Section 1: 10-Q (10-Q_09.24)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 24, 2017

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _________ to _________

Commission file number:001-36097

New Media Investment Group Inc.
(Exact name of registrant as specified in its charter)

Delaware	**38-3910250**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1345 Avenue of the Americas 45th floor, New York, NY	**10105**
(Address of principal executive offices)	**(Zip Code)**

Telephone: (212) 479-3160
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 24, 2017, 53,220,185 shares of the registrant’s common stock were outstanding.

CAUTIONARY NOTE REGARDING FORWARD LOOKING INFORMATION

Certain statements in this report on Form 10-Q may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that reflect our current views regarding, among other things, our future growth, results of operations, performance and business prospects and opportunities, as well as other statements that are other than historical fact. Words such as “anticipate(s),” “expect(s)”, “intend(s)”, “plan(s)”, “target(s)”, “project(s)”, “believe(s)”, “will”, “aim”, “would”, “seek(s)”, “estimate(s)” and similar expressions are intended to identify such forward-looking statements.

Forward-looking statements are based on management’s current expectations and beliefs and are subject to a number of known and unknown risks, uncertainties and other factors that could lead to actual results materially different from those described in the forward-looking statements. We can give no assurance that our expectations will be attained. Our actual results, liquidity and financial condition may differ from the anticipated results, liquidity and financial condition indicated in these forward-looking statements. These forward looking statements are not a guarantee of future performance and involve risks and uncertainties, and there are certain important factors that could cause our actual results to differ, possibly materially from expectations or estimates reflected in such forward-looking statements, including, among others:

- general economic and market conditions;
- economic conditions in the Northeast, Southeast and Midwest regions of the United States;
- declining advertising and circulation revenues;
- our ability to grow our digital marketing and business services and digital audience and advertiser base;
- the growing shift within the publishing industry from traditional print media to digital forms of publication;
- our ability to grow our business organically through both our consumer and small to medium size business strategies:
- our ability to acquire local media print assets at attractive valuations;
- the risk that we may not realize the anticipated benefits of our recent or potential future acquisitions;
- the availability and cost of capital for future investments;
- our indebtedness may restrict our operations and / or require us to dedicate a portion of cash flow from operations to the payment of principal and interest;
- our ability to pay dividends consistent with prior practice or at all;
- our ability to reduce costs and expenses;
- our ability to realize the benefits of the Management Agreement (as defined below);
- the impact of any material transactions with the Manager (as defined below) or one of its affiliates, including the impact of any actual, potential or perceived conflicts of interest;
- effects of the pending merger of Fortress Investment Group LLC with affiliates of SoftBank Group Corp.;
- the competitive environment in which we operate; and
- our ability to recruit and retain key personnel.

Additional risk factors that could cause actual results to differ materially from our expectations include, but are not limited to, the risks identified by us under the heading “Risk Factors” in Part II, Item 1A of this report. Such forward-looking statements speak only as of the date on which they are made. Except to the extent required by law, we expressly disclaim any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in our expectations with regard thereto or change in events, conditions or circumstances on which any statement is based.

Item 1. Financial Statements

NEW MEDIA INVESTMENT GROUP INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(In thousands, except share data)

	September 24, 2017	December 25, 2016
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 160,541	$ 172,246
Restricted cash	3,406	3,406
Accounts receivable, net of allowance for doubtful accounts of $5,714 and $5,478 at September 24, 2017 and December 25, 2016, respectively	127,652	138,115
Inventory	18,282	18,167
Prepaid expenses	21,683	18,720
Other current assets	21,029	19,694
Total current assets	352,593	370,348
Property, plant, and equipment, net of accumulated depreciation of $161,218 and $130,839 at September 24, 2017 and December 25, 2016, respectively	366,710	381,319
Goodwill	202,388	227,954
Intangible assets, net of accumulated amortization of $60,528 and $43,632 at September 24, 2017 and December 25, 2016, respectively	337,473	351,477
Other assets	5,883	4,932
Total assets	$ 1,265,047	$ 1,336,030
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 4,527	$ 14,387
Accounts payable	24,905	19,105
Accrued expenses	82,324	84,389
Deferred revenue	80,375	77,987
Total current liabilities	192,131	195,868
Long-term liabilities:		
Long-term debt	356,536	338,860
Long-term liabilities, less current portion	14,053	12,597
Deferred income taxes	9,773	7,786
Pension and other postretirement benefit obligations	24,106	25,946
Total liabilities	596,599	581,057
Stockholders' equity:		
Common stock, $0.01 par value, 2,000,000,000 shares authorized at September 24, 2017 and December 25, 2016; 53,354,393 and 53,543,226 issued at September 24, 2017 and December 25, 2016, respectively	527	531
Additional paid-in capital	702,093	742,543
Accumulated other comprehensive loss	(3,894)	(3,977)
(Accumulated deficit) retained earnings	(29,205)	16,293
Treasury stock, at cost, 134,208 and 46,438 shares at September 24, 2017 and December 25, 2016, respectively	(1,073)	(417)
Total stockholders' equity	668,448	754,973
Total liabilities and stockholders' equity	$ 1,265,047	$ 1,336,030

See accompanying notes to unaudited condensed consolidated financial statements.

NEW MEDIA INVESTMENT GROUP INC. AND SUBSIDIARIES
Unaudited Condensed Consolidated Statements of Operations and Comprehensive (Loss) Income
(In thousands, except per share data)

	Three months ended September 24, 2017	Three months ended September 25, 2016	Nine months ended September 24, 2017	Nine months ended September 25, 2016
Revenues:				
Advertising	$ 159,481	$ 164,683	$ 482,427	$ 502,474
Circulation	112,792	104,693	334,160	312,664
Commercial printing and other	44,903	37,461	130,986	106,633
Total revenues	317,176	306,837	947,573	921,771
Operating costs and expenses:				
Operating costs	177,724	172,972	532,535	519,982
Selling, general, and administrative	106,809	100,052	319,338	306,165
Depreciation and amortization	18,257	17,014	54,621	50,364
Integration and reorganization costs	2,210	5,197	6,817	7,532
Impairment of long-lived assets	—	—	6,485	—
Goodwill and mastheads impairment	—	—	27,448	—
Loss (gain) on sale or disposal of assets	686	974	(1,860)	3,325
Operating income	11,490	10,628	2,189	34,403
Interest expense	7,848	7,391	22,283	22,269
Loss on early extinguishment of debt	4,767	—	4,767	—
Other income	(88)	(62)	(75)	(316)
(Loss) income before income taxes	(1,037)	3,299	(24,786)	12,450
Income tax expense (benefit)	934	504	2,557	(4,695)
Net (loss) income	$ (1,971)	$ 2,795	$ (27,343)	$ 17,145
(Loss) income per share:				
Basic:				
Net (loss) income	$ (0.04)	$ 0.06	$ (0.52)	$ 0.39
Diluted:				
Net (loss) income	$ (0.04)	$ 0.06	$ (0.52)	$ 0.38
Dividends declared per share	$ 0.35	$ 0.33	$ 1.05	$ 0.99
Comprehensive (loss) income	$ (1,944)	$ 2,815	$ (27,260)	$ 17,206

See accompanying notes to unaudited condensed consolidated financial statements.

NEW MEDIA INVESTMENT GROUP INC. AND SUBSIDIARIES
Unaudited Condensed Consolidated Statement of Stockholders' Equity
(In thousands, except share data)

	Common stock		Additional paid-in capital	Accumulated other comprehensive income (loss)	(Accumulated deficit) retained earnings	Treasury stock		Total
	Shares	Amount				Shares	Amount	
Balance at December 25, 2016	53,543,226	$ 531	$ 742,543	$ (3,977)	$ 16,293	46,438	$ (417)	$ 754,973
Net loss	—	—	—	—	(27,343)	—	—	(27,343)
Net actuarial loss and prior service cost, net of income taxes of $0	—	—	—	83	—	—	—	83
Restricted share grants	202,287	—	225	—	—	—	—	225
Non-cash compensation expense	—	—	2,364	—	—	—	—	2,364
Offering costs	—	—	(111)	—	—	—	—	(111)
Purchase of treasury stock	—	—	—	—	—	87,770	(656)	(656)
Repurchase of common stock	(391,120)	(4)	(4,997)	—	—	—	—	(5,001)
Common stock cash dividend	—	—	(37,931)	—	(18,155)	—	—	(56,086)
Balance at September 24, 2017	53,354,393	$ 527	$ 702,093	$ (3,894)	$ (29,205)	134,208	$ (1,073)	$ 668,448

See accompanying notes to unaudited condensed consolidated financial statements.

NEW MEDIA INVESTMENT GROUP INC. AND SUBSIDIARIES
Unaudited Condensed Consolidated Statements of Cash Flows
(In thousands)

	Nine months ended September 24, 2017	Nine months ended September 25, 2016
Cash flows from operating activities:		
Net (loss) income	$ (27,343)	$ 17,145
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	54,621	50,364
Non-cash compensation expense	2,364	1,846
Non-cash interest expense	1,710	2,089
Deferred income taxes	1,987	(4,983)
(Gain) loss on sale or disposal of assets	(1,860)	3,325
Non-cash charge to investments	250	—
Non-cash loss on early extinguishment of debt	2,344	—
Impairment of long-lived assets	6,485	—
Goodwill and mastheads impairment	27,448	—
Pension and other postretirement benefit obligations	(1,803)	(1,797)
Changes in assets and liabilities:		
Accounts receivable, net	16,806	24,170
Inventory	373	(835)
Prepaid expenses	(2,666)	(1,051)
Other assets	(1,479)	(1,858)
Accounts payable	5,382	(987)
Accrued expenses	(2,989)	(19,514)
Deferred revenue	(2,318)	(1,809)
Other long-term liabilities	1,456	1,207
Net cash provided by operating activities	80,768	67,312
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(7,206)	(7,731)
Proceeds from sale of publications and other assets	14,669	3,234
Acquisitions, net of cash acquired	(41,700)	(107,712)
Net cash used in investing activities	(34,237)	(112,209)
Cash flows from financing activities:		
Payment of debt issuance costs	(3,470)	—
Borrowings under term loans	20,000	—
Repayments under term loans	(12,632)	(2,632)
Payment of offering costs	(431)	—
Purchase of treasury stock	(656)	(417)
Repurchase of common stock	(5,001)	—
Payment of dividends	(56,046)	(44,172)
Net cash used in financing activities	(58,236)	(47,221)
Net decrease in cash and cash equivalents	(11,705)	(92,118)
Cash and cash equivalents at beginning of period	172,246	146,638
Cash and cash equivalents at end of period	$ 160,541	$ 54,520

See accompanying notes to unaudited condensed consolidated financial statements.

(1) Unaudited Financial Statements

The accompanying unaudited condensed consolidated financial statements of New Media Investment Group Inc. and its subsidiaries (together, the "Company" or "New Media") have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and the instructions to Form 10-Q and applicable provisions of Regulation S-X, each as promulgated by the Securities and Exchange Commission (the "SEC"). Certain information and note disclosures normally included in comprehensive annual financial statements presented in accordance with GAAP have generally been condensed or omitted pursuant to SEC rules and regulations.

Management believes that the accompanying condensed consolidated financial statements contain all adjustments (which include normal recurring adjustments) that, in the opinion of management, are necessary to present fairly the Company's consolidated financial condition, results of operations and cash flows for the periods presented. The results of operations for interim periods are not necessarily indicative of the results that may be expected for the full year. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended December 25, 2016, included in the Company's Annual Report on Form 10-K.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Media was formed as a Delaware corporation on June 18, 2013. New Media was capitalized by and issued 1,000 common shares to Newcastle Investment Corp. ("Newcastle"). New Media had no operations until November 26, 2013, when it assumed control of GateHouse Media, Inc. ("GateHouse") and Local Media Group Holdings LLC. GateHouse was determined to be the predecessor to New Media, as the operations of GateHouse comprise substantially all of the business operations of the combined companies. Newcastle owned approximately 84.6% of New Media until February 13, 2014, upon which date Newcastle distributed the shares that it held in New Media to its shareholders on a pro rata basis.

The Company's operating segments (Eastern US Publishing ("East"), Central US Publishing ("Central"), Western US Publishing ("West"), and BridgeTower) are aggregated into one reportable segment.

The newspaper industry and the Company have experienced declining revenue and profitability over the past several years. As a result, the Company has implemented, and continues to implement, plans to reduce costs and preserve cash flow. This includes cost-reduction programs and the sale of non-core assets. The Company believes these initiatives along with cash provided by operating activities will provide it with the financial resources necessary to invest in the business and provide sufficient cash flow to enable the Company to meet its commitments. However, the Company did recognize goodwill and mastheads impairments during the second quarter of 2017. Refer to Note 5 for further discussion.

Long-Lived Asset Impairment

As part of the ongoing cost reduction programs, the Company is consolidating print facilities, and during the nine months ended September 24, 2017, the Company ceased printing operations at 12 facilities. As a result, the Company recognized an impairment charge of $6,485 and accelerated depreciation of $2,429 during the nine months ended September 24, 2017.

Dispositions

On June 2, 2017, the Company completed its sale of the *Mail Tribune*, located in Medford, Oregon, for approximately $14,700, including estimated working capital. As a result, a pre-tax gain of approximately $5,400, net of selling expenses, is included in (Gain) Loss on sale or disposal of assets on the Consolidated Statement of Operations and Comprehensive (Loss) Income since the disposition did not qualify for treatment as a discontinued operation.

Reclassifications

Certain amounts in the prior period's condensed consolidated financial statements have been reclassified to conform to the current year presentation.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers" (Topic 606 or ASU 2014-09). ASU 2014-09 will replace all current U.S. GAAP guidance on this topic and eliminate all industry-specific guidance. The new revenue recognition standard provides a unified model to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In March 2016, the FASB issued ASU No. 2016-08, "Revenue from Contracts with Customers - Principal versus Agent Considerations" (ASU 2016-08), which clarifies the implementation guidance on principal versus agent considerations. During 2016, the Company established a project team to identify potential differences that would result from the application of this standard. Based upon our initial evaluation, the Company does not expect the adoption of ASU 2014-09 to have a material effect on its financial condition or results of operations. While the Company continues to evaluate the impact of the new revenue guidance, it currently believes that the most significant changes will be primarily related to how the Company accounts for certain reseller arrangements. However, preliminary assessments may be subject to change. The Company will adopt the requirements of the new standard on January 1, 2018 and anticipates using the modified retrospective transition method.

In February 2016, the FASB issued ASU No. 2016-02, "Leases" (Topic 842), which revises the accounting related to lessee accounting. Under the new guidance, lessees will be required to recognize a lease liability and a right-of-use asset for all leases with terms greater than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The provisions of ASU 2016-02 are effective for fiscal years beginning after December 15, 2018 and should be applied through a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. Early adoption is permitted. The Company is currently evaluating the impact this accounting standard will have on the Company's consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, "Restricted Cash" (Topic 230), which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash and restricted cash equivalents. The provisions of ASU 2016-18 are effective for fiscal years beginning after December 15, 2017 and should be applied using a retrospective transition method. Early adoption is permitted. Other than the revised statement of cash flows presentation, the adoption of ASU 2016-18 is not expected to have a material impact on the Company's consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-01, "Business Combinations - Clarifying the Definition of a Business" (Topic 805), which clarifies the definition of a business for determining whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The new standard is effective for annual periods beginning after December 15, 2017, with early adoption permitted for transactions that occurred before the issuance date or effective date of the standard if the transactions were not reported in financial statements that have been issued or made available for issuance. The standard must be applied prospectively. The Company is currently evaluating the impact this accounting standard will have on the Company's consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04 "Intangibles - Goodwill and Other - Simplifying the Test for Goodwill Impairment" (Topic 350), which simplifies subsequent goodwill measurement by eliminating Step 2 from the goodwill impairment test. Under this update, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. The new standard is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2019, with early adoption permitted for annual goodwill impairment tests performed after January 1, 2017. The standard must be applied prospectively. The Company early-adopted the guidance of this accounting standard during the second quarter of fiscal 2017 in connection with its annual impairment testing to reduce the complexity and costs of evaluating goodwill for impairment. It was adopted on a prospective basis. As a result of the adoption, a single step quantitative test was performed. Refer to Note 5 for further discussion.

In March 2017, the FASB issued ASU No. 2017-07 “Compensation-Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost” (Topic 715), which provides guidance that requires an employer to report the service cost component separate from the other components of net benefit pension costs. The employer is required to report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the income statement separately from the service cost component and outside the subtotal of income from operations, if one is presented. If a separate line item is not used, the line item used in the income statement must be disclosed. The new standard is effective for annual reporting periods beginning after December 15, 2017 and interim periods within those years. Early adoption is permitted. Other than the revised statement of operations presentation, the adoption of ASU 2017-07 is not expected to have a material impact on the Company’s consolidated financial statements.

All other issued and not yet effective accounting standards are not relevant to the Company.

(2) Acquisitions

2017 Acquisitions

The Company acquired substantially all the assets, properties and business of certain publications and businesses on July 6, 2017, June 30, 2017, February 10, 2017, and January 31, 2017 (“2017 Acquisitions”), which included four business publications, 10 daily newspapers, 15 weekly publications, 11 shoppers, and an event production business for an aggregate purchase price of $40,590, including estimated working capital. The acquisitions were financed from cash on hand. The rationale for the acquisitions was primarily due to the attractive nature, as applicable, of the newspaper assets and event production business, and cash flows combined with cost-saving and revenue-generating opportunities available.

The Company accounted for the 2017 Acquisitions under the acquisition method of accounting. The net assets, including goodwill, have been recorded in the consolidated balance sheet at their fair values in accordance with Accounting Standards Codification ("ASC") 805, “Business Combinations” (“ASC 805”). The fair value determination of the assets acquired and liabilities assumed are preliminary based upon all information available to us at the present time and are subject to working capital and other adjustments and subject to the completion of valuations to determine the fair market value of these tangible and intangible assets. The final calculation of working capital and other adjustments and determination of fair values for tangible and intangible assets may result in different allocations among the various asset classes from those set forth below and any such differences could be material.

The following table summarizes the preliminary fair values of the assets and liabilities:

Current assets	$ 6,749
Other assets	4
Property, plant and equipment	33,629
Noncompete agreements	230
Advertiser relationships	1,306
Subscriber relationships	669
Customer relationships	202
Mastheads	2,292
Goodwill	3,034
Total assets	48,115
Current liabilities	7,525
Total liabilities	7,525
Net assets	$ 40,590

The Company obtained third party independent valuations or performed similar calculations internally to assist in the determination of the fair values of certain assets acquired and liabilities assumed. Three basic approaches were used to determine value: the cost approach (used for equipment where an active secondary market is not available, building improvements, and software), the direct sales comparison (market) approach (used for land and equipment where an active secondary market is available) and the income approach (used for intangible assets).

The Company recorded approximately $449 and $627 of selling, general and administrative expense for acquisition-related costs for the 2017 Acquisitions during the three and nine months ended September 24, 2017, respectively.

For tax purposes, the amount of goodwill that is expected to be deductible is $3,034.

2016 Acquisitions

The Company acquired substantially all the assets, properties and business of certain publications and businesses on December 31, 2015, January 12, 2016, March 18, 2016, April 22, 2016, April 29, 2016, June 29, 2016, August 1, 2016, September 30, 2016, and November 30, 2016 ("2016 Acquisitions"), which included 68 business publications, seven daily newspapers, seven weekly publications, 11 shoppers, and digital platforms for an aggregate purchase price of $135,908, including working capital. The acquisitions were financed from cash on hand. The rationale for the acquisitions was primarily due to the attractive nature, as applicable, of the newspaper assets and digital platforms, and cash flows combined with cost-saving and revenue-generating opportunities available.

The Company accounted for the 2016 Acquisitions under the acquisition method of accounting. The net assets, including goodwill, have been recorded in the consolidated balance sheet at their fair values in accordance with ASC 805. The fair value determination of the assets acquired and liabilities assumed are subject to working capital and other adjustments.

The following table summarizes the fair values of the assets and liabilities:

Current assets	$	20,820
Other assets		4,195
Property, plant and equipment		36,105
Noncompete agreements		886
Advertiser relationships		32,312
Subscriber relationships		13,696
Customer relationships		5,113
Software		5,783
Trade names		2,448
Mastheads		9,217
Goodwill		56,749
Total assets		187,324
Current liabilities		26,532
Pension obligations		16,299
Other long-term liabilities		8,585
Total liabilities		51,416
Net assets	$	135,908

The Company obtained third party independent valuations or performed similar calculations internally to assist in the determination of the fair values of certain assets acquired and liabilities assumed. Three basic approaches were used to determine value: the cost approach (used for equipment where an active secondary market is not available, building improvements, and software), the direct sales comparison (market) approach (used for land and equipment where an active secondary market is available) and the income approach (used for intangible assets). The obligation assumed for the defined benefit pension plan was measured in accordance with ASC 715-20, "Compensation-Retirement Benefits".

The Company recorded approximately $2,093 of selling, general and administrative expense for acquisition-related costs for the 2016 Acquisitions.

In a 2016 stock acquisition, the Company acquired goodwill with a tax cost basis of $50,325 and a net tax basis of $10,746. As a result, for tax purposes, the amount of goodwill that is expected to be deductible for the 2016 Acquisitions is $43,103.

(3) Share-Based Compensation

The Company recognized compensation cost for share-based payments of $769, $609, $2,364, and $1,846 during the three and nine months ended September 24, 2017 and September 25, 2016, respectively. The total compensation cost not yet recognized related to non-vested awards as of September 24, 2017 was $4,237, which is expected to be recognized over a weighted average period of 1.82 years through July 2020.

On February 3, 2014, the Board of Directors of New Media (the "Board" or "Board of Directors") adopted the New Media Investment Group Inc. Nonqualified Stock Option and Incentive Award Plan (the "Incentive Plan") that authorized up to 15,000,000 shares that can be granted under the Incentive Plan. On the same date, the Board adopted a form of the New Media Investment Group Inc. Non-Officer Director Restricted Stock Grant Agreement (the "Form Grant Agreement") to govern the terms of awards of restricted stock ("New Media Restricted Stock") granted under the Incentive Plan to directors who are not officers or employees of New Media (the "Non-Officer Directors"). On February 24, 2015, the Board adopted a form of the New Media Investment Group Inc. Employee Restricted Stock Grant Agreement (the "Form Employee Grant Agreement") to govern the terms of awards of New Media Restricted Stock granted under the Incentive Plan to employees of New Media and its subsidiaries (the "Employees"). Both the Form Grant Agreement and the Form Employee Grant Agreement provide for the grant of New Media Restricted Stock that vests in equal annual installments on each of the first, second and third anniversaries of the grant date, subject to continued service, and immediate vesting in full upon death or disability. If service terminates for any other reason, all unvested shares of New Media Restricted Stock will be forfeited. During the period prior to the lapse and removal of the vesting restrictions, a grantee of a restricted stock grant ("RSG") will have all the rights of a stockholder, including without limitation, the right to vote and the right to receive all dividends or other distributions. Any dividends or other distributions that are declared with respect to the shares of New Media Restricted Stock will be paid at the time such shares vest. The value of the RSGs on the date of issuance is recognized as selling, general and administrative expense over the vesting period with an increase to additional paid-in-capital.

During the three months ended March 26, 2017, grants of restricted shares totaling 182,035 shares were made to the Company's Employees, and 24,976 shares were forfeited. During the three months ended September 24, 2017, grants of restricted shares totaling 3,647 shares were made to the Company's Employees, and 19,300 shares were forfeited.

As of September 24, 2017 and September 25, 2016, there were 349,781 and 330,388 RSGs, respectively, issued and outstanding with a weighted average grant date fair value of $16.83 and $18.24, respectively. As of September 24, 2017, the aggregate intrinsic value of unvested RSGs was $4,970.

RSG activity during the nine months ended September 24, 2017 was as follows:

	Number of RSGs	Weighted-Average Grant Date Fair Value
Unvested at December 25, 2016	335,593	$ 18.18
Granted	185,682	15.85
Vested	(127,218)	18.93
Forfeited	(44,276)	16.95
Unvested at September 24, 2017	349,781	$ 16.83

FASB ASC Topic 718, "Compensation – Stock Compensation", requires the recognition of share-based compensation for the number of awards that are ultimately expected to vest. The Company's estimated forfeitures are based on historical forfeiture rates. Estimated forfeitures are reassessed periodically, and the estimate may change based on new facts and circumstances.

