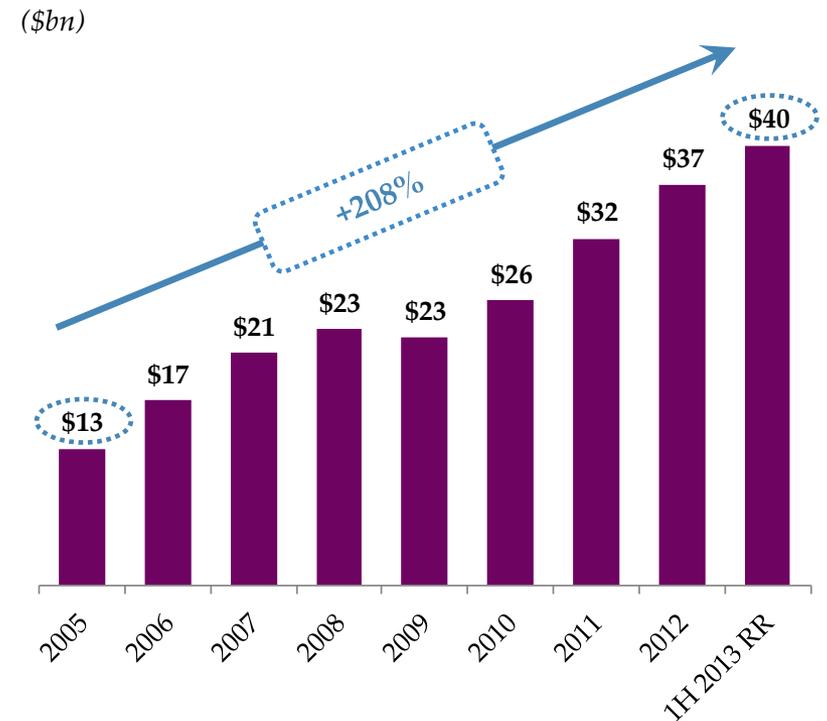
- Pay meters and pricing helped the industry grow circulation revenue by 5% from 2011 to 2012⁽¹⁾
 - ✓ Digital distribution is driving audience growth
 - ✓ Consumers remain willing to pay for content

- Digital marketing services businesses are poised to benefit from the rise in internet advertising
 - ✓ Newspaper's digital marketing services revenue grew 11% from 2011 to 2012⁽¹⁾

Newspaper Industry – Circulation Revenue⁽¹⁾



Rise in Total Internet Advertising⁽²⁾



1) Newspaper Association of America, 2013.

2) IAB Internet Advertising Revenue Report, 2013.

GateHouse History

- Fortress acquired GateHouse Media in 2005
- GHS was not immune to the disruption in the newspaper industry
- The core business is stabilizing with new digital revenue offsetting legacy print declines

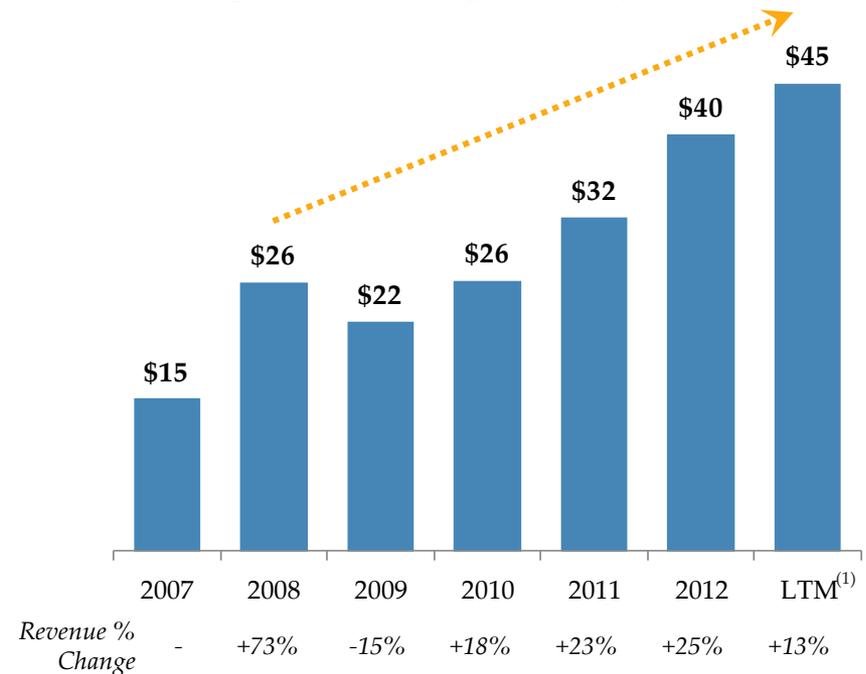
GHS Total Revenue Down 31% from 2008 (\$mm)