(4) Restructuring

Over the past several years, and in furtherance of the Company's cost-reduction and cash-preservation plans outlined in Note 1, the Company has engaged in a series of individual restructuring programs, designed primarily to right size the Company's employee base, consolidate facilities and improve operations, including those of recently acquired entities. These initiatives impact all of the Company's geographic regions and are often influenced by the terms of union contracts within the region. All costs related to these programs, which primarily reflect severance expense, are accrued at the time of announcement or over the remaining service period.

A rollforward of the accrued restructuring costs, included in accrued expenses on the balance sheet, for the nine months ended September 24, 2017 is outlined below.

	Severance and Related Costs	Other Costs [1]	Total
Balance at December 25, 2016	$ 1,178	$ 356	$ 1,534
Restructuring provision included in Integration and Reorganization	6,029	788	6,817
Cash payments	(5,543)	(1,106)	(6,649)
Balance at September 24, 2017	$ 1,664	$ 38	$ 1,702

(1) Other costs primarily included costs to consolidate operations.

The restructuring reserve balance is expected to be paid out over the next twelve months.

The following table summarizes the costs incurred and cash paid in connection with these restructuring programs for the three and nine months ended September 24, 2017 and September 25, 2016.

	Three months ended September 24, 2017	Three months ended September 25, 2016	Nine months ended September 24, 2017	Nine months ended September 25, 2016
Severance and related costs	$ 1,947	$ 4,666	$ 6,029	$ 6,356
Severance and other costs assumed from acquisition	—	—	—	95
Other costs	263	531	788	1,176
Cash payments	(2,465)	(2,374)	(6,649)	(6,257)

(5) Goodwill and Intangible Assets

Goodwill and intangible assets consisted of the following:

	September 24, 2017		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Amortized intangible assets:			
Advertiser relationships	$ 176,224	$ 33,471	$ 142,753
Customer relationships	25,140	4,475	20,665
Subscriber relationships	91,613	18,680	72,933
Other intangible assets	9,819	3,902	5,917
Total	$ 302,796	$ 60,528	$ 242,268
Nonamortized intangible assets:			
Goodwill	$ 202,388		
Mastheads	95,205		
Total	$ 297,593		

	December 25, 2016		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Amortized intangible assets:			
Advertiser relationships	$ 174,918	$ 24,618	$ 150,300
Customer relationships	24,938	3,153	21,785
Subscriber relationships	90,944	13,911	77,033
Other intangible assets	9,589	1,950	7,639
Total	$ 300,389	$ 43,632	$ 256,757
Nonamortized intangible assets:			
Goodwill	$ 227,954		
Mastheads	94,720		
Total	$ 322,674		

As of September 24, 2017, the weighted average amortization periods for amortizable intangible assets are 15.1 years for advertiser relationships, 15.2 years for customer relationships, 14.5 years for subscriber relationships and 5.0 years for other intangible assets. The weighted average amortization period in total for all amortizable intangible assets is 14.6 years.

Amortization expense for the three and nine months ended September 24, 2017 and September 25, 2016 was $5,672, $5,407, $16,896, and $15,097, respectively. Estimated future amortization expense as of September 24, 2017, is as follows:

For the following fiscal years:	
2017	$ 5,655
2018	22,625
2019	20,967
2020	20,269
2021	20,262
Thereafter	152,490
Total	$ 242,268

The changes in the carrying amount of goodwill for the period from December 25, 2016 to September 24, 2017 are as follows:

Balance at December 25, 2016	$	227,954
Goodwill acquired in business combinations		2,870
Goodwill impairment		(25,641)
Goodwill from divestitures		(2,795)
Balance at September 24, 2017	$	202,388

The Company's annual impairment assessment is made on the last day of its fiscal second quarter.

The carrying value of goodwill and indefinite-lived intangible assets are evaluated for possible impairment on an annual basis or between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit or indefinite-lived intangible asset below its carrying value. The Company adopted ASU 2017-04 in the second quarter and performed a quantitative goodwill impairment test to identify the existence of impairment, if any, and the amount of impairment loss. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired. If the carrying amount of a reporting unit exceeds its fair value, an impairment loss shall be recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit.

As part of the annual impairment assessments, as of June 25, 2017, the fair values of the Company's reporting units, which include East, West, Central and BridgeTower, for goodwill impairment testing and indefinite-lived intangible assets, which include newspaper mastheads, were estimated using the expected present value of future cash flows, recent industry multiples and using estimates, judgments and assumptions that management believes were appropriate in the circumstances. The estimates and judgments used in the assessment included multiples for EBITDA, the weighted average cost of capital and the terminal growth rate. The Company determined that the future cash flow and industry multiple analyses provided the best estimate of the fair value of its reporting units. As a result of the annual assessment, the Company recorded a goodwill impairment in two of its reporting units, Central and West, for a total of $25,641. The impairment is primarily due to continuing economic pressures in the newspaper industry and a decline in the Company's stock price. Key assumptions in the impairment analysis include revenue and EBITDA projections, discount rates, long-term growth rates and the effective tax rate that the Company determined to be appropriate. Revenue projections reflected slight declines in the current and next year, and revenues are expected to moderate to a terminal growth rate of 1%. Discount rates ranged from 16% to 17%. The effective tax rate was 40%.

The total Company's estimate of reporting unit fair values was reconciled to its then market capitalization (based upon the stock market price and fair value of debt) plus an estimated control premium.

The Company used a "relief from royalty" approach, a discounted cash flow model, to determine the fair value of each reporting unit's mastheads. The estimated fair value exceeded carrying value for mastheads except in the West reporting unit, which recognized an impairment charge of $1,807. This is primarily due to a decrease in sales, mostly related to the sale of the *Mail Tribune* in Medford, Oregon, and declining profitability. The fair value of mastheads exceeded carrying value by less than 10% in the East and Central reporting units. Key assumptions within the masthead analysis included revenue projections, discount rates, royalty rates, long-term growth rates and the effective tax rate that the Company determined to be appropriate. Revenue projections reflected declines in the current and next year, and revenues are expected to moderate to a terminal growth rate of 1%. Discount rates ranged from 16% to 17%, and royalty rates ranged from 1.25% to 1.75%. The effective tax rate was 40%.

The Company considered the impairment of goodwill in the second quarter to be a potential indicator of impairment under ASC 360. The Company determined that the long-lived asset groups were the same as its reporting units. The Company performed an analysis of its undiscounted cash flows in the Central and West reporting units to determine if there was an impairment of long-lived assets. The sum of undiscounted cash flows over the primary asset's weighted-average remaining useful life exceeded the groups' carrying value, and, accordingly, no impairment was recorded in the second quarter.

As of September 24, 2017, a review of impairment indicators was performed by the Company noting that its financial results and forecast had not changed materially since the annual impairment test, and it was determined that no indicators of impairment were present.

The newspaper industry and the Company have experienced declining same store revenue and profitability over the past several years. Should general economic, market or business conditions decline, and have a negative impact on estimates of future cash flow and market transaction multiples, the Company may be required to record impairment charges in the future.

(6) Indebtedness

New Media Credit Agreement

On June 4, 2014, New Media Holdings II LLC (the “New Media Borrower”), a wholly owned subsidiary of New Media, entered into a credit agreement (the “New Media Credit Agreement”) among the New Media Borrower, New Media Holdings I LLC (“Holdings I”), the lenders party thereto, RBS Citizens, N.A. and Credit Suisse Securities (USA) LLC as joint lead arrangers and joint bookrunners, Credit Suisse AG, Cayman Islands Branch as syndication agent and Citizens Bank of Pennsylvania as administration agent which provided for (i) a $200,000 senior secured term facility (the “Term Loan Facility” and any loan thereunder, including as part of the Incremental Facility, “Term Loans”), (ii) a $25,000 senior secured revolving credit facility, with a $5,000 sub-facility for letters of credit and a $5,000 sub-facility for swing loans, (the “Revolving Credit Facility” and together with the Term Loan Facility, the “Senior Secured Credit Facilities”) and (iii) the ability for the New Media Borrower to request one or more new commitments for term loans or revolving loans from time to time up to an aggregate total of $75,000 (the “Incremental Facility”) subject to certain conditions. On June 4, 2014, the New Media Borrower borrowed $200,000 under the Term Loan Facility (the “Initial Term Loans”). As of September 24, 2017, $0 was drawn under the Revolving Credit Facility. The Term Loans mature on July 14, 2022 and the maturity date for the Revolving Credit Facility is July 14, 2021. The New Media Credit Agreement was amended:

- on September 3, 2014, to provide for additional term loans under the Incremental Facility in an aggregate principal amount of $25,000 (the “2014 Incremental Term Loan”);
- on November 20, 2014, to increase the amount of the Incremental Facility that may be requested after the date of the amendment from $75,000 to $225,000;
- on January 9, 2015, to provide for $102,000 in additional term loans (the “2015 Incremental Term Loan”) and $50,000 in additional revolving commitments (the “2015 Incremental Revolver”) under the Incremental Facility and to make certain amendments to the Revolving Credit Facility in connection with the purchase of the assets of Halifax Media;
- on February 13, 2015, to provide for the replacement of the existing term loans under the Term Loan Facility (including the 2014 Incremental Term Loan and the 2015 Incremental Term Loan) with a new class of replacement term loans;
- on March 6, 2015, to provide for $15,000 in additional revolving commitments under the Incremental Facility;
- on May 29, 2015, to provide for $25,000 in additional term loans under the Incremental Facility; and
- on July 14, 2017, to (i) extend the maturity date of the outstanding term loans under the Term Loan Facility to July 14, 2022, (ii) extend the maturity date of the Revolving Credit Facility to July 14, 2021, (iii) provide for $20,000 in additional term loans (the “2017 Incremental Term Loan”) under the Incremental Facility and (iv) increase the amount of the Incremental Facility that may be requested on or after the date of the amendment (inclusive of the 2017 Incremental Term Loan) to $100,000.

In connection with the July 14, 2017 amendment, the Company incurred approximately $6,605 of fees and expenses. There was one lender who had a significant change in the terms of the Term Loan Facility; the difference between the present value of the cash flows after this amendment and the present value of the cash flows before this amendment was more than 10%. This portion of the transaction was accounted for as an extinguishment under ASC Subtopic 470-50, “Debt Modifications and Extinguishments”. Deferred fees and expenses of $1,009 previously allocated to that lender were written off to loss on early extinguishment of debt. Additionally, the current fees of $2,423 attributed to this lender were expensed to loss on early extinguishment of debt. The third party expenses of $121 apportioned to the lender were capitalized. In addition, $1,335 fees and expenses allocated to lenders that exited the facility were written off to loss on early extinguishment of debt. The remainder of this amendment was treated as a debt modification for accounting purposes. The consent fees of $3,020 for the lenders other than the one mentioned above were capitalized and will be amortized over the term of the Term Loan Facility. The third party fees of $606 related to these lenders were expensed. Additionally, the fees and expenses allocated to the Revolving Credit Facility of $435 were capitalized as this component of the amendment was accounted for as a debt modification.

Borrowings under the Term Loan Facility bear interest, at the New Media Borrower's option, at a rate equal to either (i) an adjusted Eurodollar rate, plus an applicable margin equal to 6.25% per annum (subject to a floor of 1.00%) or (ii) an adjusted base rate, plus an applicable margin equal to 5.25% per annum (subject to a floor of 2.00%). The New Media Borrower currently uses the Eurodollar rate option.

Borrowings under the Revolving Credit Facility bear interest, at the New Media Borrower's option, at a rate equal to either (i) an adjusted Eurodollar rate, plus an applicable margin equal to 5.25% per annum or (ii) an adjusted base rate, plus an applicable margin equal to 4.25% per annum, with a step down based on achievement of a certain total leverage ratio. The New Media Borrower currently uses the Eurodollar rate option.

As of September 24, 2017 the New Media Credit Agreement had a weighted average interest rate of 7.49%.

The Senior Secured Credit Facilities are unconditionally guaranteed by Holdings I and certain subsidiaries of the New Media Borrower (collectively, the "Guarantors") and are required to be guaranteed by all future material wholly-owned domestic subsidiaries, subject to certain exceptions. All obligations under the New Media Credit Agreement are secured, subject to certain exceptions, by substantially all of the New Media Borrower's assets and the assets of the Guarantors.

Repayments made under the Term Loans are equal to 1.0% annually of the original principal amount in equal quarterly installments for the life of the Term Loans, with the remainder due at maturity. The New Media Borrower is permitted to make voluntary prepayments at any time without premium or penalty, except in the case of prepayments made in connection with certain repricing transactions with respect to the Term Loans effected within six months of July 14, 2017, to which a 1.00% prepayment premium applies.

The New Media Credit Agreement contains customary representations and warranties and affirmative covenants and negative covenants applicable to Holdings I, the New Media Borrower and the New Media Borrower's subsidiaries, including, among other things, restrictions on indebtedness, liens, investments, fundamental changes, dispositions, and dividends and other distributions, and events of default. The New Media Credit Agreement contains a financial covenant that requires Holdings I, the New Media Borrower and the New Media Borrower's subsidiaries to maintain a maximum total leverage ratio of 3.25 to 1.00.

As of September 24, 2017, the Company is in compliance with all of the covenants and obligations under the New Media Credit Agreement.

Advantage Credit Agreements

In connection with the purchase of the assets of Halifax Media, which closed on January 9, 2015, certain subsidiaries of the Company (the "Advantage Borrowers") agreed to assume all of the obligations of Halifax Media and its affiliates in respect of each of (i) that certain Consolidated Amended and Restated Credit Agreement dated January 6, 2012 among Halifax Media Acquisition LLC, Advantage Capital Community Development Fund XXVIII, L.L.C., and Florida Community Development Fund II, L.L.C. (as amended, the "Halifax Florida Credit Agreement") and (ii) that certain Credit Agreement dated June 18, 2013 between Halifax Alabama, LLC and Southeast Community Development Fund V, L.L.C. (the "Halifax Alabama Credit Agreement" and, together with the Halifax Florida Credit Agreement, the "Advantage Credit Agreements"), respectively (the debt under the Halifax Florida Credit Agreement, the "Advantage Florida Debt"; and the debt under the Halifax Alabama Credit Agreement, the "Advantage Alabama Debt").

The Halifax Alabama Credit Agreement is in the principal amount of $8,000 and bears interest at the rate of LIBOR plus 6.25% per annum (with a minimum of 1% LIBOR) payable quarterly in arrears, maturing on March 31, 2019. The Advantage Alabama Debt is secured by a perfected second priority security interest in all the assets of the Advantage Borrowers and certain other subsidiaries of the Company, subject to the limitation that the maximum amount of secured obligations is $15,000. The Advantage Alabama Debt is unconditionally guaranteed by Holdings I and certain subsidiaries of the New Media Borrowers and is required to be guaranteed by all future material wholly-owned domestic subsidiaries, subject to certain exceptions. The Advantage Alabama Debt is subordinated to the New Media Credit Agreement pursuant to an intercreditor agreement. The Halifax Florida Credit Agreement was in the principal amount of $10,000, bore interest at the rate of 5.25% per annum, payable quarterly in arrears, and matured on December 31, 2016. On December 30, 2016, the Company paid the outstanding balance under the Advantage Florida Debt in the amount of $10,000 with cash on hand.

The Halifax Alabama Credit Agreement contains covenants substantially consistent with those contained in the New Media Credit Agreement in addition to those required for compliance with the New Markets Tax Credit program. The

Advantage Borrowers are permitted to make voluntary prepayments at any time without premium or penalty and are subject to customary mandatory prepayment events including from proceeds from asset sales and certain debt obligations.

The Halifax Alabama Credit Agreement contains customary representations and warranties and customary affirmative and negative covenants applicable to the Advantage Borrowers and certain of the Company subsidiaries, including, among other things, restrictions on indebtedness, liens, investments, fundamental changes, dispositions, and dividends and other distributions. The Halifax Alabama Credit Agreement contains a financial covenant that requires Holdings I, the New Media Borrower and the New Media Borrower's subsidiaries to maintain a maximum total leverage ratio of 3.75 to 1.00. The Halifax Alabama Credit Agreement contains customary events of default.

As of September 24, 2017, the Company is in compliance with all of the covenants and obligations under the Halifax Alabama Credit Agreement.

Fair Value

The fair value of long-term debt under the Senior Secured Credit Facilities and the Advantage Credit Agreements was estimated at $370,162 as of September 24, 2017, based on discounted future contractual cash flows and a market interest rate adjusted for necessary risks, including the Company's own credit risk as there are no rates currently observable in publicly traded debt markets of risk with similar terms and average maturities. Accordingly, the Company's long-term debt under the Senior Secured Credit Facilities is classified within Level 3 of the fair value hierarchy.

Payment Schedule

As of September 24, 2017, scheduled principal payments of outstanding debt are as follows:

2017	$	1,811
2018		2,716
2019		11,622
2020		3,622
2021		3,622
Thereafter		346,769
	$	370,162
Less:		
Short-term debt		4,527
Remaining original issue discount		3,964
Deferred financing costs		5,135
Long-term debt	$	356,536

For further information, see Note 9 to the Consolidated Financial Statements, "Indebtedness," in the Annual Report on Form 10-K for the fiscal year ended December 25, 2016.

(7) Related Party Transactions

As of December 29, 2013, Newcastle (an affiliate of FIG LLC (the "Manager") beneficially owned approximately 84.6% of the Company's outstanding common stock. On February 13, 2014, Newcastle completed the spin-off of the Company. On February 14, 2014, New Media became a separate, publicly traded company trading on the NYSE under the ticker symbol "NEWM". As a result of the spin-off and listing, the fees included in the Management Agreement with the Company's Manager became effective. As of September 24, 2017, Fortress and its affiliates owned approximately 1.3% of the Company's outstanding stock and approximately 39.5% of the Company's outstanding warrants. The Company's Manager (or its affiliates) hold 2,307,562 stock options of the Company's stock as of September 24, 2017. During the three and nine months ended September 24, 2017 and September 25, 2016, Fortress and its affiliates were paid $239, $225, $716, and $675 in dividends, respectively.

In addition, the Company's Chairman, Wesley Edens, is also the Co-Chairman of the board of directors of Fortress. The Company does not pay Mr. Edens a salary or any other form of compensation.

The Company’s Chief Operating Officer owns an interest in a company, from which the Company recognized revenue of $140, $156, $452, and $444 during the three and nine months ended September 24, 2017 and September 25, 2016, respectively, which is included in commercial printing and other on the Unaudited Condensed Consolidated Statements of Operations and Comprehensive (Loss) Income.

The Company’s Chief Executive Officer and Chief Financial Officer are employees of Fortress, and their salaries are paid by Fortress.

Management Agreement

On November 26, 2013, the Company entered into a management agreement with the Manager (as amended and restated, the “Management Agreement”). The Management Agreement requires the Manager to manage the Company’s business affairs subject to the supervision of the Company’s Board of Directors. On March 6, 2015, the Company’s independent directors on the Board approved an amendment to the Management Agreement.

The Management Agreement had an initial three-year term and will be automatically renewed for one-year terms thereafter unless terminated either by the Company or the Manager. From the commencement date of "regular way" trading of the Company’s Common Stock on a major U.S. national securities exchange (the “Listing”), the Manager is (a) entitled to receive from the Company a management fee, (b) eligible to receive incentive compensation that is based on the Company’s performance and (c) eligible to receive options to purchase New Media Common Stock upon the successful completion of an offering of shares of the Company’s Common Stock or any shares of preferred stock with an exercise price equal to the price per share paid by the public or other ultimate purchaser in the offering, see Note 9. In addition, the Company is obligated to reimburse certain expenses incurred by the Manager. The Manager is also entitled to receive a termination fee from the Company under certain circumstances.

The Company recognized $2,652, $2,390, $7,970, and $7,169 for management fees and $1,414, $1,295, $3,280, and $5,001 for incentive compensation within selling, general and administrative expense during the three and nine months ended September 24, 2017 and September 25, 2016, respectively. The Company paid to FIG LLC $4,191, $3,187, $10,471, and $6,372 in management fees and $1,866, $817, $7,781, and $21,755 in incentive compensation during the three and nine months ended September 24, 2017 and September 25, 2016, respectively. In addition, the Company recognized expense reimbursement amounts of approximately $300, $300, $1,192, and $1,323 during the three and nine months ended September 24, 2017 and September 25, 2016, respectively. The Company had an outstanding liability for all management agreement related fees of $2,698 and $10,080 at September 24, 2017 and December 25, 2016, respectively, included in accrued expenses.

Registration Rights Agreement with Omega

The Company entered into a registration rights agreement (the “Omega Registration Rights Agreement”) with Omega Advisors, Inc. and its affiliates (collectively, “Omega”). Under the terms of the Omega Registration Rights Agreement, upon request by Omega the Company is required to use commercially reasonable efforts to file a resale shelf registration statement providing for the registration and sale on a continuous or delayed basis by Omega of its New Media Common Stock acquired in connection with the restructuring of GateHouse (the “Registrable Securities”) (the “Shelf Registration”), subject to customary exceptions and limitations. Omega is entitled to initiate up to three offerings or sales with respect to some or all of the Registrable Securities pursuant to the Shelf Registration.

Omega may only exercise its right to request Shelf Registrations if Registrable Securities to be sold pursuant to such Shelf Registration are at least 3% of the then-outstanding New Media Common Stock.

(8) Income Taxes

The Company performs a quarterly assessment of its deferred tax assets and liabilities. ASC Topic 740, “Income Taxes” (“ASC 740”) limits the ability to use future taxable income to support the realization of deferred tax assets when a company has experienced a history of losses even if future taxable income is supported by detailed forecasts and projections.

In assessing the realizability of deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The Company considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The Company concluded that during the nine months ended September 24, 2017, a net increase to the valuation allowance of $9,705 would be necessary to offset additional deferred tax assets (primarily the tax benefit of the net operating loss). Of this amount, a $9,705 increase was recognized through the Unaudited Condensed Consolidated Statements of Operations and Comprehensive (Loss) Income.

The realization of the remaining deferred tax assets is primarily dependent on the scheduled reversals of deferred taxes. Any changes in the scheduled reversals of deferred taxes may require an additional valuation allowance against the remaining deferred tax assets. Any increase or decrease in the valuation allowance could result in an increase or decrease in income tax expense in the period of adjustment.

The computation of the annual expected effective tax rate at each interim period requires certain estimates and assumptions including, but not limited to, the expected operating income (loss) for the year, projections of the proportion of income (or loss), permanent and temporary differences, including the likelihood of recovering deferred tax assets generated in the current year. The accounting estimates used to compute the provision for income taxes may change as new events occur, more experience is acquired, or as additional information is obtained.

The tax effects resulting from utilizing the annual effective tax rate for the nine months ended September 24, 2017 was determined to not be an effective method to determine the tax expense for that period. Therefore, the Company calculated its tax provision based upon year-to-date results.

For the nine months ended September 24, 2017, the expected federal tax benefit at 34% is $8,427. The difference between the expected tax benefit and the year-to-date tax expense of $2,557 is primarily attributable to the tax effect of the federal valuation allowance of $9,705, state taxes of $598 and a tax charge related to non-deductible expenses of $681.

The Company recorded an income tax benefit of $5,119 and $991 during the three months ended March 27, 2016 and June 26, 2016, respectively, related to its acquisition of certain legal entities acquired during those quarters. In accordance with ASC 805, the Company released a portion of its valuation allowance, since it was able to utilize deferred tax assets against the deferred tax liabilities reflected in purchase accounting for the acquired entities.

The Company and its subsidiaries file a U.S. federal consolidated income tax return. The U.S. federal and state statute of limitations generally remains open for the 2013 tax year and beyond. The Company's 2013 short tax year Federal returns were examined by the Internal Revenue Service with no changes made to the returns filed.

(9) Equity

(Loss) Earnings Per Share

The following table sets forth the computation of basic and diluted (loss) earnings per share ("EPS"):

	Three months ended September 24, 2017	Three months ended September 25, 2016	Nine months ended September 24, 2017	Nine months ended September 25, 2016
Numerator for earnings per share calculation:				
Net (loss) income	$ (1,971)	$ 2,795	$ (27,343)	$ 17,145
Denominator for earnings per share calculation:				
Basic weighted average shares outstanding	52,868,745	44,533,517	53,058,341	44,515,167
Effect of dilutive securities:				
Stock Options and Restricted Stock	—	141,376	—	84,891
Diluted weighted average shares outstanding	52,868,745	44,674,893	53,058,341	44,600,058

For the three and nine months ended September 24, 2017, the Company excluded 1,362,479 and 1,362,479 common stock warrants, 349,781 and 349,781 RSGs, and 2,307,562 and 2,307,562 stock options, respectively, from the computation of diluted income per share because their effect would have been antidilutive. For the three and nine months ended September 25, 2016, the Company excluded 1,362,479 and 1,362,479 common stock warrants and 700,000 and 700,000 stock options, respectively, from the computation of diluted income per share because their effect would have been antidilutive.

Equity

In March 2016, the Company issued 13,992 shares of its common stock to its Non-Officer Directors to settle a liability of $225 for 2015 services.

During the fourth quarter of 2016, the Company issued 8,625,000 shares of its common stock in a public offering at a price to the public of $16.00 per share for net proceeds of approximately $134,818. Certain of the Company's officers and directors participated in this offering and purchased an aggregate of 20,000 shares at a price of $16.00 per share. For the purpose of compensating the Manager for its successful efforts in raising capital for the Company, in connection with this offering, the Company granted options to the Manager to purchase 862,500 shares of the Company's common stock at a price of $16.00, which had an aggregate fair value of approximately $2,288 as of the grant date. The assumptions used in the Black-Scholes model to value the options were: a 2.2% risk-free rate, a 8.3% dividend yield, 36.1% volatility and an expected life of 10 years. The fair value of the options issued as compensation to the Manager was recorded as an increase in equity with an offsetting reduction in capital.

On May 17, 2017, the Board of Directors authorized the repurchase of up to $100,000 of the Company's common stock ("Share Repurchase Program") over the next 12 months. Under the Share Repurchase Program, the Company may purchase its shares from time to time in the open market or in privately negotiated transactions. During the three months ended June 25, 2017, the Company repurchased 391,120 shares at a weighted average price of $12.77 per share for a total cost, including transaction costs, of $5,001. The shares were subsequently retired. The cost paid to acquire the shares in excess of par was recorded in additional paid-in capital in the consolidated balance sheet.

Pursuant to the anti-dilution provisions of the Incentive Plan, the exercise price on the 745,062 options granted to the Manager in 2014 were equitably adjusted from $15.71 to $14.37 as a result of the 2016 return of capital distributions.

Pursuant to the anti-dilution provisions of the Incentive Plan, the exercise price on the 700,000 options granted to the Manager in 2015 were equitably adjusted from $21.70 to $20.36 as a result of the 2016 return of capital distributions.

During the three months ended June 25, 2017, the Company issued 16,605 shares of its common stock to its Non-Officer Directors to settle a liability of $225 for 2016 services.

The following table includes additional information regarding the Manager stock options:

	Number of Options	Weighted-Average Grant Date Fair Value	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value ($000)
Outstanding at December 25, 2016	2,307,562	$ 4.07	$ 17.64	8.7	$ 186
Outstanding at September 24, 2017	2,307,562	$ 4.07	$ 16.80	7.9	$ —
Exercisable at September 24, 2017	1,728,812		$ 17.06	7.7	$ —

Accumulated Other Comprehensive Loss

The changes in accumulated other comprehensive loss by component for the nine months ended September 24, 2017 and September 25, 2016 are outlined below.

	Net actuarial loss and prior service cost [1]
For the nine months ended September 24, 2017:	
Balance at December 25, 2016	$ (3,977)
Other comprehensive income before reclassifications	—
Amounts reclassified from accumulated other comprehensive loss	83
Net current period other comprehensive income, net of taxes	83
Balance at September 24, 2017	$ (3,894)
For the nine months ended September 25, 2016:	
Balance at December 27, 2015	$ (3,158)
Other comprehensive income before reclassifications	—
Amounts reclassified from accumulated other comprehensive loss	61
Net current period other comprehensive income, net of taxes	61
Balance at September 25, 2016	$ (3,097)

(1) This accumulated other comprehensive loss component is included in the computation of net periodic benefit cost. See Note 10.

The following table presents reclassifications out of accumulated other comprehensive loss for the three and nine months ended September 24, 2017 and September 25, 2016.

	Amounts Reclassified from Accumulated Other Comprehensive Loss				
	Three months ended September 24, 2017	**Three months ended September 25, 2016**	**Nine months ended September 24, 2017**	**Nine months ended September 25, 2016**	**Affected Line Item in the Consolidated Statements of Operations and Comprehensive (Loss) Income**
Amortization of unrecognized loss	$ 27	$ 20	$ 83	$ 61 [1]	
Amounts reclassified from accumulated other comprehensive loss	27	20	83	61	(Loss) income before income taxes
Income tax expense	—	—	—	—	Income tax benefit
Amounts reclassified from accumulated other comprehensive loss, net of taxes	$ 27	$ 20	$ 83	$ 61	Net (loss) income

(1) This accumulated other comprehensive loss component is included in the computation of net periodic benefit cost. See Note 10.

Dividends

On February 25, 2016, the Company announced a fourth quarter 2015 cash dividend of $0.33 per share of Common Stock, par value $0.01 per share, of New Media. The dividend was paid on March 17, 2016, to shareholders of record as of the close of business on March 9, 2016.

On April 28, 2016, the Company announced a first quarter 2016 cash dividend of $0.33 per share of Common Stock, par value $0.01 per share, of New Media. The dividend was paid on May 19, 2016, to shareholders of record as of the close of business on May 11, 2016.

On July 28, 2016, the Company announced a second quarter 2016 cash dividend of $0.33 per share of Common Stock, par value $0.01 per share, of New Media. The dividend was paid on August 18, 2016, to shareholders of record as of the close of business on August 10, 2016.

On October 27, 2016, the Company announced a third quarter 2016 cash dividend of $0.35 per share of Common Stock, par value $0.01 per share, of New Media. The dividend was paid on November 17, 2016, to shareholders of record as of the close of business on November 9, 2016.

On February 21, 2017, the Company announced a fourth quarter 2016 cash dividend of $0.35 per share of Common Stock, par value $0.01 per share, of New Media. The dividend was paid on March 16, 2017, to shareholders of record as of the close of business on March 8, 2017.

On April 27, 2017, the Company announced a first quarter 2017 cash dividend of $0.35 per share of Common Stock, par value $0.01 per share, of New Media. The dividend was paid on May 18, 2017, to shareholders of record as of the close of business on May 10, 2017.

On July 27, 2017, the Company announced a second quarter 2017 cash dividend of $0.35 per share of Common Stock, par value $0.01 per share, of New Media. The dividend was paid on August 17, 2017, to shareholders of record as of the close of business on August 9, 2017.

(10) Pension and Postretirement Benefits

As a result of the Enterprise News Media LLC (in 2005), Copley Press, Inc. (in 2007), and Times Publishing Company (in 2016) acquisitions, the Company maintains two pension and several postretirement medical and life insurance plans which cover certain employees. The Company uses the accrued benefit actuarial method and best estimate assumptions to determine pension costs, liabilities and other pension information for defined benefit plans.

The Enterprise News Media, LLC pension plan was amended to freeze all future benefit accruals as of December 31, 2008, except for a select group of union employees whose benefits were frozen during 2009. Also, during 2008, the medical and life insurance benefits were frozen, and the plan was amended to limit future benefits to a select group of active employees under the Enterprise News Media, LLC postretirement medical and life insurance plan. Benefits under the postretirement medical and life insurance plan assumed with the Copley Press, Inc. acquisition are only available to Brush-Moore employees hired before January 1, 1976. The Times Publishing pension plan was frozen prior to the acquisition.

The following provides information on the pension plans and postretirement medical and life insurance plans for the three and nine months ended September 24, 2017 and September 25, 2016:

	Three months ended September 24, 2017		Three months ended September 25, 2016		Nine months ended September 24, 2017		Nine months ended September 25, 2016	
	Pension	Postretirement	Pension	Postretirement	Pension	Postretirement	Pension	Postretirement
Components of net periodic benefit costs:								
Service cost	$ 157	$ —	$ 75	$ 4	$ 470	$ 2	$ 225	$ 14
Interest cost	780	28	813	56	2,341	82	2,431	167
Expected return on plan assets	(1,045)	—	(1,044)	—	(3,134)	—	(3,133)	—
Amortization of unrecognized loss (gain)	43	(16)	20	—	131	(48)	61	—
Total	$ (65)	$ 12	$ (136)	$ 60	$ (192)	$ 36	$ (416)	$ 181

For the three and nine months ended September 24, 2017 and September 25, 2016, the Company recognized a total of $(53), $(76), $(156) and $(235) in pension and postretirement benefit, respectively. During the three and nine months ended September 24, 2017, the Company contributed $822 and $1,485 to the pension plans, respectively. The Company is expected to pay an additional $349 in employer contributions to the pension plans during the remainder of the current fiscal year.

(11) Fair Value Measurement

The Company measures and records in the accompanying condensed consolidated financial statements certain assets and liabilities at fair value on a recurring basis. ASC Topic 820 "Fair Value Measurements and Disclosures" establishes a fair value hierarchy for those instruments measured at fair value that distinguishes between assumptions based on market data (observable inputs) and the Company's own assumptions (unobservable inputs).

These inputs are prioritized as follows:

- Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities or market corroborated inputs; and
- Level 3: Unobservable inputs for which there is little or no market data and which require the Company to develop their own assumptions about how market participants price the asset or liability.

The valuation techniques that may be used to measure fair value are as follows:

- Market approach – Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- Income approach – Uses valuation techniques to convert future amounts to a single present amount based on current market expectation about those future amounts;
- Cost approach – Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost).

The following table provides information for the Company's major categories of financial assets and liabilities measured or disclosed at fair value on a recurring basis:

	Fair Value Measurements at Reporting Date Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total Fair Value Measurements**
As of September 24, 2017				
Assets				
Cash and cash equivalents	$ 160,541	$ —	$ —	$ 160,541
Restricted cash	3,406	—	—	3,406
As of December 25, 2016				
Assets				
Cash and cash equivalents	$ 172,246	$ —	$ —	$ 172,246
Restricted cash	3,406	—	—	3,406

Certain assets are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments only in certain circumstances (for example, when there is evidence of impairment).

For the 2017 acquisitions and 2016 acquisitions the Company recorded the assets and liabilities under the acquisition method of accounting. Accordingly, the assets acquired and liabilities assumed were recorded at their fair value. Property, plant and equipment was valued using Level 2 inputs, and intangible assets were valued using Level 3 inputs. Refer to Note 2 for discussion of the valuation techniques, significant inputs, assumptions utilized, and the fair value recognized.

During the quarter ended June 25, 2017, certain goodwill and mastheads were written down to their implied fair value using Level 3 inputs. The valuation techniques and significant inputs and assumptions utilized to measure fair value are discussed in Note 5.

Refer to Note 6 for the discussion on the fair value of the Company's total long-term debt.

(12) Commitments and Contingencies

The Company is and may become involved from time to time in legal proceedings in the ordinary course of its business, including but not limited to with respect to such matters as libel, invasion of privacy, intellectual property infringement, wrongful termination actions and complaints alleging employment discrimination, and regulatory investigations and inquiries. In addition, the Company is involved from time to time in governmental and administrative proceedings concerning employment, labor, environmental and other claims. Insurance coverage mitigates potential loss for certain of these matters. Historically, such claims and proceedings have not had a material adverse effect on the Company's consolidated results of operations or financial position. Although the Company is unable to predict with certainty the eventual outcome of any litigation, regulatory investigation or inquiry, in the opinion of management, the Company does not expect its current and any threatened legal proceedings to have a material adverse effect on the Company's business, financial position or consolidated results of operations. Given the inherent unpredictability of these types of proceedings, however, it is possible that future adverse outcomes could have a material effect on the Company's financial results.

Restricted cash at September 24, 2017 and December 25, 2016, in the aggregate amount of $3,406 and $3,406, respectively, is used as cash collateral for certain business operations.

(13) Subsequent Events

Acquisition

On October 2, 2017, the Company completed the acquisition of several newspapers and related assets from certain subsidiaries of Morris Communications Company LLC ("Morris") for $120,000, in cash, plus working capital. The Company funded the acquisition with cash on hand. The Company acquired many of Morris's newspaper assets located across Georgia, Florida, Texas, Kansas, Arkansas, and Alaska, which includes 48 publications. In addition to the print publications, the acquisition includes Morris's Main Street Digital group, substantially all weekly and niche print products and all related websites and digital operations. It is impracticable to provide the preliminary purchase price allocation and supplemental pro forma information because of the timing of the acquisition and its proximity to the filing date.

Dividends

On October 26, 2017, the Company announced a third quarter 2017 cash dividend of $0.37 per share of Common Stock, par value $0.01 per share, of New Media. The dividend will be paid on November 16, 2017, to shareholders of record as of the close of business on November 8, 2017.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's discussion and analysis of financial condition and results of operations is intended to help the reader understand the results of operations and financial condition of New Media Investment Group Inc. and its subsidiaries ("New Media", "Company", "we", "us" or "our"). The following should be read in conjunction with the unaudited consolidated financial statements and notes thereto included herein, and with Part II, Item 1A, "Risk Factors."

Overview

New Media supports small to mid-size communities by providing locally-focused print and digital content to its consumers and premier marketing and technology solutions for our small and medium businesses partners. We have a particular focus on owning and acquiring strong local media assets in small to mid-size markets. With our collection of assets, we focus on two large business categories: consumers and small to medium-sized businesses ("SMBs").

Our portfolio of media assets today spans across 540 markets and 36 states. Our products include 642 community print publications, 540 websites and two yellow page directories. As of September 24, 2017, we reach over 21 million people per week and serve over 225,000 business customers.

We are focused on growing our consumer revenues primarily through our penetration into the local consumer market that values comprehensive local news and receives their news primarily from our products. We believe our rich local content, our strong media brands, and multiple platforms for delivering content will impact our reach into the local consumers leading to growth in subscription income. We also believe our focus on smaller markets will allow us to be a leading provider of valuable, unique local news to consumers in those markets. We believe that one result of our local consumer penetration in these smaller markets will be transaction revenues as we link consumers with local businesses. For our SMB business category, we focus on leveraging our strong local media brands, our in-market sales force and our high consumer penetration rates with a variety of products and services that we believe will help SMBs expand their marketing, advertising and other digital lead generation platforms. We also believe our strong position in our local markets will allow us to develop other products that will be of value to our SMBs in helping them run and grow their businesses.

Our business strategy is to be the preeminent provider of local news, information, advertising, and digital and business services in the markets we operate in. We aim to grow our business organically through both our consumer and SMB strategies. We also plan to continue to pursue strategic acquisitions of high-quality local media and digital marketing assets at attractive valuation levels. Finally, we intend to distribute a substantial portion of our free cash flow generated from operations or other sources as a dividend to stockholders through a quarterly dividend, subject to satisfactory financial performance and approval by our board of directors (the "Board of Directors" or "Board") and dividend restrictions in the New Media Credit Agreement (as defined below). The Board of Directors' determinations regarding dividends will depend on a variety of factors, including the Company's U.S. generally accepted accounting principles ("GAAP") net income, free cash flow generated from operations or other sources, liquidity position and potential alternative uses of cash, such as acquisitions, as well as economic conditions and expected future financial results.

We believe that our focus on owning and operating leading local content oriented media properties in small to mid-size markets puts us in a position to better execute on our strategy. We believe that being the leading provider of local news and information in the markets in which we operate and distributing that content across multiple print and digital platforms, gives us an opportunity to grow our audiences and reach. Further, we believe our strong local media brands and our market presence gives us the opportunity to expand our advertising and lead generation products with local business customers. For our SMB category, we focus on leveraging our strong local media brands, our in-market sales force and our high consumer penetration rates with a variety of products and services that we believe will help SMBs expand their marketing, advertising and other lead generation platforms.

Central to this business strategy is our wholly-owned subsidiary formerly known as Propel Business Services, the Company's SMB solutions provider, which has been rebranded as UpCurve, Inc. ("UpCurve"). In addition, the digital marketing services of UpCurve, previously known as Propel Marketing, will be marketed under the ThriveHive name. We launched the products in 2012 and have seen rapid growth since then. We believe UpCurve, combined with our strong local brands and in-market sales force, is in a position to continue as a key component to our overall organic growth strategy.

The opportunity UpCurve aims to seize upon is as follows:

There are approximately 27.9 million SMBs in the U.S. according to the 2011 U.S. Census data. Of these, approximately 26.7 million have 20 employees or less.

Many of the owners and managers of these SMBs do not have the resources or expertise to navigate the fast evolving digital marketing sector, but are increasingly aware of the need to establish and maintain a digital presence in order to stay connected with current and future customers.

UpCurve is designed to offer a complete set of turn-key digital marketing and business services to SMBs that provide transparent results to the business owners. UpCurve's products include marketing technology, business management solutions, IT/Infrastructure, voice and email communication offerings and small business financing. In a recent acquisition we acquired a turn-key proprietary software that enables SMB owners to run their own digital and contact marketing campaigns; UpCurve continues to evolve to meet the needs of the full spectrum of SMBs. UpCurve provides four broad categories of services: building businesses a presence, helping businesses to be located by consumers online, engaging with consumers, and growing their customer base.

Similarly, GateHouse Live, our event production business, specializes in delivering world class events for the media industry.

We believe our local media properties and local sales infrastructure are uniquely positioned to sell these digital marketing and business services to local business owners and give us distinct advantages, including:

- our strong and trusted local brands, with 85% of our daily newspapers having been publishing local content for more than 100 years;
- our ability to market through our print and online properties, driving branding and traffic; and

- our more than 1,275 local, direct, in-market sales professionals with long standing relationships with small businesses in the communities we serve.

Our core products include:

- 130 daily newspapers with total paid circulation of approximately 1.4 million;
- 311 weekly newspapers (published up to three times per week) with total paid circulation of approximately 314,000 and total free circulation of approximately 2.0 million;
- 129 “shoppers” (generally advertising-only publications) with total circulation of approximately 3.1 million;
- 540 locally focused websites, which extend our businesses onto the internet and mobile devices with approximately 260 million page views per month;
- two yellow page directories, with a distribution of approximately 230,000, that covers a population of approximately 411,000 people;
- 72 business publications; and
- UpCurve business services and ThriveHive digital marketing.

In addition to our core products, we also opportunistically produce niche publications that address specific local market interests such as recreation, sports, healthcare and real estate. We also have a number of local and regional business-oriented publications that provide relevant and actionable news and analysis.

Our advertising revenue tends to follow a seasonal pattern, with higher advertising revenue in months containing significant events or holidays. Accordingly, our first quarter and our third quarter, historically, are our weakest quarters of the year in terms of revenue. Correspondingly, our second and fourth fiscal quarters, historically, are our strongest quarters. We expect that this seasonality will continue to affect our advertising revenue in future periods.

We have experienced ongoing declines in same store print advertising revenue streams and increased volatility of operating performance, despite our geographic diversity, well-balanced portfolio of products, broad customer base and reliance on smaller markets. We may experience additional declines and volatility in the future. These declines in print advertising revenue have come with the shift from traditional media to the internet for consumers and businesses. We believe our local advertising tends to be less sensitive to economic cycles than national advertising because local businesses generally have fewer advertising channels through which to reach their target audience. We are making investments in digital platforms, such as UpCurve, as well as online, and mobile applications, to support our print publications in order to capture this shift as witnessed by our digital advertising and business services revenue growth, which more than doubled between 2013 and 2016.

Our operating costs consist primarily of labor, newsprint and delivery costs. Our selling, general and administrative expenses consist primarily of labor costs.

Compensation represents just under 50% of our expenses. Over the last few years, we have worked to drive efficiencies and centralization of work throughout our Company. Additionally, we have taken steps to cluster our operations thereby increasing the usage of facilities and equipment while increasing the productivity of our labor force. We expect to continue to employ these steps as part of our business strategy.

The Company’s operating segments (Eastern US Publishing, Central US Publishing, Western US Publishing, and BridgeTower) are aggregated into one reportable business segment.

Acquisitions

On July 6, 2017, June 30, 2017, February 10, 2017 and January 31, 2017, we acquired substantially all the assets, properties, and business of certain publications/businesses, which included four business publications, 10 daily newspapers, 15 weekly publications, 11 shoppers, and an event production business for an aggregate purchase price of $40.6 million, including estimated working capital.

During 2016, we acquired substantially all the assets and assumed substantially all the liabilities of certain businesses, which included 68 business publications, seven daily newspapers, seven weekly publications, eleven shoppers, and digital platforms for an aggregate purchase price of $135.9 million, including working capital.

Management Agreement

On November 26, 2013, New Media entered into the management agreement (as amended and restated, the "Management Agreement") with FIG LLC (the "Manager"), an affiliate of Fortress Investment Group LLC ("Fortress"), pursuant to which the Manager manages the operations of New Media. We pay the Manager a management fee equal to 1.5% of New Media's Total Equity (as defined in the Management Agreement) and the Manager is eligible to receive incentive compensation.

On February 14, 2017, Fortress announced that it had entered into an Agreement and Plan of Merger (the "Merger Agreement") with SB Foundation Holdings LP, a Cayman Islands exempted limited partnership ("SoftBank Parent") and an affiliate of SoftBank Group Corp. ("SoftBank"), and Foundation Acquisition LLC, a Delaware limited liability company and wholly owned subsidiary of SoftBank Parent ("SoftBank Merger Sub"), pursuant to which SoftBank Merger Sub will merge with and into Fortress, with Fortress surviving as a wholly owned subsidiary of SoftBank Parent. While Fortress's senior investment professionals are expected to remain in place, including those individuals who perform services for us, there can be no assurance that the SoftBank merger will not have an impact on us or our relationship with the Manager. Fortress informed the Company that it believes that under the Investment Advisers Act of 1940, as amended, the change of ownership resulting from the completion of the SoftBank merger will result in a deemed assignment of the Management Agreement, and that as a result, the Manager is required to obtain the Company's consent to the assignment. On April 27, 2017, the disinterested members of our board of directors unanimously approved the consent to the assignment. The disinterested members of our board of directors were advised by outside independent counsel.

Long-Lived Asset Impairment

As part of the ongoing cost reduction programs, we are consolidating print facilities, and during the nine months ended September 24, 2017, we ceased printing operations at 12 facilities. As a result, we recognized an impairment charge of $6.5 million and accelerated depreciation of $2.4 million during the nine months ended September 24, 2017.

Dispositions

On June 2, 2017, we completed the sale of the *Mail Tribune,* located in Medford, Oregon, for approximately $14.7 million, including estimated working capital. As a result, a pre-tax gain of approximately $5.4 million, net of selling expenses, is included in (gain) loss on sale or disposal of assets on the consolidated statement of operations and comprehensive (loss) income.

Industry

The newspaper industry and the Company have experienced declining same store revenue and profitability over the past several years. As a result, we have implemented, and continue to implement, plans to reduce costs and preserve cash flow. We have also invested in potential growth opportunities, primarily in the digital space. We believe the cost reductions and the new digital initiatives will provide the appropriate capital structure and financial resources necessary to invest in the business and ensure our future success and provide sufficient cash flow to enable us to meet our commitments for the next year.

General economic conditions, including declines in consumer confidence, high unemployment levels in certain local markets, declines in real estate values, and other trends, have also impacted the markets in which we operate. Additionally, media companies continue to be impacted by the migration of consumers and businesses to an internet and mobile-based, digital medium. These conditions may continue to negatively impact print advertising and other revenue sources as well as increase operating costs in the future, even after an economic recovery. We expect that we will have adequate capital resources and liquidity to meet our working capital needs, borrowing obligations and all required capital expenditures for at least the next twelve months.

We periodically perform testing for impairment of goodwill and newspaper mastheads in which the fair value of our reporting units for goodwill impairment testing and individual newspaper mastheads are estimated using the expected present value of future cash flows and recent industry transaction multiples, using estimates, judgments and assumptions, that we believe are appropriate in the circumstances. Should general economic, market or business conditions decline, and have a negative impact on estimates of future cash flow and market transaction multiples, we may be required to record additional impairment charges in the future.

Critical Accounting Policy Disclosure

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (“GAAP”) requires management to make decisions based on estimates, assumptions and factors it considers relevant to the circumstances. Such decisions include the selection of applicable principles and the use of judgment in their application, the results of which could differ from those anticipated.

A summary of our significant accounting policies are described in Note 1, of our consolidated financial statements, "Description of Business, Basis of Presentation, and Summary of Significant Accounting Policies", for the year ended December 25, 2016, included in our Annual Report on Form 10-K.

With the exception of the adoption of Accounting Standards Update No. 2017-04 “Intangibles - Goodwill and Other - Simplifying the Test for Goodwill Impairment” (Topic 350) described in Note 1 to the unaudited condensed consolidated financial statements, "Unaudited Financial Statements", there have been no other material changes in critical accounting policies in the current year from those described in our Annual Report on Form 10-K for the year ended December 25, 2016.

Results of Operations

The following table summarizes our historical results of operations for New Media for the three and nine months ended September 24, 2017 and September 25, 2016. References to “same store” results take into account material acquisitions and divestitures of the Company by adjusting prior year performance to include or exclude financial results as if the Company had owned or divested a business for the comparable period. The results of several acquisitions (“tuck-in acquisitions”) were funded from the Company's available cash and are not considered material.