Total Revenue is Down from Peak but Stabilizing



Digital Revenue Growing (\$mm)

Digital Revenue has grown 73% from 2008



1) Total Revenue and Digital Revenue for last 12 months ("LTM") provided for illustrative purposes only. Actual 2013 revenue may differ materially. Historically, Digital Revenue has been included in the Advertising revenue line item of GateHouse's income statement.

Today, New Media is the largest publisher of locally based print and online media in the U.S.⁽¹⁾ and has a sound capital structure with approximately 2.0x leverage

NEWM Portfolio Overview

99% of publications have been in circulation for More Than 50 Years



435 Community Publications



353 Related Websites



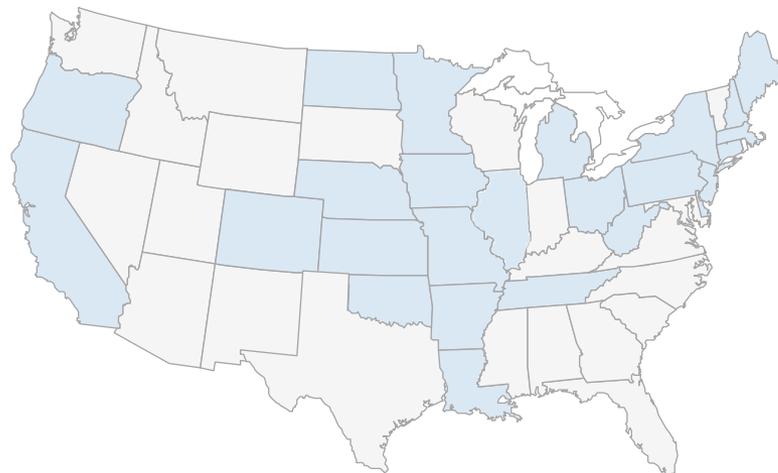
6 Yellow Page Directories



Digital Marketing Services Business

NEWM Reach

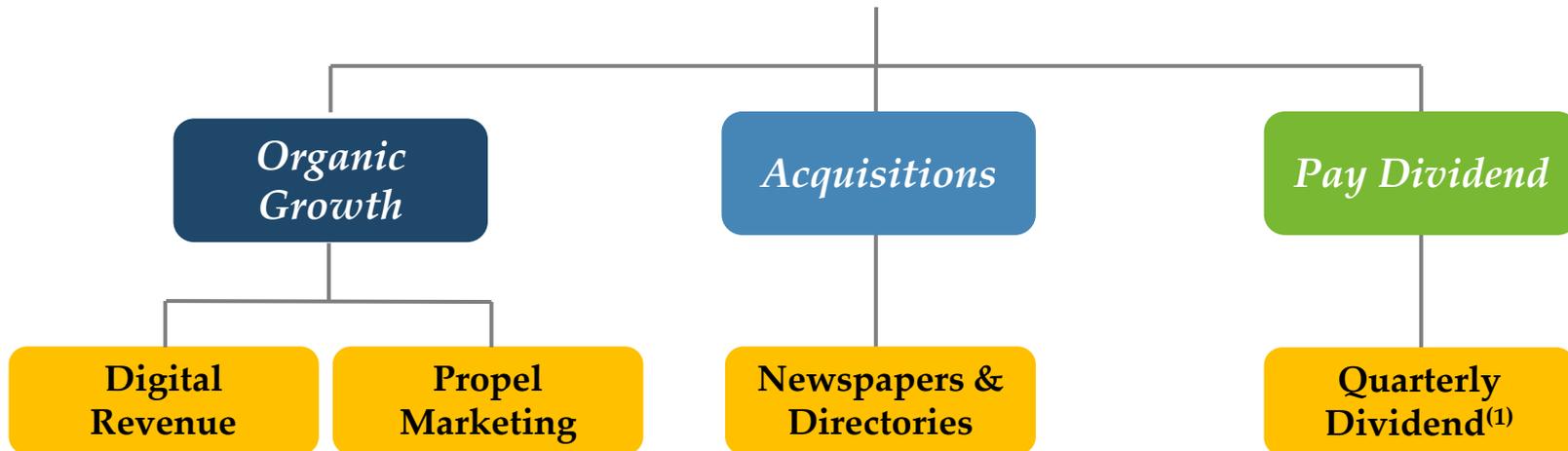
Operate in 338 Markets Across 24 States



*Reach ~10 million people on a Weekly Basis
Serve 128k Small & Medium Businesses*

1) As measured by number of daily publications.