The same store results for the three months ended September 24, 2017 are the same as reported, and the year-to-date same store results are not significantly different from actual results. Therefore, the revenue discussion below will focus on the as reported amounts only.

NEW MEDIA INVESTMENT GROUP INC. AND SUBSIDIARIES
Unaudited Condensed Consolidated Statements of Operations
(In thousands)

	Three months ended September 24, 2017	Three months ended September 25, 2016	Nine months ended September 24, 2017	Nine months ended September 25, 2016
Revenues:				
Advertising	$ 159,481	$ 164,683	$ 482,427	$ 502,474
Circulation	112,792	104,693	334,160	312,664
Commercial printing and other	44,903	37,461	130,986	106,633
Total revenues	317,176	306,837	947,573	921,771
Operating costs and expenses:				
Operating costs	177,724	172,972	532,535	519,982
Selling, general, and administrative	106,809	100,052	319,338	306,165
Depreciation and amortization	18,257	17,014	54,621	50,364
Integration and reorganization costs	2,210	5,197	6,817	7,532
Impairment of long-lived assets	—	—	6,485	—
Goodwill and mastheads impairment	—	—	27,448	—
Loss (gain) on sale or disposal of assets	686	974	(1,860)	3,325
Operating income	11,490	10,628	2,189	34,403
Interest expense	7,848	7,391	22,283	22,269
Loss on early extinguishment of debt	4,767	—	4,767	—
Other income	(88)	(62)	(75)	(316)
(Loss) income before income taxes	(1,037)	3,299	(24,786)	12,450
Income tax expense (benefit)	934	504	2,557	(4,695)
Net (loss) income	$ (1,971)	$ 2,795	$ (27,343)	$ 17,145

Three Months Ended September 24, 2017 Compared To Three Months Ended September 25, 2016

Revenue. Total revenue for the three months ended September 24, 2017 increased by $10.3 million, or 3.4%, to $317.2 million from $306.8 million for the three months ended September 25, 2016. The increase in total revenue was comprised of an $8.1 million, or 7.7%, increase in circulation revenue and a $7.4 million, or 19.7%, increase in commercial printing and other revenue, which was partially offset by a $5.2 million, or 3.2%, decrease in advertising revenue.

Advertising revenue declines were primarily driven by declines on the print side of our business in the local retail, classified, and preprint categories due to secular pressures and a continuing uncertain economic environment. These secular trends and economic conditions have also led to a decline in our print circulation volumes, which have been offset by price increases in select locations. The majority of the increase in commercial printing and other revenue is due to digital marketing services and events revenue.

Operating Costs. Operating costs for the three months ended September 24, 2017 increased by $4.7 million, or 2.7%, to $177.7 million from $173.0 million for the three months ended September 25, 2016. Operating costs include costs from acquisitions of $18.8 million, which was partially offset by a $14.1 million decrease in the costs related to the remaining operations. This decline in operating costs related to the remaining operations was primarily due to a decrease in compensation, hauling and delivery, newsprint and ink and postage expenses of $7.7 million, $1.9 million, $1.8 million and $0.5 million, respectively. There were no other decreases greater than $0.5 million.

Selling, General and Administrative. Selling, general and administrative expenses for the three months ended September 24, 2017 increased by $6.7 million, or 6.7%, to $106.8 million from $100.1 million for the three months ended September 25, 2016. The increase includes selling, general and administrative expenses from acquisitions of $10.5 million and an increase in professional and consulting fees of $1.1 million, which was partially offset by a $4.9 million decrease in the costs related to the remaining operations. This decline in selling, general and administrative expenses related to the remaining operations was primarily due to a decrease in compensation and bank fees of $2.8 million and $0.6 million, respectively. There were no other increases or decreases greater than $0.5 million.

Integration and Reorganization Costs. During the three months ended September 24, 2017 and September 25, 2016, we recorded integration and reorganization costs of $2.2 million and $5.2 million, respectively, primarily resulting from severance costs related to acquisition-related synergies and the continued consolidation of our operations resulting from ongoing implementation of our plans to reduce costs and preserve cash flow, including a voluntary severance offer in September 2016.

Loss on early extinguishment of debt. During the three months ended September 24, 2017, we recorded a loss of $4.8 million due to the early extinguishment of long-term debt. There were no such charges during the three months ended September 25, 2016.

Income Tax Expense (Benefit). During the three months ended September 24, 2017 and September 25, 2016, we recorded an income tax expense of $0.9 million and $0.5 million, respectively. The increase in income tax expense is primarily due to our tax provision being calculated based upon year-to-date results including a deferred tax provision for indefinite lived intangible assets in the three months ended September 24, 2017 when compared to calculating the tax provision using the projected full year effective tax rate for the three months ended September 25, 2016.

Net (Loss) Income. Net loss for the three months ended September 24, 2017 was $2.0 million and net income for the three months ended September 25, 2016 was $2.8 million. The difference is related to the factors noted above.

Nine Months Ended September 24, 2017 Compared To Nine Months Ended September 25, 2016

Revenue. Total revenue for the nine months ended September 24, 2017 increased by $25.8 million, or 2.8%, to $947.6 million from $921.8 million for the nine months ended September 25, 2016. The increase in total revenue was comprised of a $21.5 million, or 6.9%, increase in circulation revenue and a $24.4 million, or 22.9%, increase in commercial printing and other revenue, which was partially offset by a $20.1 million, or 4.0%, decrease in advertising revenue.

Advertising revenue declines were primarily driven by declines on the print side of our business in the local retail, classified, and preprint categories due to secular pressures and a continuing uncertain economic environment. These secular trends and economic conditions have also led to a decline in our print circulation volumes, which have been offset by price increases in select locations. The majority of the increase in commercial printing and other revenue is due to digital marketing services and events revenue.

Operating Costs. Operating costs for the nine months ended September 24, 2017 increased by $12.5 million, or 2.4%, to $532.5 million from $520.0 million for the nine months ended September 25, 2016. Operating costs include costs from acquisitions of $53.0 million, which was partially offset by a $40.5 million decrease in the costs related to the remaining operations. This decline in operating costs related to the remaining operations was primarily due to a decrease in compensation, hauling and delivery, newsprint and ink, outside services, postage, travel and entertainment expenses, supplies and professional and consulting fees of $22.5 million, $5.4 million, $4.9 million, $2.6 million, $2.1 million, $1.2 million, $1.1 million and $0.8 million, respectively.

Selling, General and Administrative. Selling, general and administrative expenses for the nine months ended September 24, 2017 increased by $13.1 million, or 4.3%, to $319.3 million from $306.2 million for the nine months ended September 25, 2016. The increase includes selling, general and administrative expenses from acquisitions of $29.8 million, and increase in professional and consulting fees of $1.9 million, and an increase in bad debt expense of $0.9 million, which was partially offset by a $17.5 million decrease in the costs related to the remaining operations. This decline in selling, general and administrative expenses related to the remaining operations was primarily due to a decrease in compensation, outside services, travel and entertainment, bank and credit card fees, advertising and promotions, telephone expenses, web hosting and domain expenses, business insurance and building rental and maintenance of $6.5 million, $3.1 million, $2.0 million, $1.4 million, $1.2 million, $1.1 million, $0.9 million, $0.6 million and $0.6 million, respectively. There were no other increases or decreases greater than $0.5 million.

Integration and Reorganization Costs. During the nine months ended September 24, 2017 and September 25, 2016, we recorded integration and reorganization costs of $6.8 million and $7.5 million, respectively, primarily resulting from severance costs related to acquisition-related synergies and the continued consolidation of our operations resulting from ongoing implementation of our plans to reduce costs and preserve cash flow, including a voluntary severance offer in September 2016.

Impairment of Long-lived Assets. During the nine months ended September 24, 2017, we recorded a $6.5 million impairment of long-lived assets due to 12 printing facilities ceasing operations during the nine months ended September 24, 2017. No such charge was recorded during the nine months ended September 25, 2016.

Goodwill and Mastheads Impairment. During the nine months ended September 24, 2017, we recorded a $27.4 million goodwill and mastheads impairment due to softening business conditions and the related impact on the fair value of our reporting units. No such charge was recorded during the nine months ended September 25, 2016.

Loss on early extinguishment of debt. During the nine months ended September 24, 2017, we recorded a loss of $4.8 million due to the early extinguishment of long-term debt. There were no such charges during the nine months ended September 25, 2016.

Income Tax Expense (Benefit). During the nine months ended September 24, 2017 and September 25, 2016, we recorded an income tax expense of $2.6 million and an income tax benefit of $4.7 million, respectively. The increase in income tax expense is primarily due to our tax provision being calculated based upon year-to-date results, including a deferred tax provision for indefinite lived intangible assets during the nine months ended September 24, 2017, and the discrete income tax benefit recognized during the nine months ended September 25, 2016 attributable to the release of a portion of the valuation allowance as deferred tax assets were utilized to offset deferred tax liabilities of two acquired entities.

Net (Loss) Income. Net loss for the nine months ended September 24, 2017 was $27.3 million and net income for the nine months ended September 25, 2016 was $17.1 million. The difference is related to the factors noted above.

Liquidity and Capital Resources

Our primary cash requirements are for working capital, debt obligations and capital expenditures. We have no material outstanding commitments for capital expenditures. We expect our 2017 capital expenditures to total between $11 million and $13 million. The 2017 capital expenditures will be primarily comprised of projects related to the consolidation of print operations and system upgrades. For more information on our long term debt and debt service obligations, see Note 6 to the unaudited condensed consolidated financial statements, “Indebtedness”. Our principal sources of funds have historically been, and are expected to continue to be, cash provided by operating activities.

As a holding company, we have no operations of our own and accordingly we have no independent means of generating revenue, and our internal sources of funds to meet our cash needs, including payment of expenses, are dividends and other permitted payments from our subsidiaries.

We expect to fund our operations through cash provided by our subsidiaries’ operating activities, the incurrence of debt or the issuance of additional equity securities. We expect that we will have adequate capital resources and liquidity to meet our working capital needs, borrowing obligations and all required capital expenditures for at least the next twelve months.

Our leverage may adversely affect our business and financial performance and restricts our operating flexibility. The level of our indebtedness and our on-going cash flow requirements may expose us to a risk that a substantial decrease in operating cash flows due to, among other things, continued or additional adverse economic developments or adverse developments in our business, could make it difficult for us to meet the financial and operating covenants contained in our credit facilities. In addition, our leverage may limit cash flow available for general corporate purposes such as capital expenditures and our flexibility to react to competitive, technological and other changes in our industry and economic conditions generally.

Dividends

On October 26, 2017, we announced a third quarter 2017 cash dividend of $0.37 per share of Common Stock, par value $0.01 per share, of New Media. The dividend will be paid on November 16, 2017, to shareholders of record as of the close of business on November 8, 2017.

On July 27, 2017, we announced a second quarter 2017 cash dividend of $0.35 per share of Common Stock, par value $0.01 per share, of New Media. The dividend was paid on August 17, 2017, to shareholders of record as of the close of business on August 9, 2017.

On April 27, 2017, we announced a first quarter 2017 cash dividend of $0.35 per share of Common Stock, par value $0.01 per share, of New Media. The dividend was paid on May 18, 2017, to shareholders of record as of the close of business on May 10, 2017.

On February 21, 2017, we announced a fourth quarter 2016 cash dividend of $0.35 per share of Common Stock, par value $0.01 per share, of New Media. The dividend was paid on March 16, 2017, to shareholders of record as of the close of business on March 8, 2017.

On October 27, 2016, we announced a third quarter 2016 cash dividend of $0.35 per share of Common Stock, par value $0.01 per share, of New Media. The dividend was paid on November 17, 2016, to shareholders of record as of the close of business on November 9, 2016.

On July 28, 2016, we announced a second quarter 2016 cash dividend of $0.33 per share of Common Stock, par value $0.01 per share, of New Media. The dividend was paid on August 18, 2016, to shareholders of record as of the close of business on August 10, 2016.

On April 28, 2016, we announced a first quarter 2016 cash dividend of $0.33 per share of Common Stock, par value $0.01 per share, of New Media. The dividend was paid on May 19, 2016, to shareholders of record as of the close of business on May 11, 2016.

On February 25, 2016, we announced a fourth quarter 2015 cash dividend of $0.33 per share of Common Stock, par value $0.01 per share, of New Media. The dividend was paid on March 17, 2016, to shareholders of record as of the close of business on March 9, 2016.

New Media Credit Agreement

On June 4, 2014, New Media Holdings II LLC (the “New Media Borrower”), a wholly owned subsidiary of New Media, entered into a credit agreement (the “New Media Credit Agreement”) among the New Media Borrower, New Media Holdings I LLC (“Holdings I”), the lenders party thereto, RBS Citizens, N.A. and Credit Suisse Securities (USA) LLC as joint lead arrangers and joint bookrunners, Credit Suisse AG, Cayman Islands Branch as syndication agent and Citizens Bank of Pennsylvania as administration agent which provided for (i) a $200 million senior secured term facility (the “Term Loan Facility” and any loan thereunder, including as part of the Incremental Facility, “Term Loans”), (ii) a $25 million senior secured revolving credit facility, with a $5 million sub-facility for letters of credit and a $5 million sub-facility for swing loans, (the “Revolving Credit Facility” and together with the Term Loan Facility, the “Senior Secured Credit Facilities”) and (iii) the ability for the New Media Borrower to request one or more new commitments for term loans or revolving loans from time to time up to an aggregate total of $75 million (the “Incremental Facility”) subject to certain conditions. On June 4, 2014, the New Media Borrower borrowed $200 million under the Term Loan Facility (the “Initial Term Loans”). As of June 26, 2016, $0 was drawn under the Revolving Credit Facility. The Term Loans mature on July 14, 2022 and the maturity date for the Revolving Credit Facility is July 14, 2021. The New Media Credit Agreement was amended;

- on September 3, 2014, to provide for additional term loans under the Incremental Facility in an aggregate principal amount of $25 million (the “2014 Incremental Term Loan”);

- on November 20, 2014, to increase the amount of the Incremental Facility that may be requested after the date of the amendment from $75 million to $225 million;

- on January 9, 2015, to provide for $102 million in additional term loans (the “2015 Incremental Term Loan”) and $50 million in additional revolving commitments (the “2015 Incremental Revolver”) under the Incremental Facility and to make certain amendments to the Revolving Credit Facility in connection with the purchase of the assets of Halifax Media;

- on February 13, 2015, to provide for the replacement of the existing term loans under the Term Loan Facility (including the 2014 Incremental Term Loan and the 2015 Incremental Term Loan) with a new class of replacement term loans;

- on March 6, 2015, to provide for $15 million in additional revolving commitments under the Incremental Facility;
- on May 29, 2015, to provide for $25 million in additional term loans under the Incremental Facility; and
- on July 14, 2017, to (i) extend the maturity date of the outstanding term loans under the Term Loan Facility to July 14, 2022, (ii) provide for a 1.00% prepayment premium for any prepayments made in connection with certain repricing transactions effected within six months of the date of the amendment, (iii) extend the maturity date of the Revolving Credit Facility to July 14, 2021, (iv) provide for $20 million in additional term loans (the "2017 Incremental Term Loan") under the Incremental Facility and (v) increase the amount of the Incremental Facility that may be requested on or after the date of the amendment (inclusive of the 2017 Incremental Term Loan) to $100 million.

In connection with the July 14, 2017 amendment, we incurred approximately $6.6 million of fees and expenses. There was one lender who had a significant change in the terms of the Term Loan Facility; the difference between the present value of the cash flows after this amendment and the present value of the cash flows before this amendment was more than 10%. This portion of the transaction was accounted for as an extinguishment under ASC Subtopic 470-50, "Debt Modifications and Extinguishments". Deferred fees and expenses of $1.0 million previously allocated to that lender were written off to loss on early extinguishment of debt. Additionally, the current fees of $2.4 million attributed to this lender were expensed to loss on early extinguishment of debt. The third party expenses of $0.1 million apportioned to the lender were capitalized. In addition, $1.3 million fees and expenses allocated to lenders that exited the facility were written off to loss on early extinguishment of debt. The remainder of this amendment was treated as a debt modification for accounting purposes. The consent fees of $3.0 million for the lenders other than the one mentioned above were capitalized and will be amortized over the term of the Term Loan Facility. The third party fees of $0.6 million related to these lenders were expensed. Additionally, the fees and expenses allocated to the Revolving Credit Facility of $0.4 million were capitalized as this component of the amendment was accounted for as a debt modification.

The New Media Credit Agreement contains customary representations and warranties and affirmative covenants and negative covenants applicable to Holdings I, the New Media Borrower and the New Media Borrower's subsidiaries, including, among other things, restrictions on indebtedness, liens, investments, fundamental changes, dispositions, and dividends and other distributions, and events of default. The New Media Credit Agreement contains a financial covenant that requires Holdings I, the New Media Borrower and the New Media Borrower's subsidiaries to maintain a maximum total leverage ratio of 3.25 to 1.00.

As of September 24, 2017, we are in compliance with all of the covenants and obligations under the New Media Credit Agreement.

Refer to Note 6 to the unaudited condensed consolidated financial statements, "Indebtedness," and to "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources," in our Annual Report on Form 10-K for the fiscal year ended December 25, 2016, for further discussion of the New Media Credit Agreement.

Advantage Credit Agreements

In connection with the purchase of the assets of Halifax Media, which closed on January 9, 2015, certain subsidiaries of the Company (the "Advantage Borrowers") agreed to assume all of the obligations of Halifax Media and its affiliates in respect of each of (i) that certain Consolidated Amended and Restated Credit Agreement dated January 6, 2012 among Halifax Media Acquisition LLC, Advantage Capital Community Development Fund XXVIII, L.L.C., and Florida Community Development Fund II, L.L.C. (as amended, the "Halifax Florida Credit Agreement") and (ii) that certain Credit Agreement dated June 18, 2013 between Halifax Alabama, LLC and Southeast Community Development Fund V, L.L.C. (the "Halifax Alabama Credit Agreement" and, together with the Halifax Florida Credit Agreement, the "Advantage Credit Agreements"), respectively (the debt under the Halifax Florida Credit Agreement, the "Advantage Florida Debt"; and the debt under the Halifax Alabama Credit Agreement, the "Advantage Alabama Debt").

The Halifax Alabama Credit Agreement is in the principal amount of $8 million and bears interest at the rate of LIBOR plus 6.25% per annum (with a minimum of 1% LIBOR) payable quarterly in arrears, maturing on March 31, 2019. The Advantage Alabama Debt is secured by a perfected second priority security interest in all the assets of the Advantage Borrowers and certain other subsidiaries of the Company, subject to the limitation that the maximum amount of secured obligations is $15 million. The Advantage Alabama Debt is unconditionally guaranteed by Holdings I and certain subsidiaries of the New Media Borrowers and is required to be guaranteed by all future material wholly-owned domestic subsidiaries, subject to certain exceptions. The Advantage Alabama Debt is subordinated to the New Media Credit Agreement pursuant to an intercreditor agreement. The Halifax Florida Credit Agreement was in the principal amount of $10 million, bore interest at the rate of 5.25% per annum, payable quarterly in arrears, and matured on December 31, 2016. On December 30, 2016, we paid the outstanding balance under the Advantage Florida Debt in the amount of $10 million with cash on hand.

The Halifax Alabama Credit Agreement contains covenants substantially consistent with those contained in the New Media Credit Agreement in addition to those required for compliance with the New Markets Tax Credit program. The Advantage Borrowers are permitted to make voluntary prepayments at any time without premium or penalty and are subject to customary mandatory prepayment events including from proceeds from asset sales and certain debt obligations.

The Halifax Alabama Credit Agreement contains customary representations and warranties and customary affirmative and negative covenants applicable to the Advantage Borrowers and certain of the Company subsidiaries, including, among other things, restrictions on indebtedness, liens, investments, fundamental changes, dispositions, and dividends and other distributions. The Halifax Alabama Credit Agreement contains a financial covenant that requires Holdings I, the New Media Borrower and the New Media Borrower’s subsidiaries to maintain a maximum total leverage ratio of 3.75 to 1.00. The Halifax Alabama Credit Agreement contains customary events of default.

As of September 24, 2017, we are in compliance with all of the covenants and obligations under the Halifax Alabama Credit Agreement.

Refer to “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources,” in our Annual Report on Form 10-K for the fiscal year ended December 25, 2016, for further discussion of the Advantage Credit Agreements.

Cash Flows

The following table summarizes our historical cash flows.

	Nine months ended September 24, 2017	Nine months ended September 25, 2016
Cash provided by operating activities	$ 80,768	$ 67,312
Cash used in investing activities	(34,237)	(112,209)
Cash used in financing activities	(58,236)	(47,221)

The discussion of our cash flows that follows is based on our historical cash flows for the nine months ended September 24, 2017 and September 25, 2016.

Cash Flows from Operating Activities. Net cash provided by operating activities for the nine months ended September 24, 2017 was $80.8 million, an increase of $13.5 million when compared to $67.3 million of cash provided by operating activities for the nine months ended September 25, 2016. This $13.5 million increase was the result of an increase in adjustments for non-cash charges of $42.7 million and an increase in cash provided by working capital of $15.3 million, which was partially offset by a decrease in operating results of $44.5 million.

The $15.3 million increase in cash provided by working capital for the nine months ended September 24, 2017 when compared to the nine months ended September 25, 2016, is primarily attributable to an increase in accrued expenses and accounts payable, which was partially offset by an increase in accounts receivable.

The $42.7 million increase in adjustments to net income for non-cash charges when compared to the nine months ended September 25, 2016, primarily consisted of a $27.4 million goodwill and mastheads impairment, a $7.0 million increase in deferred income taxes, a $6.5 million increase in impairment of long-lived assets, a $4.3 million increase in depreciation and amortization, a non-cash loss on early extinguishment of debt of $2.3 million, a $0.5 million increase in non-cash compensation expense, and a $0.2 million increase in non-cash charge to investments, which was partially offset by a $5.2 million increase in gain on sale or disposal of assets and a $0.4 million decrease in non-cash interest expense.

Cash Flows from Investing Activities. Net cash used in investing activities for the nine months ended September 24, 2017 was $34.2 million. During the nine months ended September 24, 2017, we used $41.7 million, net of cash acquired, for acquisitions and $7.2 million for capital expenditures, which was partially offset by $14.7 million we received from the sale of publications and other assets.

Net cash used in investing activities for the nine months ended September 25, 2016 was $112.2 million. During the nine months ended September 25, 2016, we used $107.7 million, net of cash acquired, for acquisitions and $7.7 million for capital expenditures, which was partially offset by $3.2 million we received from the sale of publications and other assets.

Cash Flows from Financing Activities. Net cash used in financing activities for the nine months ended September 24, 2017 was $58.2 million primarily due to the payment of dividends of $56.0 million, repayments under term loans of $12.6 million, $5.0 million in repurchases of common stock under the Share Repurchase Program, payment of debt issuance costs of $3.5 million, a $0.7 million purchase of treasury stock, and $0.4 million payment of offering costs, which was partially offset by borrowings under term loans of $20.0 million.

Net cash used in financing activities for the nine months ended September 25, 2016 was $47.2 million primarily due to the payment of dividends of $44.2 million, repayments under term loans of $2.6 million, and a $0.4 million purchase of treasury stock.

Changes in Financial Position

The discussion that follows highlights significant changes in our financial position and working capital from December 25, 2016 to September 24, 2017.

Accounts Receivable. Accounts receivable decreased $10.5 million from December 25, 2016 to September 24, 2017, which primarily relates to seasonality and the timing of cash collections, which was partially offset by $5.7 million of assets acquired in the nine month period ending September 24, 2017.

Prepaid Expenses. Prepaid expenses increased $3.0 million from December 25, 2016 to September 24, 2017, which primarily relates to the timing of payments.

Property, Plant, and Equipment. Property, plant, and equipment decreased $14.6 million from December 25, 2016 to September 24, 2017, of which $37.7 million relates to depreciation, $11.3 million relates to assets sold or disposed of during the first nine months of 2017 and $6.4 million relates to an impairment of long-lived assets, which was partially offset by $33.6 million of assets acquired in 2017 and $7.2 million of capital expenditures.

Goodwill. Goodwill decreased $25.6 million from December 25, 2016 to September 24, 2017, which is primarily due to a $25.6 million goodwill impairment and $2.8 million relates to assets sold, which was partially offset by $2.9 million of assets acquired in 2017.

Intangible Assets. Intangible assets decreased $14.0 million from December 25, 2016 to September 24, 2017, of which $16.9 million relates to amortization and $1.8 million relates to a mastheads impairment, which was partially offset by $4.7 million of assets acquired in 2017.

Current Portion of Long-term Debt. Current portion of long-term debt decreased $9.9 million from December 25, 2016 to September 24, 2017, due to $10.0 million repayment of debt that was assumed in the Halifax Media acquisition in 2015, which was partially offset by the increase in the current portion of long-term debt of $0.1 million related to the July 14, 2017 amendment to the New Media Credit Agreement.

Accounts Payable. Accounts payable increased $5.8 million from December 25, 2016 to September 24, 2017, which relates primarily to the timing of vendor payments.

Accrued Expenses. Accrued expenses decreased $2.1 million from December 25, 2016 to September 24, 2017, which primarily relates to a decrease in the accrual for all management agreement related fees of $7.4 million, which was partially offset by a $3.4 increase in accrued payroll and a $1.9 million increase in accrued taxes.

Deferred Revenue. Deferred revenue increased $2.4 million from December 25, 2016 to September 24, 2017, primarily due to acquisitions in 2017 and normal operations, which was partially offset by deferred revenue transferred in the sale of a business in 2017.

Long-term Debt. Long-term debt increased $17.7 million from December 25, 2016 to September 24, 2017, primarily due to borrowings under term loans of $20.0 million, a $2.3 million loss on early extinguishment of debt and $1.7 million non-cash interest expense, which was partially offset by the payment of debt issuance costs of $3.5 million, and a $2.6 million repayment of term loans.

Deferred Income Taxes. Deferred income taxes increased $2.0 million from December 25, 2016 to September 24, 2017, which primarily relates to an increase in the deferred tax liability for indefinite-lived intangible assets.

Additional Paid-In Capital. Additional paid-in capital decreased $40.5 million from December 25, 2016 to September 24, 2017, due to dividends of $37.9 million and $5.0 million in repurchases of common stock under the Share Repurchase Program, which was partially offset by non-cash compensation expense of $2.4 million.

(Accumulated Deficit) Retained Earnings. Accumulated deficit increased $45.5 million from December 25, 2016 to September 24, 2017, due to a net loss of $27.3 million and dividends of $18.2 million.

Summary Disclosure About Contractual Obligations and Commercial Commitments

There have been no significant changes to our contractual obligations previously reported in our Annual Report on Form 10-K for the year ended December 25, 2016.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements reasonably likely to have a current or future effect on our financial statements.

Contractual Commitments

There were no material changes made to our contractual commitments during the period from December 25, 2016 to September 24, 2017.

Non-GAAP Financial Measures

A non-GAAP financial measure is generally defined as one that purports to measure historical or future financial performance, financial position or cash flows, but excludes or includes amounts that would not be so adjusted in the most comparable GAAP measure. We define and use Adjusted EBITDA, a non-GAAP financial measure, as set forth below.

Adjusted EBITDA

We define Adjusted EBITDA as follows:

Income (loss) from continuing operations *before*:

- income tax expense (benefit);
- interest/financing expense;
- depreciation and amortization; and
- non-cash impairments.

Management's Use of Adjusted EBITDA

Adjusted EBITDA is not a measurement of financial performance under GAAP and should not be considered in isolation or as an alternative to income from operations, net income (loss), cash flow from continuing operating activities or any other measure of performance or liquidity derived in accordance with GAAP. We believe this non-GAAP measure, as we have defined it, is helpful in identifying trends in our day-to-day performance because the items excluded have little or no significance on our day-to-day operations. This measure provides an assessment of controllable expenses and affords management the ability to make decisions which are expected to facilitate meeting current financial goals as well as achieve optimal financial performance.

Adjusted EBITDA provides us with a measure of financial performance, independent of items that are beyond the control of management in the short-term, such as depreciation and amortization, taxation, non-cash impairments and interest expense associated with our capital structure. This metric measures our financial performance based on operational factors that management can impact in the short-term, namely the cost structure or expenses of the organization. Adjusted EBITDA is one of the metrics we use to review the financial performance of our business on a monthly basis.

Limitations of Adjusted EBITDA

Adjusted EBITDA has limitations as an analytical tool. It should not be viewed in isolation or as a substitute for GAAP measures of earnings or cash flows. Material limitations in making the adjustments to our earnings to calculate Adjusted EBITDA and using this non-GAAP financial measure as compared to GAAP net income (loss), include: the cash portion of interest/financing expense, income tax (benefit) provision and charges related to impairment of long-lived assets, which may significantly affect our financial results.

A reader of our financial statements may find this item important in evaluating our performance, results of operations and financial position. We use non-GAAP financial measures to supplement our GAAP results in order to provide a more complete understanding of the factors and trends affecting our business.

Adjusted EBITDA is not an alternative to net income, income from operations or cash flows provided by or used in operations as calculated and presented in accordance with GAAP. Readers of our financial statements should not rely on Adjusted EBITDA as a substitute for any such GAAP financial measure. We strongly urge readers of our financial statements to review the reconciliation of income (loss) from continuing operations to Adjusted EBITDA, along with our consolidated financial statements included elsewhere in this report. We also strongly urge readers of our financial statements to not rely on any single financial measure to evaluate our business. In addition, because Adjusted EBITDA is not a measure of financial performance under GAAP and is susceptible to varying calculations, the Adjusted EBITDA measure, as presented in this report, may differ from and may not be comparable to similarly titled measures used by other companies.

We use Adjusted EBITDA as a measure of our day-to-day operating performance, which is evidenced by the publishing and delivery of news and other media and excludes certain expenses that may not be indicative of our day-to-day business operating results. We consider the unrealized (gain) loss on derivative instruments and the (gain) loss on early extinguishment of debt to be financing related costs associated with interest expense or amortization of financing fees. Accordingly, we exclude financing related costs such as the early extinguishment of debt because they represent the write-off of deferred financing costs and we believe these non-cash write-offs are similar to interest expense and amortization of financing fees, which by definition are excluded from Adjusted EBITDA. Additionally, the non-cash gains (losses) on derivative contracts, which are related to interest rate swap agreements to manage interest rate risk, are financing costs associated with interest expense. Such charges are incidental to, but not reflective of, our day-to-day operating performance and it is appropriate to exclude charges related to financing activities such as the early extinguishment of debt and the unrealized (gain) loss on derivative instruments which, depending on the nature of the financing arrangement, would have otherwise been amortized over the period of the related agreement and does not require a current cash settlement. Such charges are incidental to, but not reflective of our day-to-day operating performance of the business that management can impact in the short term.

The table below shows the reconciliation of net (loss) income to Adjusted EBITDA for the periods presented:

	Three months ended September 24, 2017		Three months ended September 25, 2016		Nine months ended September 24, 2017		Nine months ended September 25, 2016	
				(in thousands)				
Net (loss) income	$ (1,971)		$ 2,795		$ (27,343)		$ 17,145	
Income tax expense (benefit)	934		504		2,557		(4,695)	
Interest expense	7,848		7,391		22,283		22,269	
Impairment of long-lived assets	—		—		6,485		—	
Loss on early extinguishment of debt	4,767		—		4,767		—	
Goodwill and mastheads impairment	—		—		27,448		—	
Depreciation and amortization	18,257		17,014		54,621		50,364	
Adjusted EBITDA from continuing operations	$ 29,835	(a)	$ 27,704	(b)	$ 90,818	(c)	$ 85,083	(d)

(a) Adjusted EBITDA for the three months ended September 24, 2017 included net expenses of $7,289, related to transaction and project costs, non-cash compensation, and other expense of $4,393, integration and reorganization costs of $2,210 and a $686 loss on the sale or disposal of assets.

(b) Adjusted EBITDA for the three months ended September 25, 2016 included net expenses of $9,289, related to transaction and project costs, non-cash compensation, and other expense of $3,118, integration and reorganization costs of $5,197 and a $974 loss on the sale or disposal of assets.

(c) Adjusted EBITDA for the nine months ended September 24, 2017 included net expenses of $16,273, related to transaction and project costs, non-cash compensation, and other expense of $11,316, integration and reorganization costs of $6,817 and a $1,860 gain on the sale or disposal of assets.

(d) Adjusted EBITDA for the nine months ended September 25, 2016 included net expenses of $21,088, related to transaction and project costs, non-cash compensation, and other expense of $10,231, integration and reorganization costs of $7,532 and a $3,325 loss on the sale or disposal of assets.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

During the nine month period ended September 24, 2017, there were no material changes to the quantitative and qualitative disclosures about market risk that were presented in Item 7A of our Annual Report on Form 10-K for the year ended December 25, 2016.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), has evaluated the effectiveness of our disclosure controls and procedures (as is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act of 1934, as amended), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective.

Changes in Internal Control

There has not been any change in our internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) during the fiscal quarter to which this Quarterly Report on Form 10-Q relates that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Part II. — OTHER INFORMATION

Item 1. Legal Proceedings

There have been no material changes to the legal proceedings previously disclosed under "Legal Proceedings" included in our Annual Report on Form 10-K filed with the SEC on February 21, 2017.

Item 1A. Risk Factors

You should carefully consider the following risks and other information in this Quarterly Report on Form 10-Q in evaluating us and our common stock. Any of the following risks could materially and adversely affect our results of operations or financial condition. The risk factors generally have been separated into the following groups: Risks Related to Our Business, Risks Related to Our Manager, and Risks Related to Our Common Stock.

Risks Related to Our Business

We depend to a great extent on the economies and the demographics of the local communities that we serve, and we are also susceptible to general economic downturns, which have had, and could continue to have, a material and adverse impact on our advertising and circulation revenues and on our profitability.

Our advertising revenues and, to a lesser extent, circulation revenues, depend upon a variety of factors specific to the communities that our publications serve. These factors include, among others, the size and demographic characteristics of the local population, local economic conditions in general and the economic condition of the retail segments of the communities that our publications serve. If the local economy, population or prevailing retail environment of a community we serve experiences a downturn, our publications, revenues and profitability in that market could be adversely affected. Our advertising revenues are also susceptible to negative trends in the general economy that affect consumer spending. The advertisers in our newspapers and other publications and related websites are primarily retail businesses that can be significantly affected by regional or national economic downturns and other developments. Declines in the U.S. economy could also significantly affect key advertising revenue categories, such as help wanted, real estate and automotive.

Uncertainty and adverse changes in the general economic conditions of markets in which we participate may negatively affect our business.

Current and future conditions in the economy have an inherent degree of uncertainty. As a result, it is difficult to estimate the level of growth or contraction for the economy as a whole. It is even more difficult to estimate growth or contraction in various parts, sectors and regions of the economy, including the markets in which we participate. Adverse changes may occur as a result of weak global economic conditions, declining oil prices, wavering consumer confidence, unemployment, declines in stock markets, contraction of credit availability, declines in real estate values, natural disasters, or other factors affecting economic conditions in general. These changes may negatively affect the sales of our products, increase exposure to losses from bad debts, increase the cost and decrease the availability of financing, or increase costs associated with publishing and distributing our publications.

Our ability to generate revenues is correlated with the economic conditions of three geographic regions of the United States.

Our Company primarily generates revenue in three geographic regions: the Northeast, the Midwest, and the Southeast. During the nine months ended September 24, 2017, approximately 29% of our total revenues were generated in three states in the Northeast: Massachusetts, Rhode Island, and New York. During the same period, approximately 21% of our total revenues were generated in two states in the Midwest: Ohio and Illinois. Also during the same period, approximately 20% of our total revenues were generated in two states in the Southeast: Florida and North Carolina. As a result of this geographic concentration, our financial results, including advertising and circulation revenue, depend largely upon economic conditions in these principal market areas. Accordingly, adverse economic developments within these three regions in particular could significantly affect our consolidated operations and financial results.

Our indebtedness and any future indebtedness may limit our financial and operating activities and our ability to incur additional debt to fund future needs or dividends.

As of September 24, 2017, New Media's outstanding indebtedness consists primarily of the New Media Credit Agreement. The New Media Credit Agreement provided for (i) a $200 million senior secured term facility, (ii) a $25 million senior secured revolving credit facility, with a $5 million sub-facility for letters of credit and a $5 million sub-facility for swing loans and (iii) the ability for us to request one or more new commitments for term loans or revolving loans from time to time up to an aggregate total of $75 million (the "Incremental Facility"), subject to certain conditions. On September 3, 2014, the New Media Credit Agreement was amended to provide for additional term loans under the Incremental Facility in an aggregate principal amount of $25 million. On November 20, 2014, the New Media Credit Agreement was further amended to increase the amount available thereunder for incremental term loans from $75 million to $225 million in order to facilitate the financing of the acquisition of substantially all of the assets from Halifax Media Group LLC. On January 9, 2015, the New Media Credit Agreement was amended to provide for additional term loans and revolving commitments under the Incremental Facility in a combined aggregate principal amount of $152 million and to make certain amendments to the Revolving Credit Facility. On February 13, 2015, the New Media Credit Agreement was amended to, amongst other things, replace the existing term loans with a new class of replacement term loans with extended call protection. On March 6, 2015, the New Media Credit Agreement was amended to provide for $15 million in additional revolving commitments under the Incremental Facility. On May 29, 2015, the New Media Credit Agreement was amended to provide for $25 million in additional term loans under the Incremental Facility. On July 14, 2017, the New Media Credit Agreement was amended to, among other things, (i) extend the maturity date of the outstanding term loans to July 14, 2022 (the "Extended Term Loans"), (ii) provide for a 1.00% prepayment premium for any prepayments of the Extended Term Loans made in connection with certain repricing transactions effected within six months of the date of the amendment, (iii) extend the maturity date of the revolving credit facility to July 14, 2021, (iv) provide for additional dollar-denominated term loans in an aggregate principal amount of $20 million (the "2017 Incremental Term Loans") on the same terms as the Extended Term Loans and (v) increase the amount of the incremental facility that may be requested on or after the date of the amendment (inclusive of the 2017 Incremental Term Loans) to $100 million. As of September 24, 2017, $0 was drawn under the Revolving Credit Facility.

The Halifax Alabama Credit Agreement, which arose from debt obligations assumed by us in connection with our acquisition of substantially all of the assets from Halifax Media Group LLC on January 9, 2015, is comprised of debt in the principal amount of $8 million that bears interest at the rate of LIBOR plus 6.25% per annum (with a minimum of 1% LIBOR) payable quarterly in arrears, maturing on March 31, 2019. As of September 24, 2017, $8 million was outstanding under the Halifax Alabama Credit Agreement.

All of the above indebtedness and any future indebtedness we incur could:

- require us to dedicate a portion of cash flow from operations to the payment of principal and interest on indebtedness, including indebtedness we may incur in the future, thereby reducing the funds available for other purposes, including dividends or other distributions;
- subject us to increased sensitivity to increases in prevailing interest rates;
- place us at a competitive disadvantage to competitors with relatively less debt in economic downturns, adverse industry conditions or catastrophic external events; or
- reduce our flexibility in planning for or responding to changing business, industry and economic conditions.

In addition, our indebtedness could limit our ability to obtain additional financing on acceptable terms or at all to fund future acquisitions, working capital, capital expenditures, debt service requirements, general corporate and other purposes, which would have a material effect on our business and financial condition. Our liquidity needs could vary significantly and may be affected by general economic conditions, industry trends, performance and many other factors not within our control.

Each of the New Media Credit Agreement and Advantage Credit Agreements contains covenants that restrict our operations and may inhibit our ability to grow our business, increase revenues and pay dividends to our stockholders.

The New Media Credit Agreement contains various restrictions, covenants and representations and warranties. If we fail to comply with any of these covenants or breach these representations or warranties in any material respect, such noncompliance would constitute a default under the New Media Credit Agreement (subject to applicable cure periods), and the lenders could elect to declare all amounts outstanding under the agreements related thereto to be immediately due and payable and enforce their respective interests against collateral pledged under such agreements.

The covenants and restrictions in the New Media Credit Agreement generally restrict our ability to, among other things:

- incur or guarantee additional debt;
- make certain investments, loans or acquisitions;
- transfer or sell assets;
- make distributions on capital stock or redeem or repurchase capital stock;
- create or incur liens;
- enter into transactions with affiliates;
- consolidate, merge or sell all or substantially all of our assets; and
- create restrictions on the payment of dividends or other amounts to us from our restricted subsidiaries.

The Halifax Alabama Credit Agreement contains covenants substantially consistent with those contained in the New Media Credit Agreement in addition to those required for compliance with the New Markets Tax Credit program.

The restrictions described above may interfere with our ability to obtain new or additional financing or may affect the manner in which we structure such new or additional financing or engage in other business activities, which may significantly limit or harm our results of operations, financial condition and liquidity. A default and any resulting acceleration of obligations under any of the New Media Credit Agreement or Halifax Alabama Credit Agreement could also result in an event of default and declaration of acceleration under our other existing debt agreements. Such an acceleration of our debt would have a material adverse effect on our liquidity and our ability to continue as a going concern. A default under any of the New Media Credit Agreement or Halifax Alabama Credit Agreement could also significantly limit our alternatives to refinance both the debt under which the default occurred and other indebtedness. This limitation may significantly restrict our financing options during times of either market distress or our financial distress, which are precisely the times when having financing options is most important.

We may not generate a sufficient amount of cash or generate sufficient funds from operations to fund our operations or repay our indebtedness.

Our ability to make payments on our indebtedness as required depends on our ability to generate cash flow from operations in the future. This ability, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

If we do not generate sufficient cash flow from operations to satisfy our debt obligations, including interest payments and the payment of principal at maturity, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. We cannot provide assurance that any refinancing would be possible, that any assets could be sold, or, if sold, of the timeliness and amount of proceeds realized from those sales, that additional financing could be obtained on acceptable terms, if at all, or that additional financing would be permitted under the terms of our various debt instruments then in effect. Furthermore, our ability to refinance would depend upon the condition of the finance and credit markets. Our inability to generate sufficient cash flow to satisfy our debt obligations, or to refinance our obligations on commercially reasonable terms or on a timely basis, would materially affect our business, financial condition and results of operations.

We may not be able to pay dividends in accordance with our announced intent or at all.

We have announced our intent to distribute a substantial portion of our free cash flow generated from operations or other sources as a dividend to our stockholders, through a quarterly dividend, subject to satisfactory financial performance, approval by our Board of Directors and dividend restrictions in the New Media Credit Agreement. The Board of Directors' determinations regarding dividends will depend on a variety of factors, including the Company's GAAP net income, free cash flow generated from operations or other sources, liquidity position and potential alternative uses of cash, such as acquisitions, as well as economic conditions and expected future financial results. Although we recently paid a second quarter 2017 cash dividend of $0.35 per share of Common Stock and have regularly paid quarterly dividends since the third quarter of 2014, there can be no guarantee that we will continue to pay dividends in the future or that this recent dividend is representative of the amount of any future dividends. Our ability to declare future dividends will depend on our future financial performance, which in turn depends on the successful implementation of our strategy and on financial, competitive, regulatory, technical and other factors, general economic conditions, demand and selling prices for our products and other factors specific to our industry or specific projects, many of which are beyond our control. Therefore, our ability to generate free cash flow depends on the performance of our operations and could be limited by decreases in our profitability or increases in costs, capital expenditures or debt servicing requirements.

We may acquire additional companies with declining cash flow as part of a strategy aimed at stabilizing cash flow through expense reduction and digital expansion. If our strategy is not successful, we may not be able to pay dividends.

As a holding company, we are also dependent on our subsidiaries being able to pay dividends to us. Our subsidiaries are subject to restrictions on the ability to pay dividends under the various instruments governing their indebtedness. If our subsidiaries incur additional debt or losses, such additional indebtedness or loss may further impair their ability to pay dividends or make other distributions to us. In addition, the ability of our subsidiaries to declare and pay dividends to us will also be dependent on their cash income and cash available and may be restricted under applicable law or regulation. Under Delaware law, approval of the board of directors is required to approve any dividend, which may only be paid out of surplus or net profit for the applicable fiscal year. As a result, we may not be able to pay dividends in accordance with our announced intent or at all.

We have invested in growing our digital business, including UpCurve and including through strategic acquisitions, but such investments may not be successful, which could adversely affect our results of operations.

We continue to evaluate our business and how we intend to grow our digital business. Internal resources and effort are put towards this business and acquisitions are sought to expand this business. In addition, key partnerships have been entered into to assist with our digital business, including UpCurve. We continue to believe that our digital businesses, including UpCurve, offer opportunities for revenue growth to support and, in some cases, offset the revenue trends we have seen in our print business. There can be no assurances that the partnerships we have entered into, the acquisitions we have completed or the internal strategy being employed will result in generating or increasing digital revenues in amounts necessary to stabilize or offset trends in print revenues. In addition, we have a limited history of operations in this area, and there can be no assurances that past performance will be indicative of future performance or future trends. If our digital strategy, including with regard to UpCurve, is not as successful as we anticipate, our financial condition, results of operations and ability to pay dividends could be adversely affected.

Acquisitions have formed a significant part of our growth strategy in the past and are expected to continue to do so. If we are unable to identify suitable acquisition candidates or successfully integrate the businesses we acquire, our growth strategy may not succeed. Acquisitions involve numerous risks, including risks related to integration, and these risks could adversely affect our business, financial condition and results of operations.

Our business strategy relies on acquisitions. We expect to derive a significant portion of our growth by acquiring businesses and integrating those businesses into our existing operations. We continue to seek acquisition opportunities, however we may not be successful in identifying acquisition opportunities, assessing the value, strengths and weaknesses of these opportunities or consummating acquisitions on acceptable terms. Furthermore, suitable acquisition opportunities may not even be made available or known to us. In addition, valuations of potential acquisitions may rise materially, making it economically unfeasible to complete identified acquisitions.

Additionally, our ability to realize the anticipated benefits of the synergies between New Media and our recent or potential future acquisitions of assets or companies will depend, in part, on our ability to appropriately integrate the business of New Media and the businesses of other such acquired companies. The process of acquiring assets or companies may disrupt our business and may not result in the full benefits expected. The risks associated with integrating the operations of New Media and recent and potential future acquisitions include, among others:

- uncoordinated market functions;
- unanticipated issues in integrating the operations and personnel of the acquired businesses;
- the incurrence of indebtedness and the assumption of liabilities;
- the incurrence of significant additional capital expenditures, transaction and operating expenses and non-recurring acquisition-related charges;
- unanticipated adverse impact on our earnings from the amortization or write-off of acquired goodwill and other intangible assets;
- cultural challenges associated with integrating acquired businesses with the operations of New Media;

- not retaining key employees, vendors, service providers, readers and customers of the acquired businesses; and
- the diversion of management's attention from ongoing business concerns.

If we are unable to successfully implement our acquisition strategy or address the risks associated with integrating the operations of New Media and past acquisitions or potential future acquisitions, or if we encounter unforeseen expenses, difficulties, complications or delays frequently encountered in connection with the integration of acquired entities and the expansion of operations, our growth and ability to compete may be impaired, we may fail to achieve acquisition synergies and we may be required to focus resources on integration of operations rather than other profitable areas. Moreover, the success of any acquisition will depend upon our ability to effectively integrate the acquired assets or businesses. The acquired assets or businesses may not contribute to our revenues or earnings to any material extent, and cost savings and synergies we expect at the time of an acquisition may not be realized once the acquisition has been completed. Furthermore, if we incur indebtedness to finance an acquisition, the acquired business may not be able to generate sufficient cash flow to service that indebtedness. Unsuitable or unsuccessful acquisitions could adversely affect our business, financial condition, results of operations, cash flow and ability to pay dividends.

If we are unable to retain and grow our digital audience and advertiser base, our digital businesses will be adversely affected.

Given the ever-growing and rapidly changing number of digital media options available on the internet, we may not be able to increase our online traffic sufficiently and retain or grow a base of frequent visitors to our websites and applications on mobile devices.

We have experienced declines in advertising revenue due in part to advertisers' shift from print to digital media, and we may not be able to create sufficient advertiser interest in our digital businesses to maintain or increase the advertising rates of the inventory on our websites.

In addition, the ever-growing and rapidly changing number of digital media options available on the internet may lead to technologies and alternatives that we are not able to offer or about which we are not able to advise. Such circumstances could directly and adversely affect the availability, applicability, marketability and profitability of the suite of SMB services and the private ad exchange we offer as a significant part of our digital business. Specifically, news aggregation websites and customized news feeds (often free to users) may reduce our traffic levels by driving interaction away from our websites or our digital applications. If traffic levels stagnate or decline, we may not be able to create sufficient advertiser interest in our digital businesses or to maintain or increase the advertising rates of the inventory on our digital platforms. We may also be adversely affected if the use of technology developed to block the display of advertising on websites proliferates.

Technological developments and any changes we make to our business strategy may require significant capital investments. Such investments may be restricted by our current or future credit facilities.

If there is a significant increase in the price of newsprint or a reduction in the availability of newsprint, our results of operations and financial condition may suffer.