New Media's Business Model

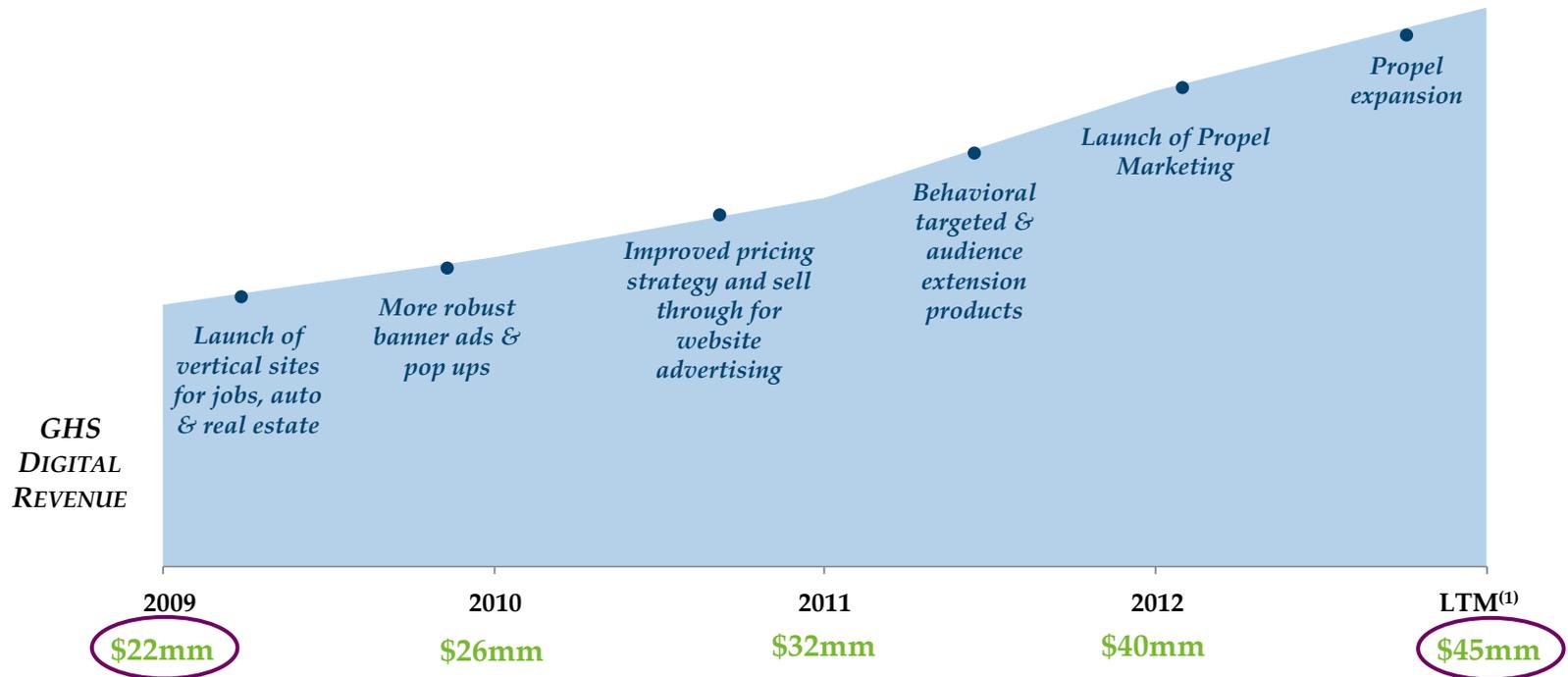


1) Any dividend declarations are at the sole discretion of the New Media Board of Directors and there can be no assurance of the amount or timing of any future dividends.

The Evolution of New Media's Digital Platform

Three primary drivers of digital revenue growth

1. Continue to grow online advertising revenue – GHS more than doubled digital revenue from 2009 to today
2. Expand Propel Marketing, an “outsourced online marketing department”, for small and medium businesses
3. Target acquisitions that have undermanaged the online opportunity



1) GHS Digital Revenue for last 12 months (“LTM”) provided for illustrative purposes only. Actual 2013 revenue may differ materially. Historically, Digital Revenue has been included in the Advertising revenue line item of GateHouse’s income statement.

- There are approximately 27 million small and medium sized businesses in the U.S.⁽¹⁾
 - These businesses are expected to spend \$24 billion on digital marketing by 2015⁽²⁾
- Owners of these businesses often lack the bandwidth to navigate the digital marketing sector
 - ✓ 52% of small and medium sized businesses still do not have a website; 90% do not have mobile-friendly websites⁽³⁾