The basic raw material for our publications is newsprint. We generally maintain only a 45 to 55-day inventory of newsprint, although our participation in a newsprint-buying consortium has helped ensure adequate supply. An inability to obtain an adequate supply of newsprint at a favorable price or at all in the future could have a material adverse effect on our ability to produce our publications. Historically, the price of newsprint has been volatile, reaching a high of approximately $823 per metric ton in 2008 and experiencing a low of almost $410 per metric ton in 2002. The average price of newsprint during 2016 was approximately $626 per metric ton. Recent and future consolidation of major newsprint suppliers may adversely affect price competition among suppliers. Significant increases in newsprint costs for properties and periods not covered by our newsprint vendor agreement could have a material adverse effect on our financial condition and results of operations.

We have experienced declines in advertising revenue, and further declines, which could adversely affect our results of operations and financial condition, may occur.

Excluding acquisitions, we have experienced declines in advertising revenue, due in part to advertisers' shift from print to digital media. We continue to search for organic growth opportunities, including in our digital advertising business, and for ways to stabilize print revenue declines through new product launches and pricing. However, there can be no assurance that our advertising revenue will not continue to decline. In addition, the range of advertising choices across digital products and platforms and the large inventory of available digital advertising space have historically resulted in significantly lower rates for digital advertising than for print advertising. Consequently, our digital advertising revenue may not be able to replace print advertising revenue lost as a result of the shift to digital consumption. Further declines in advertising revenue could adversely affect our results of operations and financial condition.

We compete with a large number of companies in the local media industry; if we are unable to compete effectively, our advertising and circulation revenues may decline.

Our business is concentrated in newspapers and other print publications located primarily in small and midsize markets in the United States. Our revenues primarily consist of advertising and paid circulation. Competition for advertising revenues and paid circulation comes from direct mail, directories, radio, television, outdoor advertising, other newspaper publications, the internet and other media. For example, as the use of the internet and mobile devices has increased, we have lost some classified advertising and subscribers to online advertising businesses and our free internet sites that contain abbreviated versions of our publications. Competition for advertising revenues is based largely upon advertiser results, advertising rates, readership, demographics and circulation levels. Competition for circulation is based largely upon the content of the publication and its price and editorial quality. Our local and regional competitors vary from market to market, and many of our competitors for advertising revenues are larger and have greater financial and distribution resources than us. We may incur increased costs competing for advertising expenditures and paid circulation. We may also experience further declines of circulation or print advertising revenue due to alternative media, such as the internet. If we are not able to compete effectively for advertising expenditures and paid circulation, our revenues may decline.

We are undertaking strategic process upgrades that could have a material adverse financial impact if unsuccessful.

We are implementing strategic process upgrades of our business. Among other things we are implementing the standardization and centralization of systems and processes, the outsourcing of certain financial processes and the use of new software for our circulation, advertising and editorial systems. As a result of ongoing strategic evaluation and analysis, we have made and will continue to make changes that, if unsuccessful, could have a material adverse financial impact.

Our business is subject to seasonal and other fluctuations, which affects our revenues and operating results.

Our business is subject to seasonal fluctuations that we expect to continue to be reflected in our operating results in future periods. Our first fiscal quarter of the year tends to be our weakest quarter because advertising volume is at its lowest levels following the December holiday season. Correspondingly, our second and fourth fiscal quarters tend to be our strongest because they include heavy holiday and seasonal advertising. Other factors that affect our quarterly revenues and operating results may be beyond our control, including changes in the pricing policies of our competitors, the hiring and retention of key personnel, wage and cost pressures, distribution costs, changes in newsprint prices and general economic factors.

We could be adversely affected by declining circulation.

Overall daily newspaper circulation, including national and urban newspapers, has declined in recent years. For the year ended December 25, 2016, our circulation revenue increased by $43.2 million, or 11.4%, as compared to the year ended December 27, 2015, of which $32.0 million relates to acquisitions. There can be no assurance that our circulation revenue will not decline again in the future. We have been able to maintain annual circulation revenue from existing operations in recent years through, among other things, increases in per copy prices. However, there can be no assurance that we will be able to continue to increase prices to offset any declines in circulation. Further declines in circulation could impair our ability to maintain or increase our advertising prices, cause purchasers of advertising in our publications to reduce or discontinue those purchases and discourage potential new advertising customers, all of which could have a material adverse effect on our business, financial condition, results of operations, cash flows and ability to pay dividends.

The increasing popularity of digital media could also adversely affect circulation of our newspapers, which may decrease circulation revenue and cause more marked declines in print advertising. Further, readership demographics and habits may change over time. If we are not successful in offsetting such declines in revenues from our print products, our business, financial condition and prospects will be adversely affected.

The value of our intangible assets may become impaired, depending upon future operating results.

At September 24, 2017 the carrying value of our goodwill is $202.4 million, mastheads is $95.2 million, and amortizable intangible assets is $242.3 million. These assets are subject to annual impairment testing and more frequent testing upon the occurrence of certain events or significant changes in our circumstances that indicate all or a portion of their carrying values may no longer be recoverable, in which case a non-cash charge to earnings may be necessary in the relevant period. We may subsequently experience market pressures which could cause future cash flows to decline below our current expectations, or volatile equity markets could negatively impact market factors used in the impairment analysis, including earnings multiples, discount rates, and long-term growth rates. Any future evaluations requiring an asset impairment charge for goodwill or other intangible assets would adversely affect future reported results of operations and shareholders' equity.

As a result of the annual impairment assessment, as of June 25, 2017, we recorded a goodwill impairment in two of our reporting units, Central US Publishing and Western US Publishing ("West"), for a total of $25.6 million. Additionally, the estimated fair value exceeded carrying value for mastheads except in the West reporting unit, which recognized an impairment charge of $1.8 million.

During the fourth quarter of 2015, we reorganized our management structure to align with the geography of the market served. As a result, an additional impairment analysis was performed. The analysis of masthead values suggested impairment, and a charge of $4.8 million was recorded in December 2015.

For further information on goodwill and intangible assets, see Note 5 to the consolidated financial statements, “Goodwill and Intangible Assets”.

We are subject to environmental and employee safety and health laws and regulations that could cause us to incur significant compliance expenditures and liabilities.

Our operations are subject to federal, state and local laws and regulations pertaining to the environment, storage tanks and the management and disposal of wastes at our facilities. Under various environmental laws, a current or previous owner or operator of real property may be liable for contamination resulting from the release or threatened release of hazardous or toxic substances or petroleum at that property. Such laws often impose liability on the owner or operator without regard to fault, and the costs of any required investigation or cleanup can be substantial. Although in connection with certain of our acquisitions we have rights to indemnification for certain environmental liabilities, these rights may not be sufficient to reimburse us for all losses that we might incur if a property acquired by us has environmental contamination. In addition, although in connection with certain of our acquisitions we have obtained insurance policies for coverage for certain potential environmental liabilities, these policies have express exclusions to coverage as well as express limits on amounts of coverage and length of term. Accordingly, these insurance policies may not be sufficient to provide coverage for us for all losses that we might incur if a property acquired by us has environmental contamination.

Our operations are also subject to various employee safety and health laws and regulations, including those pertaining to occupational injury and illness, employee exposure to hazardous materials and employee complaints. Environmental and employee safety and health laws tend to be complex, comprehensive and frequently changing. As a result, we may be involved from time to time in administrative and judicial proceedings and investigations related to environmental and employee safety and health issues. These proceedings and investigations could result in substantial costs to us, divert our management’s attention and adversely affect our ability to sell, lease or develop our real property. Furthermore, if it is determined that we are not in compliance with applicable laws and regulations, or if our properties are contaminated, it could result in significant liabilities, fines or the suspension or interruption of the operations of specific printing facilities.

Future events, such as changes in existing laws and regulations, new laws or regulations or the discovery of conditions not currently known to us, may give rise to additional compliance or remedial costs that could be material.

Sustained increases in costs of employee health and welfare benefits may reduce our profitability. Moreover, our pension plan obligations are currently underfunded, and we may have to make significant cash contributions to our plans, which could reduce the cash available for our business.

In recent years, we have experienced significant increases in the cost of employee medical benefits because of economic factors beyond our control, including increases in health care costs. At least some of these factors may continue to put upward pressure on the cost of providing medical benefits. Although we have actively sought to control increases in these costs, there can be no assurance that we will succeed in limiting cost increases, and continued upward pressure could reduce the profitability of our businesses.

Our pension and postretirement plans were underfunded by $24.6 million at September 24, 2017. Our pension plan invests in a variety of equity and debt securities. Future volatility and disruption in the stock markets could cause declines in the asset values of our pension plans. In addition, a decrease in the discount rate used to determine minimum funding requirements could result in increased future contributions. If either occurs, we may need to make additional pension contributions above what is currently estimated, which could reduce the cash available for our businesses.

We may not be able to protect intellectual property rights upon which our business relies and, if we lose intellectual property protection, our assets may lose value.

Our business depends on our intellectual property, including, but not limited to, our titles, mastheads, content and services, which we attempt to protect through patents, copyrights, trade laws and contractual restrictions, such as confidentiality agreements. We believe our proprietary and other intellectual property rights are important to our success and our competitive position.

Despite our efforts to protect our proprietary rights, unauthorized third parties may attempt to copy or otherwise obtain and use our content, services and other intellectual property, and we cannot be certain that the steps we have taken will prevent any misappropriation or confusion among consumers and merchants, or unauthorized use of these rights. If we are unable to procure, protect and enforce our intellectual property rights, we may not realize the full value of these assets, and our business may suffer. If we must litigate to enforce our intellectual property rights or determine the validity and scope of the proprietary rights of third parties, such litigation may be costly and divert the attention of our management from day-to-day operations.

We depend on key personnel and we may not be able to operate or grow our business effectively if we lose the services of any of our key personnel or are unable to attract qualified personnel in the future.

The success of our business is heavily dependent on our ability to retain our management and other key personnel and to attract and retain qualified personnel in the future. Competition for senior management personnel is intense, and we may not be able to retain our key personnel. Although we have entered into employment agreements with certain of our key personnel, these agreements do not ensure that our key personnel will continue in their present capacity with us for any particular period of time. We do not have key man insurance for any of our current management or other key personnel. The loss of any key personnel would require our remaining key personnel to divert immediate and substantial attention to seeking a replacement. An inability to find a suitable replacement for any departing executive officer on a timely basis could adversely affect our ability to operate or grow our business.

A shortage of skilled or experienced employees in the media industry, or our inability to retain such employees, could pose a risk to achieving improved productivity and reducing costs, which could adversely affect our profitability.

Production and distribution of our various publications requires skilled and experienced employees. A shortage of such employees, or our inability to retain such employees, could have an adverse impact on our productivity and costs, our ability to expand, develop and distribute new products and our entry into new markets. The cost of retaining or hiring such employees could exceed our expectations which could adversely affect our results of operations.

A number of our employees are unionized, and our business and results of operations could be adversely affected if current or additional labor negotiations or contracts were to further restrict our ability to maximize the efficiency of our operations.

As of September 24, 2017, we employed 9,830 employees, of whom 1,215 (or approximately 12%) were represented by 38 unions. 85% of the unionized employees are in four states: Ohio, Rhode Island, Massachusetts and Illinois and represent 30%, 24%, 16% and 15% of all our union employees, respectively. Most of our unionized employees work under collective bargaining agreements that expire in 2018.

Although our newspapers have not experienced a union strike in the recent past nor do we anticipate a union strike to occur, we cannot preclude the possibility that a strike may occur at one or more of our newspapers at some point in the future. We believe that, in the event of a newspaper strike, we would be able to continue to publish and deliver to subscribers, which is critical to retaining advertising and circulation revenues, although there can be no assurance of this. Further, settlement of actual or threatened labor disputes or an increase in the number of our employees covered by collective bargaining agreements can have unknown effects on our labor costs, productivity and flexibility.

The collectability of accounts receivable under adverse economic conditions could deteriorate to a greater extent than provided for in our financial statements and in our projections of future results.

Adverse economic conditions in the United States have increased our exposure to losses resulting from financial distress, insolvency and the potential bankruptcy of our advertising customers. Our accounts receivable are stated at net estimated realizable value, and our allowance for doubtful accounts has been determined based on several factors, including receivable agings, significant individual credit risk accounts and historical experience. If such collectability estimates prove inaccurate, adjustments to future operating results could occur.

Our potential inability to successfully execute cost control measures could result in greater than expected total operating costs.

We have implemented general cost control measures, and we expect to continue such cost control efforts in the future. If we do not achieve expected savings as a result of such measures or if our operating costs increase as a result of our growth strategy, our total operating costs may be greater than expected. In addition, reductions in staff and employee benefits could affect our ability to attract and retain key employees.

We rely on revenue from the printing of publications for third parties that may be subject to many of the same business and industry risks that we are.

In 2016, we generated approximately 6.7% of our revenue from printing third-party publications, and our relationships with these third parties are generally pursuant to short-term contracts. As a result, if the macroeconomic and industry trends described herein such as the sensitivity to perceived economic weakness of discretionary spending available to advertisers and subscribers, circulation declines, shifts in consumer habits and the increasing popularity of digital media affect those third parties, we may lose, in whole or in part, a substantial source of revenue.

A decision by any of the three largest national publications or the major local publications to cease publishing in those markets, or seek alternatives to their current business practice of partnering with us, could materially impact our profitability.

Our possession and use of personal information and the use of payment cards by our customers present risks and expenses that could harm our business. Unauthorized access to or disclosure or manipulation of such data, whether through breach of our network security or otherwise, could expose us to liabilities and costly litigation and damage our reputation.

Our online systems store and process confidential subscriber and other sensitive data, such as names, email addresses, addresses, and other personal information. Therefore, maintaining our network security is critical. Additionally, we depend on the security of our third-party service providers. Unauthorized use of or inappropriate access to our, or our third-party service providers' networks, computer systems and services could potentially jeopardize the security of confidential information, including payment card (credit or debit) information, of our customers. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and often are not recognized until launched against a target, we or our third-party service providers may be unable to anticipate these techniques or to implement adequate preventative measures. Non-technical means, for example, actions by an employee, can also result in a data breach. A party that is able to circumvent our security measures could misappropriate our proprietary information or the information of our customers or users, cause interruption in our operations, or damage our computers or those of our customers or users. As a result of any such breaches, customers or users may assert claims of liability against us and these activities may subject us to legal claims, adversely impact our reputation, and interfere with our ability to provide our products and services, all of which may have an adverse effect on our business, financial condition and results of operations. The coverage and limits of our insurance policies may not be adequate to reimburse us for losses caused by security breaches.

A significant number of our customers authorize us to bill their payment card accounts directly for all amounts charged by us. These customers provide payment card information and other personally identifiable information which, depending on the particular payment plan, may be maintained to facilitate future payment card transactions. Under payment card rules and our contracts with our card processors, if there is a breach of payment card information that we store, we could be liable to the banks that issue the payment cards for their related expenses and penalties. In addition, if we fail to follow payment card industry data security standards, even if there is no compromise of customer information, we could incur significant fines or lose our ability to give our customers the option of using payment cards. If we were unable to accept payment cards, our business would be seriously harmed.

There can be no assurance that any security measures we, or our third-party service providers, take will be effective in preventing a data breach. We may need to expend significant resources to protect against security breaches or to address problems caused by breaches. If an actual or perceived breach of our security occurs, the perception of the effectiveness of our security measures could be harmed and we could lose customers or users. Failure to protect confidential customer data or to provide customers with adequate notice of our privacy policies could also subject us to liabilities imposed by United States federal and state regulatory agencies or courts. We could also be subject to evolving state laws that impose data breach notification requirements, specific data security obligations, or other consumer privacy-related requirements. Our failure to comply with any of these laws or regulations may have an adverse effect on our business, financial condition and results of operations.

Risks Related to Our Manager

We are dependent on our Manager and may not find a suitable replacement if our Manager terminates the Management Agreement and the inability of our Manager to retain or obtain key personnel could delay or hinder implementation of our investment strategies, which could impair our ability to make distributions and could reduce the value of your investment.

Some of our officers and other individuals who perform services for us are employees of our Manager. We are reliant on our Manager, which has significant discretion as to the implementation of our operating policies and strategies, to conduct our business. We are subject to the risk that our Manager will terminate the Management Agreement and that we will not be able to find a suitable replacement for our Manager in a timely manner, at a reasonable cost or at all. Furthermore, we are dependent on the services of certain key employees of our Manager whose compensation may be partially or entirely dependent upon the amount of incentive or management compensation earned by our Manager and whose continued service is not guaranteed, and the loss of such services could adversely affect our operations. If any of these people were to cease their affiliation with us or our Manager, either we or our Manager may be unable to find suitable replacements, and our operating results could suffer. We believe that our future success depends, in large part, upon our Manager’s ability to hire and retain highly skilled personnel. Competition for highly skilled personnel is intense, and our Manager may be unsuccessful in attracting and retaining such skilled personnel. If we lose or are unable to obtain the services of highly skilled personnel, our ability to implement our investment strategies could be delayed or hindered and this could materially adversely affect our business, results of operations, financial condition and ability to make distributions to our stockholders.

On February 14, 2017, Fortress announced that it had entered into the Merger Agreement with SB Foundation Holdings LP, a Cayman Islands exempted limited partnership (“SoftBank Parent”) and an affiliate of SoftBank, and Foundation Acquisition LLC, a Delaware limited liability company and wholly owned subsidiary of SoftBank Parent (“SoftBank Merger Sub”), pursuant to which SoftBank Merger Sub will merge with and into Fortress, with Fortress surviving as a wholly owned subsidiary of SoftBank Parent. While Fortress’s senior investment professionals are expected to remain in place, including those individuals who perform services for us, there can be no assurance that the SoftBank merger will not have an impact on us or our relationship with the Manager.

There are conflicts of interest in our relationship with our Manager.

Our Management Agreement with our Manager was not negotiated between unaffiliated parties, and its terms, including fees payable, although approved by the independent directors of both Newcastle (our parent prior to the spin-off of the Company) and New Media as fair, may not be as favorable to us as if they had been negotiated with an unaffiliated third party.

There are conflicts of interest inherent in our relationship with our Manager insofar as our Manager and its affiliates—including investment funds, private investment funds, or businesses managed by our Manager—invest in media assets and whose investment objectives overlap with our investment objectives. Certain investments appropriate for us may also be appropriate for one or more of these other investment vehicles. Certain members of our Board of Directors and employees of our Manager who may be officers also serve as officers and/or directors of these other entities. Although we have the same Manager, we may compete with entities affiliated with our Manager or Fortress for certain target assets. From time to time, affiliates of Fortress focus on investments in assets with a similar profile as our target assets that we may seek to acquire. These affiliates may have meaningful purchasing capacity, which may change over time depending upon a variety of factors, including, but not limited to, available equity capital and debt financing, market conditions and cash on hand. In addition, with respect to Fortress funds in the process of selling investments, our Manager may be incentivized to regard the sale of such assets to us positively, particularly if a sale to an unrelated third party would result in a loss of fees to our Manager.

Our Management Agreement with our Manager does not prevent our Manager or any of its affiliates, or any of their officers and employees, from engaging in other businesses or from rendering services of any kind to any other person or entity, including investment in, or advisory service to others investing in, any type of media or media related investment, including investments which meet our principal investment objectives. Our Manager may engage in additional investment opportunities related to media assets in the future, which may cause our Manager to compete with us for investments or result in a change in our current investment strategy. In addition, our certificate of incorporation provides that if Fortress or an affiliate or any of their officers, directors or employees acquire knowledge of a potential transaction or matter that may be a corporate opportunity, they have no duty, to the fullest extent permitted by law, to offer such corporate opportunity to us, our stockholders or our affiliates. In the event that any of our directors and officers who is also a director, officer or employee of Fortress or its affiliates acquires knowledge of a corporate opportunity or is offered a corporate opportunity, provided that this knowledge was not acquired solely in such person's capacity as a director or officer of ours and such person acts in good faith, then to the fullest extent permitted by law such person is deemed to have fully satisfied such person's fiduciary duties owed to us and is not liable to us if Fortress or its affiliates pursues or acquires the corporate opportunity or if such person did not present the corporate opportunity to us.

The ability of our Manager and its officers and employees to engage in other business activities, subject to the terms of our Management Agreement with our Manager, may reduce the amount of time our Manager, its officers or other employees spend managing us. In addition, we may engage in material transactions with our Manager or another entity managed by our Manager or one of its affiliates, which may present an actual, potential or perceived conflict of interest. It is possible that actual, potential or perceived conflicts could give rise to investor dissatisfaction, litigation or regulatory enforcement actions. Appropriately dealing with conflicts of interest is complex and difficult, and our reputation could be damaged if we fail, or appear to fail, to deal appropriately with one or more potential, actual or perceived conflicts of interest. Regulatory scrutiny of, or litigation in connection with, conflicts of interest could have a material adverse effect on our reputation, which could materially adversely affect our business in a number of ways, including causing an inability to raise additional funds, a reluctance of counterparties to do business with us, a decrease in the prices of our equity securities and a resulting increased risk of litigation and regulatory enforcement actions.

The management compensation structure that we have agreed to with our Manager, as well as compensation arrangements that we may enter into with our Manager in the future (in connection with new lines of business or other activities), may incentivize our Manager to invest in high risk investments. In addition to its management fee, our Manager is currently entitled to receive incentive compensation. In evaluating investments and other management strategies, the opportunity to earn incentive compensation may lead our Manager to place undue emphasis on the maximization of such measures at the expense of other criteria, such as preservation of capital, in order to achieve higher incentive compensation. Investments with higher yield potential are generally riskier or more speculative than lower-yielding investments. Moreover, because our Manager receives compensation in the form of options in connection with the completion of our equity offerings, our Manager may be incentivized to cause us to issue additional stock, which could be dilutive to existing stockholders.

It would be difficult and costly to terminate our Management Agreement with our Manager.

It would be difficult and costly for us to terminate our Management Agreement with our Manager. After its initial three-year term, the Management Agreement is automatically renewed for one-year terms unless (i) a majority consisting of at least two-thirds of our independent directors, or a simple majority of the holders of outstanding shares of our common stock reasonably agree that there has been unsatisfactory performance by our Manager that is materially detrimental to us or (ii) a simple majority of our independent directors agree that the management fee payable to our Manager is unfair, subject to our Manager's right to prevent such a termination by agreeing to continue to provide the services under the Management Agreement at a fee that our independent directors have determined to be fair. If we elect not to renew the Management Agreement, our Manager will be provided not less than 60 days' prior written notice. In the event we terminate the Management Agreement, our Manager will be paid a termination fee equal to the amount of the management fee earned by the Manager during the 12-month period immediately preceding such termination. In addition, following any termination of the Management Agreement, our Manager may require us to purchase its right to receive incentive compensation at a price determined as if our assets were sold for their then current fair market value or otherwise we may continue to pay the incentive compensation to our Manager. These provisions may increase the effective cost to us of terminating the Management Agreement, thereby adversely affecting our ability to terminate our Manager without cause.

Our Board of Directors does not approve each investment decision made by our Manager. In addition, we may change our investment strategy without a stockholder vote, which may result in our making investments that are different, riskier or less profitable than our current investments.

Our Manager has great latitude in determining the types and categories of assets it may decide are proper investments for us, including the latitude to invest in types and categories of assets that may differ from those in which we currently invest. Our board of directors periodically reviews our investment portfolio. However, our Board of Directors does not review or pre-approve each proposed investment or our related financing arrangements. In addition, in conducting periodic reviews, our Board of Directors relies primarily on information provided to them by our Manager. Furthermore, transactions entered into by our Manager may be difficult or impossible to unwind by the time they are reviewed by our Board of Directors even if the transactions contravene the terms of the Management Agreement. In addition, we may change our investment strategy, including our target asset classes, without a stockholder vote.

Our investment strategy may evolve in light of existing market conditions and investment opportunities, and this evolution may involve additional risks depending upon the nature of the assets in which we invest and our ability to finance such assets on a short- or long-term basis. Investment opportunities that present unattractive risk-return profiles relative to other available investment opportunities under particular market conditions may become relatively attractive under changed market conditions, and changes in market conditions may therefore result in changes in the investments we target. Decisions to make investments in new asset categories present risks that may be difficult for us to adequately assess and could therefore reduce our ability to pay dividends on our common stock or have adverse effects on our liquidity or financial condition. A change in our investment strategy may also increase our exposure to interest rate, real estate market or credit market fluctuations. In addition, a change in our investment strategy may increase the guarantee obligations we agree to incur or increase the number of transactions we enter into with affiliates. Our failure to accurately assess the risks inherent in new asset categories or the financing risks associated with such assets could adversely affect our results of operations and our financial condition.

Our Manager will not be liable to us for any acts or omissions performed in accordance with the Management Agreement, including with respect to the performance of our investments.

Pursuant to our Management Agreement, our Manager assumes no responsibility other than to render the services called for thereunder in good faith and shall not be responsible for any action of our Board of Directors in following or declining to follow its advice or recommendations. Our Manager, its members, managers, officers and employees will not be liable to us or any of our subsidiaries, to our Board of Directors, or our or any subsidiary's stockholders or partners for any acts or omissions by our Manager, its members, managers, officers or employees, except by reason of acts constituting bad faith, willful misconduct, gross negligence or reckless disregard of our Manager's duties under our Management Agreement. We shall, to the full extent lawful, reimburse, indemnify and hold our Manager, its members, managers, officers and employees, and each other person, if any, controlling our Manager, harmless of and from any and all expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever (including attorneys' fees) in respect of or arising from any acts or omissions of an indemnified party made in good faith in the performance of our Manager's duties under our Management Agreement and not constituting such indemnified party's bad faith, willful misconduct, gross negligence or reckless disregard of our Manager's duties under our Management Agreement.

Our Manager's due diligence of investment opportunities or other transactions may not identify all pertinent risks, which could materially affect our business, financial condition, liquidity and results of operations.

Our Manager intends to conduct due diligence with respect to each investment opportunity or other transaction it pursues. It is possible, however, that our Manager's due diligence processes will not uncover all relevant facts, particularly with respect to any assets we acquire from third parties. In these cases, our Manager may be given limited access to information about the investment and will rely on information provided by the target of the investment. In addition, if investment opportunities are scarce, the process for selecting bidders is competitive, or the timeframe in which we are required to complete diligence is short, our ability to conduct a due diligence investigation may be limited, and we would be required to make investment decisions based upon a less thorough diligence process than would otherwise be the case. Accordingly, investments and other transactions that initially appear to be viable may prove not to be over time, due to the limitations of the due diligence process or other factors.

Because we are dependent upon our Manager and its affiliates to conduct our operations, any adverse changes in the financial health of our Manager or its affiliates or our relationship with them could hinder our Manager's ability to successfully manage our operations.

We are dependent on our Manager and its affiliates to manage our operations and acquire and manage our investments. Under the direction of our Board of Directors, our Manager makes all decisions with respect to the management of our company. To conduct its operations, our Manager depends upon the fees and other compensation that it receives from us in connection with managing our company and from other entities and investors with respect to investment management services it provides. Any adverse changes in the financial condition of our Manager or its affiliates, or our relationship with our Manager, could hinder our Manager's ability to successfully manage our operations, which would materially adversely affect our business, results of operations, financial condition and ability to make distributions to our stockholders. For example, adverse changes in the financial condition of our Manager could limit its ability to attract key personnel.

Risks Related to our Common Stock

There can be no assurance that the market for our stock will provide you with adequate liquidity.

The market price of our common stock may fluctuate widely, depending upon many factors, some of which may be beyond our control. These factors include, without limitation:

- our business profile and market capitalization may not fit the investment objectives of any stockholder;
- a shift in our investor base;
- our quarterly or annual earnings, or those of other comparable companies;
- actual or anticipated fluctuations in our operating results;
- changes in accounting standards, policies, guidance, interpretations or principles;
- announcements by us or our competitors of significant investments, acquisitions or dispositions;
- the failure of securities analysts to cover our Common Stock;
- changes in earnings estimates by securities analysts or our ability to meet those estimates;
- the operating and stock price performance of other comparable companies;
- overall market fluctuations; and
- general economic conditions.

Stock markets in general and recently have experienced volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations may adversely affect the trading price of our Common Stock. Additionally, these and other external factors have caused and may continue to cause the market price and demand for our Common Stock to fluctuate, which may limit or prevent investors from readily selling their shares of Common Stock, and may otherwise negatively affect the liquidity of our common stock.

Sales or issuances of shares of our common stock could adversely affect the market price of our Common Stock.

Sales of substantial amounts of shares of our Common Stock in the public market, or the perception that such sales might occur, could adversely affect the market price of our Common Stock. The issuance of our common stock in connection with property, portfolio or business acquisitions or the settlement of awards that may be granted under our Incentive Plan (as defined below) or otherwise could also have an adverse effect on the market price of our Common Stock.

Failure to maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business and stock price.

As a public company, we are required to maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002. We continue to seek acquisition opportunities, and such potential acquisitions may result in a change to our internal control over financial reporting that may materially affect our internal control over financial reporting. Internal control over financial reporting is complex and may be revised over time to adapt to changes in our business, or changes in applicable accounting rules. We cannot assure you that our internal control over financial reporting will be effective in the future or that a material weakness will not be discovered with respect to a prior period for which we had previously believed that internal controls were effective. If we are not able to maintain or document effective internal control over financial reporting, our management and our independent registered public accounting firm will not be able to certify as to the effectiveness of our internal control over financial reporting. Matters impacting our internal controls may cause us to be unable to report our financial information on a timely basis, or may cause us to restate previously issued financial information, and thereby subject us to adverse regulatory consequences, including sanctions or investigations by the SEC, or violations of applicable stock exchange listing rules. There could also be a negative reaction in the financial markets due to a loss of investor confidence in us and the reliability of our financial statements. Confidence in the reliability of our financial statements is also likely to suffer if we or our independent registered public accounting firm reports a material weakness in our internal control over financial reporting. This could materially adversely affect us by, for example, leading to a decline in our share price and impairing our ability to raise capital, if and when desirable.

The percentage ownership of existing shareholders in New Media may be diluted in the future.

We have issued and may continue to issue equity in order to raise capital or in connection with future acquisitions and strategic investments, which would dilute investors' percentage ownership in New Media. In addition, your percentage ownership may be diluted if we issue equity instruments such as debt and equity financing.

The percentage ownership of existing shareholders in New Media may also be diluted in the future as result of the issuance of ordinary shares in New Media upon the exercise of 10-year warrants (the "New Media Warrants"). The New Media Warrants collectively represent the right to acquire New Media Common Stock, which in the aggregate are equal to 5% of New Media Common Stock outstanding as of November 26, 2013 (calculated prior to dilution from shares of New Media Common Stock issued pursuant to Newcastle's contribution of Local Media Group Holdings LLC and assignment of related stock purchase agreement to New Media (the "Local Media Contribution")) at a strike price of $46.35 calculated based on a total equity value of New Media prior to the Local Media Contribution of $1.2 billion as of November 26, 2013. As a result, New Media Common Stock may be subject to dilution upon the exercise of such New Media Warrants.

Furthermore, the percentage ownership in New Media may be diluted in the future because of additional equity awards that we expect will be granted to our Manager pursuant to our Management Agreement. Upon the successful completion of an offering of shares of our Common Stock or any shares of preferred stock, we shall pay and issue to our Manager options to purchase our Common Stock equal to 10% of the number of shares sold in the offering, with an exercise price equal to the offering price per share paid by the public or other ultimate purchaser in the offering. On February 3, 2014, the Board of Directors adopted the New Media Investment Group Inc. Nonqualified Stock Option and Incentive Award Plan (the "Incentive Plan"), which provides for the grant of equity and equity-based awards, including restricted stock, stock options, stock appreciation rights, performance awards, tandem awards and other equity-based and non-equity based awards, in each case to our Manager, to the directors, officers, employees, service providers, consultants and advisors of our Manager who perform services for us, and to our directors, officers, employees, service providers, consultants and advisors. Any future grant would cause further dilution. We initially reserved 15 million shares of our Common Stock for issuance under the Incentive Plan; on the first day of each fiscal year beginning during the ten-year term of the Incentive Plan in and after calendar year 2015, that number will be increased by a number of shares of our Common Stock equal to 10% of the number of shares of our Common Stock newly issued by us during the immediately preceding fiscal year (and, in the case of fiscal year 2014, after the effective date of the Incentive Plan). In January 2017 and 2016, the number of shares reserved for issuance under the Incentive Plan was increased by 107,023 and 94,400, representing 10% of the shares of Common Stock newly issued in fiscal year 2016 and 2015, respectively.

Provisions in our amended and restated certificate of incorporation and amended and restated bylaws and of Delaware law may prevent or delay an acquisition of our company, which could decrease the trading price of our Common Stock.

Our amended and restated certificate of incorporation, amended and restated bylaws and Delaware law contain provisions that are intended to deter coercive takeover practices and inadequate takeover bids by making such practices or bids unacceptably expensive to the raider and to encourage prospective acquirers to negotiate with our Board rather than to attempt a hostile takeover. These provisions provide for:

- a classified board of directors with staggered three-year terms;
- amendment of provisions in our amended and restated certificate of incorporation and amended and restated bylaws regarding the election of directors, classes of directors, the term of office of directors, the filling of director vacancies and the resignation and removal of directors only upon the affirmative vote of at least 80% of the then issued and outstanding shares of our capital stock entitled to vote thereon;
- amendment of provisions in our amended and restated certificate of incorporation regarding corporate opportunity only upon the affirmative vote of at least 80% of the then issued and outstanding shares of our capital stock entitled to vote thereon;
- removal of directors only for cause and only with the affirmative vote of at least 80% of the voting interest of stockholders entitled to vote in the election of directors;
- our Board to determine the powers, preferences and rights of our preferred stock and to issue such preferred stock without stockholder approval;
- provisions in our amended and restated certificate of incorporation and amended and restated bylaws prevent stockholders from calling special meetings of our stockholders;

- advance notice requirements applicable to stockholders for director nominations and actions to be taken at annual meetings;
- a prohibition, in our amended and restated certificate of incorporation, stating that no holder of shares of our Common Stock will have cumulative voting rights in the election of directors, which means that the holders of majority of the issued and outstanding shares of our Common Stock can elect all the directors standing for election; and
- action by our stockholders outside a meeting, in our amended and restated certificate of incorporation and our amended and restated bylaws, only by unanimous written consent.

Public stockholders who might desire to participate in these types of transactions may not have an opportunity to do so, even if the transaction is considered favorable to stockholders. These anti-takeover provisions could substantially impede the ability of public stockholders to benefit from a change in control or a change in our management and Board and, as a result, may adversely affect the market price of our Common Stock and your ability to realize any potential change of control premium.

We are not required to repurchase our common stock, and any such repurchases may not result in effects we anticipated.

We have authorization from our Board of Directors to repurchase up to $100 million of the Company's common stock through May 17, 2018. We are not obligated to repurchase any specific amount of shares. The timing and amount of repurchases, if any, depends on several factors, including market and business conditions, the market price of shares of our common stock and our overall capital structure and liquidity position, including the nature of other potential uses of cash, not limited to investments in growth. There can be no assurance that any repurchases will have the effects we anticipated, and our repurchases will utilize cash that we will not be able to use in other ways, whether to grow the business or otherwise.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased		Weighted-Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan or Programs	Approximate Number of Shares that May Yet Be Purchased Under the Plan or Programs
Total through December 25, 2016	26,749		$ 15.63	—	115,636
December 26, 2016 through January 29, 2017	—		$ —	—	107,632
January 30, 2017 through February 26, 2017	39,879	(1)	$ 15.21	—	135,316
February 27, 2017 through March 26, 2017	—		$ —	—	135,316
March 27, 2017 through April 30, 2017	1,516	(1)	$ 13.16	—	134,013
May 1, 2017 through May 28, 2017	391,120	(2)	$ 12.77	391,120	7,584,013
May 29, 2017 through June 25, 2017	—		$ —	—	7,584,013
June 26, 2017 through July 30, 2017	1,901	(1)	$ 14.03	—	7,582,112
July 30, 2017 through August 27, 2017	198	(1)	$ 13.63	—	7,575,921
August 28, 2017 through September 24, 2017	—		$ —	—	$ 7,575,921
Total	461,363		$ 13.15	391,120	7,575,921

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(1) Pursuant to the "withhold to cover" method for collecting and paying withholding taxes for our employees upon the vesting of restricted securities, we withheld from certain employees the shares noted in the table above to cover such statutory minimum tax withholdings. These transactions took place outside of a publicly-announced repurchase plan. The weighted-average price per share listed in the above table is the weighted-average of the fair market prices at which we calculated the number of shares withheld to cover tax withholdings for the employees.

(2) On May 17, 2017, the Company announced that the Company's Board of Directors authorized the repurchase of up to $100 million of the Company's common stock in the next 12 months.

Item 3. Defaults Upon Senior Securities

Not applicable

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

Not applicable

Item 6. Exhibits

See Index to Exhibits on page 56 of this Quarterly Report on Form 10-Q.

Exhibit No.	Description
* 2.1‡	Asset Purchase Agreement, dated as of August 9, 2017, by and among GateHouse Media, LLC, GateHouse Media Management Services, Inc., Morris Publishing Group, LLC, Athens Newspapers, LLC, Homer News, LLC, Log Cabin Democrat, LLC, Southeastern Newspapers Company, LLC, Southwestern Newspapers Company, L.P., The Sun Times, LLC and Morris Communications Company, LLC (included herewith).
10.1	Seventh Amendment to Credit Agreement, dated as of July 14, 2017, among New Media Holdings I LLC, New Media Holdings II LLC, the loan parties party thereto, the several banks and other financial institutions party thereto and Citizens Bank of Pennsylvania, as administrative agent (incorporated by reference to Exhibit 10.1 to New Media Investment Group Inc.'s Current Report on Form 8-K, filed July 18, 2017).
* 31.1	Rule 13a-14(a)/15d-14(d) Certification of Principal Executive Officer under the Securities Exchange Act of 1934 (included herewith).
* 31.2	Rule 13a-14(a)/15d-14(d) Certification of Principal Financial Officer under the Securities Exchange Act of 1934 (included herewith).
* 32.1	Section 1350 Certifications (included herewith).
* 101.INS	XBRL Instance Document
* 101.SCH	XBRL Taxonomy Extension Schema
* 101.CAL	XBRL Taxonomy Extension Calculation Linkbase
* 101.DEF	XBRL Taxonomy Extension Definition Linkbase
* 101.LAB	XBRL Taxonomy Extension Label Linkbase
* 101.PRE	XBRL Taxonomy Extension Presentation Linkbase

* Filed herewith.

‡ Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. New Media hereby undertakes to supplementally furnish copies of any of the omitted schedules upon request by the SEC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	NEW MEDIA INVESTMENT GROUP INC.
Date: October 26, 2017	/s/ Gregory W. Freiberg
	Gregory W. Freiberg
	Chief Financial Officer
	(Principal Financial and Accounting Officer)

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Section 2: EX-2.1 (EXHIBIT 2.1)

Exhibit 2.13

Execution Version

ASSET PURCHASE AGREEMENT

by and among

GATEHOUSE MEDIA, LLC,

GATEHOUSE MEDIA MANAGEMENT SERVICES, INC.,

MORRIS PUBLISHING GROUP, LLC,

ATHENS NEWSPAPERS, LLC,

HOMER NEWS, LLC

LOG CABIN DEMOCRAT, LLC,

SOUTHEASTERN NEWSPAPERS COMPANY, LLC,

SOUTHWESTERN NEWSPAPERS COMPANY, L.P.

THE SUN TIMES, LLC AND

MORRIS COMMUNICATIONS COMPANY, LLC

Effective as of August 9, 2017

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<u>List of Schedules (Delivered Concurrently)</u>

Exhibits

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement"), is made effective as of the 9th day of August, 2017, by and among GateHouse Media Management Services, Inc., a Delaware corporation ("Buyer"), GateHouse Media, LLC, a Delaware limited liability company ("GateHouse Media"), Morris Communications Company LLC, a Georgia limited liability company ("Morris Communications"), Morris Publishing Group, LLC, a Georgia limited liability company ("Morris Publishing"), Athens Newspapers, LLC, a Georgia limited liability company ("Athens Newspapers"), Homer News, LLC a Georgia limited liability company ("Homer News"), Log Cabin Democrat, LLC, a Georgia limited liability company ("Log Cabin"), Southeastern Newspapers Company, LLC, a Georgia limited liability company ("Southeastern"), Southwestern Newspapers Company, L.P., a Texas limited partnership ("Southwestern"), The Sun Times, LLC, a Georgia limited liability company ("Sun Times" and collectively, with Morris Publishing, Athens, Homer, Log Cabin, Southeastern and Southwestern, are referred to herein as "Sellers" and each individually as a "Seller"). As used herein, and as the context requires, the term "Sellers" shall also refer to "Seller". With respect to the Owned Real Property (as defined in Section 3.10(a)), Buyer is acting on behalf of an entity or entities to be formed and disclosed to Sellers prior to Closing (as defined in Section 2.1). It is the intent of Buyer that each Owned Real Property be acquired by an affiliated entity or entities registered in the state where the property is located.

WHEREAS, Sellers operate businesses which own and publish various daily and non-daily publications which are distributed in Georgia, Florida, Alaska, Texas, Kansas, South Carolina and Arkansas, together with all related publications (as set forth on Exhibit A hereto) and services and assets and facilities, all related domain names, with related HTML design and data and all of Sellers' rights to prepare, publish, sell and distribute any of the foregoing in all languages (collectively, the "Publications") and the mastheads and certain other intellectual property associated with the Publications (collectively, the "Mastheads", which term is more particularly defined in Section 1.1);

WHEREAS, Sellers operate the Publications from facilities in Georgia, Florida, Alaska, Texas, Kansas, South Carolina and Arkansas which are owned or leased by Sellers, together with all printing sites, buildings, offices, structures, residences, fixtures, and improvements, including all real property, whether developed or undeveloped, owned or leased by Sellers or associated with any of the foregoing (collectively, the "Facilities"); and

WHEREAS, Sellers desire to sell and Buyer desires to purchase substantially all of the assets related to the operation, publication and distribution of the Publications as a going concern, together with the Mastheads.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and based upon the representations and warranties made by each of the parties to the other in this Agreement, the parties have agreed to consummate the sale of the Publications and the Mastheads on the terms contained herein.

ARTICLE I.
SALE OF ACQUIRED ASSETS AND TERMS OF PAYMENT

1.1 Transfer of Acquired Assets. Upon the terms and subject to the conditions of this Agreement, on the Closing Date (as defined in Section 2.1 hereof) Sellers will sell, assign, convey or cause to be conveyed, transfer and deliver to Buyer, and Buyer will purchase and accept from Sellers, all of the assets and properties of Sellers, tangible or intangible, of every kind and description, used by Sellers that relate primarily to the business and operation of the Publications as a going concern (all such assets being referred to herein as the "Sellers' Assets"), but excluding the Excluded Assets described in Section 1.2 below.

In addition, upon the terms and subject to the conditions of this Agreement, on the Closing Date, Sellers will sell, assign, convey or cause to be conveyed, transferred and delivered to Buyer, and Buyer will purchase and accept from Sellers, the Publications' "Mastheads" which consist of the mastheads, trademarks, trade dress, trade names, service marks, registrations, domain names, and other property rights relating thereto and all goodwill associated therewith. The Sellers' Assets along with the Mastheads are hereinafter collectively referred to as the "Acquired Assets." The Acquired Assets include, without limitation, the following:

(a) The Owned Real Property;

(b) All Real Property Leases for the Leased Real Property (as such terms are defined in Section 3.9 and Section 3.10(b) respectively);

(c) All tangible personal property, editorial material, work in process, finished goods, manuscripts, notes and drafts, graphic artwork, cuts, photographs and negatives owned by Sellers to the extent they relate primarily to the Publications; all promotional materials, inserts, and direct mail materials owned by Sellers to the extent they relate primarily to the Publications; all stationery, supplies, purchase orders, forms, labels, shipping materials and catalogs owned by Sellers to the extent they relate primarily to the Publications; and all lists owned by Sellers of contributors, authors, correspondents, reviewers, photographers, illustrators and editors who contribute or have contributed to the Publications; all other inventory and supplies, and other assets and equipment relating primarily to the Publications;

(d) All contracts, agreements and similar documents that relate primarily to the operation of the Publications or are otherwise specifically assumed pursuant hereto, together with all subscriptions and all orders and agreements for the sale of advertising, space reservations and insertion orders relating to the Publications, including without limitation those described in Schedule 3.9, and excluding contracts related to the Employee Benefit Programs (as defined in Section 3.13 (g)(i));

(e) All of Sellers' right, title and interest in and to all licenses, Permits (as defined in Section 3.16), variances, franchises, certifications, approvals and other governmental authorizations relating primarily to the Publications, together with any renewals, extensions or modifications thereof and additions thereto;

(f) All publishable materials of any nature primarily used by the Publications, the names used by each Publication and all businesses acquired hereunder including but not limited to those set forth on Schedule 1.1(f), all copyrights, patents, trademarks, service marks, logotypes and trade names (including registrations and applications for registration of any of the foregoing), domain names (including HTML design and data related to said domain names), processes, inventions, computer software, computer programs and software and program rights, trade secrets, goodwill and other intangible rights and interests issued to or owned by Sellers and used primarily in connection with the operation, publication and distribution of the Publications or primarily in connection with the ownership of any of the Acquired Assets (collectively referred to herein as the "Rights"), it being understood that computers and servers located at Sellers' home office in Augusta, Georgia (*i.e.* outside of the space subject to the Operating Lease for *The Augusta*

Chronicle), and software developed by Sellers for use beyond the Publications are not used primarily by the Publications and are not "Rights";

(g) All of Sellers' accounts or other receivables, claims, evidences of debt owed to Sellers, utility deposits and other deposits and prepaid expenses arising out of Sellers' operation of the Publications, together with all records relating thereto;

(h) All of the Publications' files and other records, in whatever form is reasonably practicable, relating to the operation of the Publications, including without limitation all of the historical materials relating to the Publications' advertising, circulation and distribution, all circulation, subscriber, delivery and mailing lists and carrier routes maintained by Sellers, all data related to such lists, all circulation readership studies, audience surveys and research owned by Sellers, and all other mailing lists, together with all records, reports and disks of computer data owned by Sellers, rate cards, verification cards, advertising insertion orders, specimen copies of all advertisements carried in the Publications, and copies of current price lists, discount lists, catalogs, public relations materials, sales correspondence, call reports, call books, advertiser lists and sales promotion lists, in each case to the extent they relate primarily to the Publications;

(i) All claims, causes of action, rights of recovery and rights of set-off of any kind (including, without limitation, rights under and pursuant to all warranties, representations and guarantees made by suppliers, distributors or vendors of products, materials or equipment, or components thereof) to the extent they relate to the Publications, which are owned by Sellers and relate to the period of time following the Closing;

(j) All of Sellers' libraries of back and current issues of the Publications, in whatever medium;

(k) All of Sellers' goodwill in and going concern value of the Publications;

(l) Any prepaid Taxes of Sellers which are included as Acquired Assets on the Closing Date Balance Sheet (as defined in Section 1.6(c));

(m) All of Sellers' right, title and interest in and to any non-solicitation, non-competition and non-disclosure agreements to the extent benefiting the Publications;

(n) Without duplication, all assets relating primarily to the operations of the Publications reflected in the Closing Date Balance Sheet; and

(o) all assets to be transferred to Buyer's FSA pursuant to Section 10.5(d).

1.2 Excluded Assets. The following assets relating to the business of operating, publishing and distributing the Publications shall be retained by Sellers and shall not be sold, assigned, conveyed, transferred or delivered to Buyer (the "Excluded Assets"):

(a) Claims by Sellers with respect to the Excluded Assets and liabilities not assumed by Buyer, including without limitation all refunds and claims for Tax refunds (except for prepaid Taxes acquired by Buyer pursuant to Section 1.1(l) above) and counterclaims with respect to obligations and liabilities not being assumed by Buyer hereunder;

(b) All contracts of insurance, Tax records and Tax Returns;

(c) All Employee Benefit Programs (as defined in Section 3.13(g)), except as specifically assumed pursuant to Section 10.5(d);

(d) The right to use the "Morris" and "Morris Publishing" names and, except for the agreements described in Schedule 3.9, the right to participate in any plan, procedure or right that was made available to the Publications by or through Morris Communications, or any of its Affiliates (as defined below), including but not limited to any Employee Benefit Program (as defined in Section 3.13(g));

(e) All claims, refunds, causes of action, choses in action, rights of recovery, rights of set off and rights of recoupment of Sellers related to the businesses of the Publications on or prior to the Closing, exclusive of the rights granted in Section 1.1(g) ;

(f) (i) the franchise to be a limited liability company, limited partnership or corporation; (ii) the organizational documents (including articles or certificate of formation or bylaws (as applicable)); (iii) the minute books; (iv) the stock, partnership interest and/or membership interest ledgers and all stock, partnership and/or membership certificates; (v) the qualifications to transact business as a foreign entity; (vi) the arrangements with registered agents relating to foreign qualifications, taxpayer and other identification numbers; (vii) other records or similar documents relating to the organization, maintenance and existence of Sellers as limited liability companies and/or corporations; and (vii) any other corporate records relating to the limited liability company and/or corporate organization or capitalization (as applicable) of Sellers;

(g) All items that are located at the headquarters offices of Morris Communications (*i.e.* outside of the space subject to the Operating Lease for *The Augusta*

Chronicle) or otherwise not located at the Real Property (as defined in Section 3.10) included in the Acquired Assets except for the data relating to the Publications described in Section 1.1(h) stored on Sellers' server at the headquarters offices, copies of which will be delivered or transmitted to Buyer in whatever form is reasonably practicable for the parties;

(h) The publications and any right, property or asset described in Schedule 1.2(h), including the property and rights which are shared with any Affiliates of any Seller and not used primarily in the businesses of the Publications;

(i) Any assets or properties of Sellers, tangible or intangible, of every kind and description which are not used primarily in connection with the businesses and operation of the Publications and are not included in the Closing Date Balance Sheet;

(j) Sellers' rights under this Agreement;

(k) All Real Property owned by Sellers, other than the Owned Real Property specifically listed in Schedule 3.10 (a), subject to the Operating Leases (as defined in Section 6.2);

(l) All tax sharing agreements and management agreements with Morris Communications;

(m) all cash, cash equivalents and short-term investments; and

(n) All equity interests in third parties, including but not limited to equity interests of any Seller in any Affiliate of Morris Communications. For purposes of this Agreement, "Affiliate" of a person means any other person that directly or indirectly controls, is controlled by, or is under common control with, such person. The term "control", "controlled by" and "under common control with", as used with respect to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of securities, by contract or otherwise.