 - ✓ 60% do not have a phone number on their website⁽⁴⁾ while 97% of consumers search for local businesses online⁽⁵⁾

Small & Medium Business Market Opportunity

<i>Employee Size</i>	<i>Number of SMBs⁽¹⁾</i>	<i>Opportunity⁽²⁾ (\$bn/year)</i>
Small: 1 - 20	26.7 mm	\$8.9B
Medium: 20 - 100	0.5 mm	\$9.4B
Medium/Large: 100 - 2,000	0.1 mm	\$5.6B
TOTAL	27 million	~\$24 billion

1) U.S. Census data, 2011.

2) U.S. SMB Spending Forecast by BIA/Kelsey, 2011. Amount represents estimated spending by small and medium sized businesses on products that NEWM currently provides, but is not limited to geographies that NEWM currently serves.

3) Small Business Sentiment Survey by Yodle, 2013.

4) BIA Kelsey, 2012.

5) Google Places for Business, 2012.

PROPEL – Our Opportunity with Propel

MARKETING

- Propel has the opportunity to become the “outsourced digital marketing department” for these businesses
 - Propel currently serves less than 1% of small & medium sized business prospects in New Media markets
- Direct local sales relationships are essential to drive sales with local businesses
 - NEWM has over 1,000 sales representatives, including 35 dedicated to Propel, and 14 third party partnerships⁽¹⁾

Propel’s Products

1. BUILD A PRESENCE

- Website Design
- Mobile / Responsive Website
- Social Media

2. GET FOUND ONLINE

- Search Engine Optimization
- List Optimization
- Local Profiles

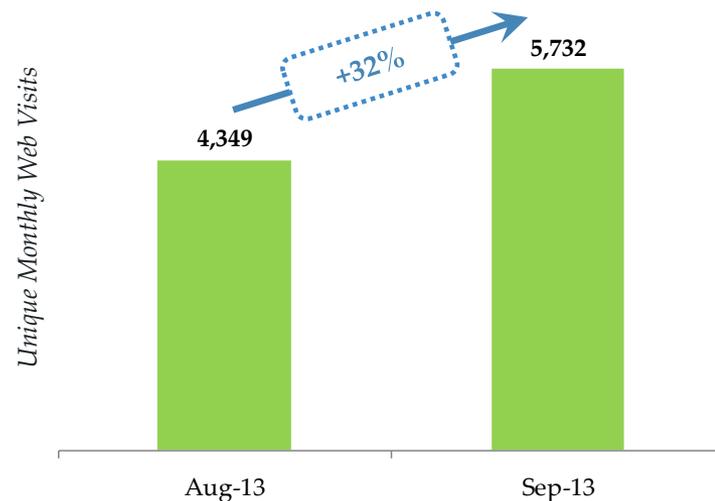
3. GROW CUSTOMER BASE

- Search Engine Marketing
- Display Advertising
- Retargeting

4. ENGAGE WITH CLIENTS

- Social Media Optimization
- Reputation Monitoring
- Call Tracking

Case Study – Increase Web Traffic⁽²⁾



Propel Marketing Products Purchased

- ✓ Mobile/Responsive Website Design
- ✓ Search Engine Optimization
- ✓ Social Media Optimization
- ✓ Retargeting
- ✓ List Optimization

1) Third party partnerships as of Q4 2013 include: Schurz Communications, Spectrum Marketing Companies, Sun-Times Media, Haines, New Britain Herald, The Bristol Press, The Frederick News-Post, Record-Journal, New Hampshire Union Leader, Maine Today Media, Calkins Media, Beasley Broadcast Group, and CBC.

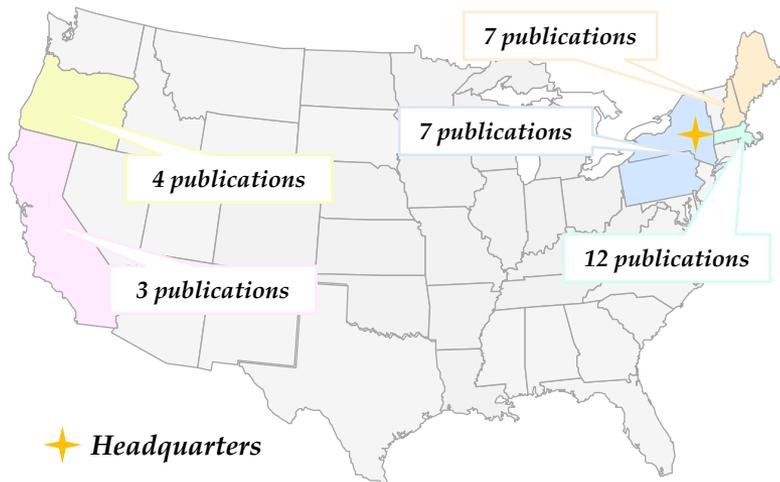
2) Case study represents results achieved for one Propel customer and results are not necessarily replicable or indicative of Propel’s ability to achieve similar results in other instances.

Build on Acquisition Track Record

- Acquired 33 newspapers from News Corp for \$82 million; 3.4x 2013 EBITDA
 - Net of \$33 million real estate value, Local Media Group was purchased for 2.5x 2013 EBITDA⁽¹⁾
- Many opportunities for more acquisitions of this nature
 - Fragmented ownership base, total addressable market of ~\$35 billion⁽²⁾

Local Media Group – 33 Publications

Longstanding source of community news for 200,000 subscribers per week in 7 states



Local Media Group Purchase (\$mm)⁽²⁾

	At Acquisition
Purchase Price	\$82 mm
Est. 2013 EBITDA ⁽²⁾	\$24 mm
Purchase Price Multiple	\$3.4x

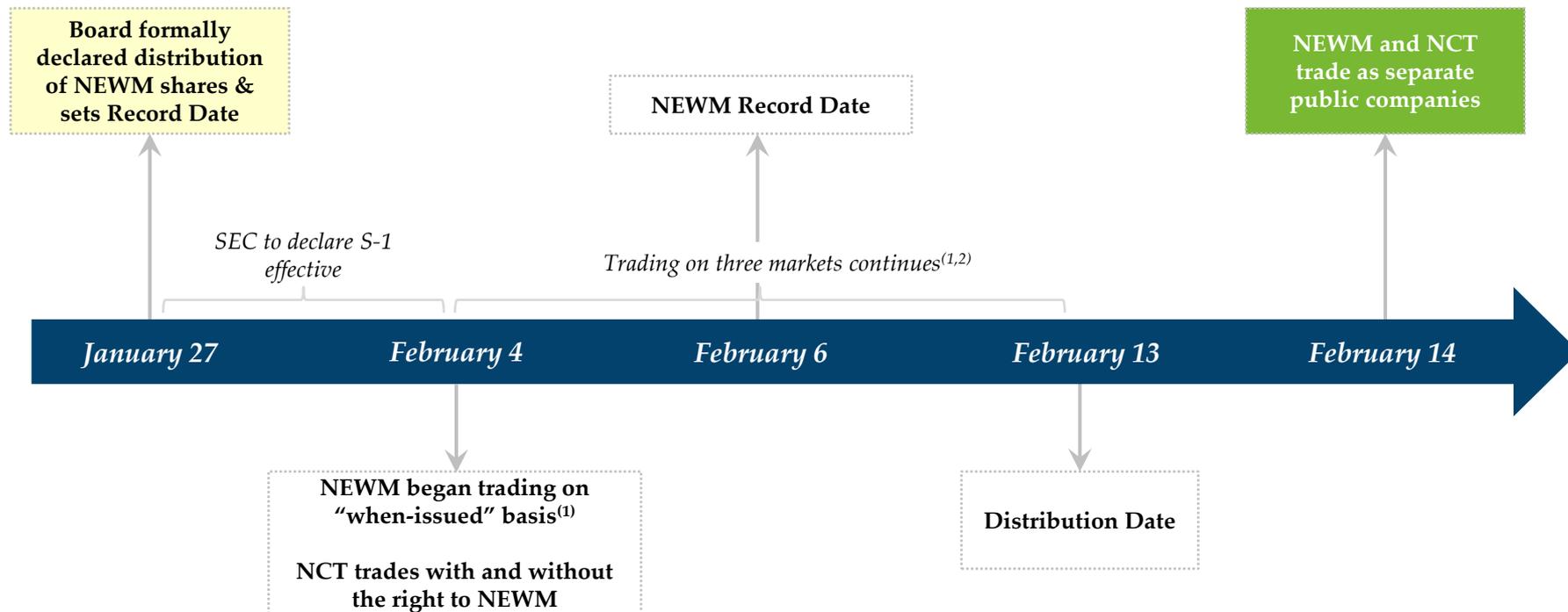
1) Assumes properties leased by Local Media Group at a 7.0% cap rate.

2) Internal estimates based on data from recent sales.

Appendix

Anticipated Spin-Off Timeline

We expect NEWM and NCT to trade as separate public companies on February 14



1) In the “when-issued” market, the right to the New Media shares distributed on the Distribution Date will trade. These shares will settle shortly after the Distribution Date.

2) The three markets are the: 1) “regular way” market (NYSE: NCT); “ex-distribution” market (NYSE: NCT WI) and “when-issued” market (NYSE: NEWM WI). In the “regular way” market, shares of Newcastle common stock will trade with the right to the New Media shares distributed on the Distribution Date. In the “ex-distribution” market, shares of Newcastle common stock will trade without the right to the New Media shares distributed on the Distribution Date.

NOTE: For U.S. federal income tax purposes, all of Newcastle’s distributions (whether in the form of cash or stock) in any year are treated as taxable dividends to the extent of its E&P for such year. Assuming that Newcastle has positive E&P at the end of 2014 and that total distributions in 2014 are less than or equal to E&P at the end of 2014, then the entire fair market value of each distribution, including the Distributed Shares, will be taxable. Assuming that Newcastle has positive E&P at the end of 2014 and that total distributions in 2014 are greater than E&P at the end of 2014, then a portion of each distribution, equal to the ratio of (i) E&P to (ii) the aggregate fair market value of 2013 distributions, will be taxable. Please refer to the New Media S-1 for more information and consult your tax advisor.

New Media Management Team

Michael Reed, *Director & Chief Executive Officer*

Michael E. Reed became GateHouse's Chief Executive Officer in January of 2006. He was a member of the board of directors of GateHouse since October 2006. He was formerly the President and Chief Executive Officer of Community Newspaper Holdings, Inc., or "CNHI," a leading publisher of local news and information and had served in that capacity since 1999. Mr. Reed served as CNHI's Chief Financial Officer from 1997 to 1999. Prior to that, he worked for Park Communications, Inc., a multimedia company, located in Ithaca, New York. Mr. Reed formerly served on the Board of Directors for the Newspaper Association of America. He currently serves on the Board of Directors for the Minneapolis Star Tribune, on which he has served since 2009. Mr. Reed formerly served as a director of the Associated Press and Chairman of the Audit Committee for the Associated Press. Mr. Reed was also a member of the Board of Visitors of the University of Alabama's College of Communication and Information Sciences and was a member of the Grady College Journalism School's Board of Advisors. Mr. Reed has a deep understanding of our operations, strategy and people, as well as our industry, serving as GateHouse's Chief Executive Officer for over seven years. He has also served in senior executive capacities with other companies in the newspaper and publishing industries. Mr. Reed also has extensive corporate board experience.

Gregory Freiberg, *Chief Financial Officer & Chief Accounting Officer*

Gregory Freiberg became New Media's Chief Financial Officer and Chief Accounting Officer in January of 2014. He was formerly the Executive Vice President and Chief Financial Officer of Dex One Corporation, a leading marketing solutions provider and had served in that capacity from September 2011 to April 2013. Prior to that, he served as Senior Vice President and Chief Financial Officer of Savvis, Inc. from April 2009 to August 2011, a global leader in cloud and managed solutions. Mr. Freiberg served as Senior Vice President and Chief Financial Officer of XO Holdings, Inc. and XO Communications, LLC from April 2006 to March 2009. Mr. Freiberg received his Bachelor of Science in Business Administration from the University of South Dakota, holds a CPA Certificate from the State of Nebraska, and served in the United States Army National Guard from 1986-1995.

Kirk Davis, *Chief Operating Officer*

Kirk Davis became the President and Chief Operating Officer of our Predecessor, GateHouse, in January 2009. Mr. Davis has been an employee of GateHouse since 2006, when he served as the Chief Executive Officer of GateHouse Media New England. Prior to joining GateHouse, Mr. Davis served as the Chief Executive Officer of Enterprise NewsMedia, LLC, also known as the South of Boston Media Group, from 2004 to 2006. Prior to that, Mr. Davis served as Vice President of Publishing for Turley Publications, Inc., a publishing and printing company, from 2002 to 2004. In 2001, Mr. Davis formed Cracked Rock Media, Inc. and began acquiring newspapers in Central Massachusetts. Mr. Davis still owns Cracked Rock Media, but has no day-to-day operational involvement. Prior to that, Mr. Davis served as President of Community Newspaper Company ("CNC") from 1998 to 2001. Mr. Davis also served as President of a newspaper group in the Boston area (TAB Newspapers), which was part of CNC, from 1996 to 1998. Mr. Davis also served as a Publisher and managed newspaper companies in Pennsylvania, Massachusetts and California from 1990 to 1996. Mr. Davis also served as Vice President of Circulation and Marketing for Ingersoll Publications from 1985 to 1990. Mr. Davis attended Wright State University and Ohio University. He is past chairman of the board for the Suburban Newspapers of America ("SNA") and as well as past chairman of the SNA Foundation. In 2007, Mr. Davis was elected to the Board of Directors of the Alliance for Audited Media.