1.3 Liabilities.

(a) The Acquired Assets shall be sold and conveyed to Buyer free and clear of all Liens (as defined in Section 3.8), except for Permitted Encumbrances (as defined in Section 3.10), except that Buyer shall assume, discharge and perform the following liabilities (the "Assumed Liabilities"):

(i) those liabilities and obligations of Sellers under the contracts assigned to Buyer which are described in Section 1.1(d) (other than any obligation under any such contract related or arising prior to the Closing Date, including, without limitation, any liability for breach or nonperformance); provided, however, that if any such contract requires a consent to the assignment thereof to Buyer and such consent has not been obtained, then this Agreement, to the extent permitted by law, shall constitute an equitable assignment by Sellers to Buyer of all rights, benefits, title and interest, liabilities and obligations under such contract;

(ii) those liabilities and obligations of Sellers as of the Closing Date under agreements for advertising to the extent to be run in issues of the Publications published after the Closing Date (subject to the adjustment provisions of Section 1.6 below);

(iii) those liabilities and obligations of Sellers for trade accounts payable, advertising rebates payable and taxes which are included on the Closing Date Balance Sheet (as defined Section 1.6(c) below) (to the extent of the amount reflected on such balance sheet as a liability) and any expenses for which Buyer is responsible under Section 1.6(a); and

(iv) those liabilities and obligations of the Publications included on the Closing Date Balance Sheet, which shall include paid in advance subscriptions and accrued liabilities of Sellers to employees of Sellers for unused vacation, sick leave, holiday and personal days (to the extent of the amounts reflected on such balance sheet and included in the Closing Date Working Capital Adjustment and only to the extent Sellers do not have a legal obligation to pay such amounts upon termination of employment on or before the Closing Date), but excluding all liabilities for post-employment health and welfare benefits, if any.

(b) Except as set forth in Section 1.3(a) above or as otherwise expressly set forth herein, Buyer does not assume and will not be liable for, and Sellers shall remain unconditionally liable for, any other liabilities or obligations of Sellers (or any other person, in the case of liabilities or obligations for Taxes) (the “Excluded Liabilities”), including, but not limited to:

(i) any liability or obligation arising prior to the Closing under any contract not described in Section 1.1 (d) above;

(ii) any liability under any contract of insurance or relating to any Excluded Assets;

(iii) any liability to any of Sellers’ employees of any nature whatsoever related to the period on or prior to the Closing Date, including under any employee benefit plan of any nature and including, but not limited to, any Employee Benefit Programs, and any unemployment or workers compensation claims;

(iv) any liability arising out of any termination by any of Sellers of the employment of any employee, consultant or independent contractor of any of Sellers on or prior to the Closing Date, or who retired on or prior to the Closing Date;

(v) any liability under any litigation, proceeding or claim of any nature related to the Publications arising during, or brought by any person or entity with respect to, the period of time on or prior to the Closing Date, whether or not such litigation, proceeding or claim is pending, threatened or asserted before, on or after the Closing Date;

(vi) any liability for (A) any Taxes (other than Taxes of Sellers assumed by Buyer pursuant to Section 1.3 (a)(iii) above) with respect to the Publications or the Acquired Assets for periods ending on or prior to the Closing Date and Taxes deemed, pursuant to Section 1.6(b), payable for the portion ending on the Closing Date of a Straddle Period (as defined in Section 1.6(b)), (B) except as allocated in Section 10.4, any Taxes imposed on the transfer of the Acquired Assets or the Publications on or prior to the Closing Date and, (C) any estate or gift Taxes imposed with respect to Sellers, the Acquired Assets or the Publications on or prior to the Closing Date; provided, however, that Transfer Taxes (as defined in Section

10.4) on the transfer of the Acquired Assets pursuant to this Agreement shall be paid by Buyer as provided in Section 10.4;

(vii) except as otherwise set forth in this Agreement, any and all liabilities incurred by Sellers in connection with the negotiation, execution or performance of this Agreement (including, without limitation, all legal, accounting, brokers, finders and other professional fees and expenses);

(viii) any and all obligations, liabilities and/or commitments, including but not limited to obligations, liabilities and/or commitments pursuant to any Environmental Law (as defined in Section 3.16), arising out of or related to facts, circumstances, conditions or events arising from or related to the Real Property (as defined in Section 3.10) and/or the operation of the Publications thereon that occurred on or prior to the Closing Date (including, for the avoidance of doubt, any post-Closing Date migration, movement, and/or continuing discharge, disposal or release of Hazardous Substances first discharged, disposed of or released on or prior to the Closing Date), and, without limiting the foregoing, any Environmental Liabilities with respect to the Operating Facilities that arise out of, or relate to, and/or result from any acts or omissions of Sellers, their Affiliates, and/or any other person under their control after the Closing Date and/or the ownership of the Operating Facilities after the Closing Date (except to the extent any such Environmental Liabilities arise out of, or relate to, and/or result from any acts of Buyer, its Affiliates, and/or any other person under their control after the Closing Date and/or any omissions of Buyer, its Affiliates, and/or any other person under their control with respect to environmental conditions caused by Buyer, its Affiliates, and/or any other person under their control after the Closing Date); and

(ix) the Bank Liens (as defined in Section 3.10(l)).

1.4 Purchase Price; Payment of Purchase Price; Payment of Purchase Price. Subject to the conditions contained in this Agreement, and in consideration of the sale of the Acquired Assets as set forth herein, Buyer agrees to pay the Purchase Price to Sellers, at Closing, in an amount equal to One-Hundred Twenty Million dollars ($120,000,000.00) (the "Base Purchase Price"), as adjusted by the Closing Date Working Capital Adjustment pursuant to Section 1.6 below (the "Purchase Price"). The Purchase Price will be payable in cash.

1.5 Manner of Payment. The Purchase Price shall be paid to Sellers on the Closing Date in immediately available funds by wire transfer to a bank account or bank accounts designated by Sellers in writing at least two (2) business days prior to the Closing Date.

1.6 Adjustments.

(a) Closing Date Working Capital Adjustment. Sellers shall be entitled to all income earned and collected and be responsible for all expenses incurred in connection with the business and operation of the Publications on or prior to the Closing Date. Buyer shall be entitled to all income earned and be responsible for all expenses incurred in connection with the business and operation of the Publications after the Closing Date. The Purchase Price is subject to a further adjustment for working capital (the "Closing Date Working Capital Adjustment") as determined in accordance with Section 1.6(c) below. The term "Closing Date Working Capital" shall mean an amount, as of the Closing Date, equal to the dollar value of the current assets of the Publications less the dollar value of the current liabilities of the Publications (including, but not limited to, accounts payable, prepaid advertising, unearned subscription revenue, accrued salary, payroll and wages, vacation and sick pay, and similar items with respect to New Employees (as defined in Section 10.5), and net of Sellers' reserves for uncollectible receivables established by Sellers in the ordinary course of business consistent with past practice, in each case only to the extent included in the Acquired Assets or the Assumed Liabilities and as set forth in the Closing Date Balance Sheet). The Closing Date Working Capital Adjustment shall be an increase to the Purchase Price to the extent the Closing Date Working Capital exceeds a deficit balance of negative $1.5 million (the "Target Working Capital"), or a decrease in the Purchase Price to the extent the Closing Date Working Capital is less than the Target Working Capital.

In computing the Closing Date Working Capital Adjustment, components of the Closing Date Balance Sheet (as defined in Section 1.6(c)) shall be derived from subsidiary ledgers maintained in accordance with Sellers' historical accounting practices which reflect accrual basis accounting and are utilized by Morris Publishing in the preparation of consolidated financial statements in accordance with generally accepted accounting principles in the United States ("GAAP"). The Closing Date Balance Sheet shall be prepared in a manner consistent with the notes to the Working Capital History set forth on Schedule 1.6(a), each line item of which shall reflect components derived from and prepared consistently with the methods used in the preparation of Morris Publishing's balance sheets which methods are used by Sellers in the ordinary cause of business consistent with past practice and are in accordance with GAAP ("Sellers Accounting Practices"). All intercompany and Affiliate receivables or liabilities will be treated as shareholders' equity and will be excluded from the Closing Date Working Capital Adjustment and will not be assumed by Buyer. All prepaid advertising and unearned subscription revenue shall be accrued as liabilities in the amount of such prepayments. All cash will be excluded from the Closing Date Working Capital Adjustment and will not be acquired by Buyer.

(b) Other Adjustments. All items of income and expense directly relating to the business of operating the Publications, other than the income and expenses referred to above, shall be prorated between Sellers and Buyer as of the close of business on the Closing Date. Such items to be prorated shall include, without limitation, power and utility charges, personal property Taxes and real property Taxes. The portion of any personal property Taxes and real property Taxes for a taxable period that includes the Closing Date (a "Straddle Period") that shall be deemed to be payable for the portion of the period ending on the Closing Date shall be the amount of such Taxes for the entire period (or, in the case of such Taxes determined on an arrears basis, the amount of such Taxes for the immediately preceding period) multiplied by a fraction the numerator of which is the number of calendar days in the period ending on the Closing Date and the denominator of which is the number of calendar days in the entire period. The portion of any other item of income or expense for a Straddle Period that shall be deemed to be payable for the portion of the period ending on the Closing Date shall be determined based on an interim closing of the books to the extent practicable and otherwise based on the formula described in the immediately preceding sentence.

(c) Adjustment Calculations. Three (3) business days prior to the Closing Date, to the extent practicable, the adjustments provided in this Section 1.6 shall be made to the Purchase Price on the basis of the then most recently available financial statements of the Publications, which shall be reflected on a preliminary balance sheet for the Publications (the "Preliminary Balance Sheet") prepared by Sellers in accordance with

Sellers Accounting Practices. Within ninety (90) days after the Closing Date, Sellers will prepare an adjusted balance sheet for the Publications (the “Closing Date Balance Sheet”) as of the close of business on the Closing Date, reflecting the adjustments provided in this Section 1.6 and showing the recalculation of adjustments reflected on the Preliminary Balance Sheet, along with back-up materials necessary for Buyer’s understanding of the Closing Date Balance Sheet and Buyer’s confirmation of the calculations thereof. Sellers and their accountants will provide Buyer’s accountants with reasonable access to the books, records and working papers of Sellers necessary to review such calculations. Within one-hundred fifty (150) days after the Closing Date, final adjustments pursuant to this Section 1.6 and any required refund or payment shall be made on the basis of the Closing Date Balance Sheet (the “Adjustment Payment Date”), provided that if any amounts are in dispute, the Adjustment Payment Date for the disputed amounts shall be the date payment is required to be made as required below. If any dispute arises over the amount to be refunded or paid, such refund or payment shall nonetheless be promptly made to the extent such amount is not in dispute. If Buyer does not notify Sellers within forty-five (45) days of receiving the Closing Date Balance Sheet that Buyer disputes the information contained therein, then Buyer shall be deemed to agree to the Closing Date Balance Sheet and to have waived all further right to dispute the information contained therein and its use in applying the provisions of this Agreement. If Buyer does notify Sellers of a dispute regarding the Closing Date Balance Sheet within the forty-five (45) day period of receiving the Closing Date Balance Sheet, and if such dispute cannot be resolved by the parties within thirty (30) days thereafter, such dispute shall be referred to a mutually satisfactory independent public accounting firm of national stature which has not been employed by any of the parties herein for the two (2) years preceding the Closing Date. If Buyer and Sellers cannot agree upon an independent public accounting firm to perform the valuation of the Acquired Assets, then Buyer and Sellers shall each select an independent public accounting firm which firms shall select and engage an independent public accounting firm to perform and prepare a written determination of the adjustments or dispute between the parties. The determination of such independent accounting firm shall be conclusive and binding on each party and any required payment or refund in accordance therewith shall be made in immediately available funds within ten (10) days of such determination. The fees of such firm shall be shared equally by Morris Publishing and Buyer.

1.7 Reserved.

ARTICLE II.
THE CLOSING

2.1 Time and Place of Closing. The closing (the "Closing") of the sale and purchase of the Acquired Assets shall be held in the offices of Sellers' counsel, Hull Barrett, PC, on October 2, 2017, or on the third (3rd) business day following the satisfaction or waiver of all of the conditions to closing set forth in Articles VII and VIII if such conditions have not been satisfied on such date, or at such other time and place as shall be mutually agreed upon by the parties (the "Closing Date"). Closing shall be deemed effective at 12:01 a.m. local time on the Closing Date.

2.2 Deliveries by Seller. At the Closing, Sellers, will deliver to Buyer the following, each of which shall be in form and substance satisfactory to the parties hereto:

(a) Bills of sale, special warranty deeds, assignments and other instruments of transfer and documents as shall be appropriate to carry out the intent of this Agreement and sufficient to sell, assign, convey and transfer good and valid (or in the case of Real Property, good and marketable) title to the Acquired Assets to Buyer, subject only to Permitted Encumbrances, and a Subordination and Non-Disturbance Agreement from each Leased Real Property lienholder and each person or entity holding a lien upon the real property to be subject to the Operating Leases

(b) Assignments of all Sellers' domain names and other Rights relating to the Publications;

(c) Any consents to assignments from third parties obtained by Sellers relating to the Material Contracts that require such consent as shown on Schedule 3.9, as well as any other consents obtained by Sellers;

(d) Receipt for the Purchase Price;

(e) If agreed upon prior to Closing, commercially reasonable transition services agreements among Sellers and Buyer executed by Sellers, in form and substance mutually agreeable to Sellers and Buyer, which, among other things, shall provide for

Sellers to continue to provide certain services with respect to the Publications for various periods of time after the Closing Date (the “Transition Services Agreements”);

(f) Non-competition and non-solicitation agreements among Morris Communications, Sellers and Buyer executed by Morris Communications and Sellers in form and substance mutually agreeable to Sellers and Buyer (the “Non-Competition Agreements”). The Non-Competition Agreements shall provide that, among other things, until the fifth anniversary (or, with respect to non-newspaper products, the third anniversary) of the Closing Date, none of Morris Communications or Sellers will, whether as a partner, principal, stockholder, member of in any other equity investment or profits interest capacity, directly or indirectly, either alone or in concert with others, (i) establish or launch, be connected with or and or otherwise assist any daily, bi-weekly or weekly newspaper or other publication, either in print or online, which is primarily targeted at and is primarily intended to serve any portion or portions of or any or all of the counties which any of the Publications currently serve (collectively, the “Territory”), or (ii) acquire any equity or profits or other financial interest in any such daily, bi-weekly or weekly newspaper or other publication (other than a non-controlling or non-management interest of any publicly owned company). Notwithstanding anything to the contrary contained herein, the foregoing restrictions in clauses (i)-(ii) will not apply with respect to (A) any of Morris Communications or Sellers’ businesses (other than the Publications) as in effect (and to the same scope and extent) as of the date hereof, (B) any “national” publications not intended to primarily or exclusively serve any or all of the Territory, (C) non-newspaper publications which do not directly or indirectly solicit local advertisers within or focused on the Territory, and (D) new publications or businesses similar to existing (on the date hereof) Morris Communications city magazines, business publications, visitor, niche or other non-newspaper publications or businesses (such as Augusta Magazine, Savannah Magazine, Athens Magazine, First Coast Magazine, Georgia Trend, Buzz on Biz, Alaskan Equipment Trader, Alaska Journal of Commerce, Where, Guest Informant, Best Read Guides, Skirt Magazines or other publications that are Excluded Assets or the CitySpin ticket sales business) focused on markets within or without the Territory which may solicit advertisers within such area. For purposes of the Non-Competition Agreements, “newspapers” shall include daily and weekly publications, as well as similar on-line publications, which deal with the general dissemination of news. In addition, none of Morris Communications or Sellers will, whether as a partner, principal, stockholder, member of in any other equity investment or profits interest capacity, directly or indirectly, either alone or in concert with others, (iii) until the third anniversary of the Closing Date, recruit or hire (other than as a result of a general solicitation), or otherwise solicit for employment, any employees, or former employees of the Publications hired by Buyer or its Affiliates at the Closing within six (6) months following their termination of employment with Buyer or its Affiliates (provided that the restriction in this sentence shall not apply to any such employees terminated by Buyer or its Affiliates; and provided further that the restrictions in this sentence shall only apply until the first anniversary of the Closing Date with respect to any such employees who voluntarily leave the employ of Buyer or its Affiliates without any solicitation, inducement or influence of any type by Morris Communications or Sellers) or (iv) until the third anniversary of the Closing Date, divert or interfere with or encourage any customers or clients of the Publications and businesses being purchased hereunder to terminate any relationship, contractual or otherwise, with the Publications and businesses being purchased hereunder, it being understood that efforts to sell advertising in other non-newspaper publications permitted under this subparagraph (f) shall not violate this clause (iv);

(g) Certificates, dated as of the Closing Date, of an appropriate officer of Morris Communications and each Seller as to approval of Morris Communications and each Seller relating to this Agreement and the transactions contemplated hereby;

(h) Certificates of an appropriate officer of Morris Communications and each Seller certifying the fulfillment of the conditions set forth in Sections 8.1(a) and 8.1(b) below;

(i) A certificate of an appropriate officer of each Seller as to its status as a non-foreign entity;

(j) The Operating Leases;

(k) An agreement satisfactory in form and substance to Sellers and Buyer regarding the continued association of Messrs. William S. Morris III and William S. Morris IV with certain of the Publications (the "Publisher Agreement");

(l) A Print Agreement for the Savannah Morning News, in form and substance as agreed by the parties; and

(m) Such other certificates, instruments and documents as are required to be delivered by Morris Communications and Sellers pursuant to the terms of this Agreement or as may be reasonably requested by Buyer.

2.3 Deliveries by Buyer. At the Closing, Buyer will deliver to Sellers the following, each of which shall be in form and substance satisfactory to the parties hereto:

(a) Funds equal to the Purchase Price in such manner as described in Section 1.5 above;

(b) An instrument of assumption pursuant to which Buyer shall assume the Assumed Liabilities as provided in Section 1.3 hereof;

(c) The Transition Services Agreements, if agreed upon prior to Closing, executed by Buyer;

(d) The Non-Competition Agreements, executed by Buyer;

(e) Certificate dated the Closing Date, of an officer of Buyer and GateHouse Media as to the approval of Buyer and GateHouse Media relating to this Agreement and the transactions contemplated hereby;

(f) Certificate of an officer of Buyer and GateHouse Media certifying the fulfillment of the conditions set forth in Sections 7.1(a) and 7.1(b) below;

(g) The Operating Leases;

(h) The Publisher Agreement;

(i) A Print Agreement for the Savannah Morning News, in form and substance as agreed by the parties; and

(j) Such other certificates, instruments and documents as are required to be delivered by Buyer and GateHouse Media pursuant to the terms of this Agreement or as may be reasonably requested by Sellers.

2.4 Taking of Necessary Action; Further Action. If, at any time after the Closing, any further action is necessary to carry out the intent or purposes of this Agreement and to vest Buyer with full right, title and possession to all assets, property, rights, privileges, powers and franchises of Sellers in the Acquired Assets and the Publications, Sellers will take all su ch lawful and necessary action and execute all such documents or agreements as may be reasonably requested by Buyer.

ARTICLE III.
REPRESENTATIONS AND WARRANTIES OF SELLERS AND MORRIS COMMUNICATIONS

Morris Communications and Sellers, jointly and severally represent and warrant to Buyer and GateHouse Media that the statements contained in this Article III are correct and complete as of the date of this Agreement and will be correct and complete as of the Closing Date, except as may be set forth in the disclosure schedules delivered pursuant hereto. Disclosure made in a specific section or subsection of the disclosure schedules shall not be deemed to have been made with respect to any other section or subsection herein unless an explicit cross-reference appears in such disclosure schedule to that effect or such disclosure is reasonably apparent on its face.

3.1 Organization; Qualification. Each Seller is duly organized, validly existing and in good standing under the laws of the jurisdiction of its respective organization or incorporation. Each Seller has the full power and authority to own and operate the Acquired Assets (excluding the Mastheads) and carry on the business and operations of the Publications as are now being conducted. Each Seller has the full power and authority to own the Masthead and the Rights. Each Seller (a) is duly qualified to do business and in good standing, and is duly licensed, authorized or qualified to transact business in each jurisdiction in which the ownership or lease of real property or the conduct of its business related to the Publications requires it to be so qualified, and (b) has all Permits (as defined in Section 3.16) necessary to own its properties and assets and carry on its business related to the Publications as it is now being conducted, except in each case, for any failures to be so qualified or licensed, or to have such Permits which would not, individually, or in the aggregate have or be reasonably expected to have a Material Adverse Effect (as defined in Section 3.4 hereof). Any applications for the renewal of any such Permits related to the Publications that are due prior to the Closing Date have been timely made or filed by Sellers prior to the Closing Date. No proceeding to renew, suspend, modify, suspend, revoke, withdraw, terminate or otherwise limit any such Permit related to the Publications is pending or threatened.

3.2 Authority Relative to this Agreement. Each of Morris Communications and each Seller has the full power, authority and legal right to execute and deliver this Agreement and to consummate the transactions and perform its obligations as contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by all necessary action, and this Agreement has been duly and validly executed and delivered by Morris Communications and Sellers and, assuming due authorization, execution and delivery by Buyer and GateHouse Media, constitutes a legal, valid and binding obligation of Morris Communications and Sellers enforceable against Morris Communications and Sellers in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency or similar law affecting the rights of creditors generally.

3.3 Income Statements. Schedule 3.3 sets forth (a) the unaudited consolidated financial summary of the Publications for the fiscal year ended December 31, 2016 and (b) unaudited consolidated financial summary of the Publications for the period through May 31, 2017 (the "Income Statement Date") (the financial statements referred to in clauses (a) and (b) being "Income Statements"). Morris Publishing operates (and reports its financial results) as a single operating segment. Accordingly, separate balance sheets, income statements or other financial statements are not maintained for the Publications as a group, or for any individual Publication. The Income Statements were prepared, (i) specifically in contemplation of this Agreement, (ii) from Morris Publishing's consolidated statements of income, and (iii) on the accrual basis. The Income Statements exclude certain corporate related expenses and make assumed adjustments related to newsprint, occupancy and printing costs, as disclosed in the notes to Schedule 3.3. The Income Statements reflect fees for management and shared services paid to Affiliates and allocations of shared expenses based upon various factors (such as a percentage of circulation, advertising revenue, total revenue, newsprint consumption or employees) deemed by Morris Publishing as of the Income Statement Date to be appropriate for such expenses, but no attempt has been made to determine what such costs would have been if the Publications had been operated on a stand-alone basis. The revenue items on the Income Statements reflect components derived from and prepared consistently with the methods used in the preparation of Morris Publishing's financial statements, which methods are used by Sellers in the ordinary cause of business consistent with past practice and are in accordance with GAAP. Subject to the foregoing, the Income Statements fairly present in all material respects the revenues of the Publications for the periods covered thereby and have been prepared in conformity with Sellers Accounting Practices. The Working Capital History has been prepared in accordance with Sellers Accounting Practices and consistent with past practice. Sellers shall deliver on the Closing Date to Buyer a schedule of the Publications' outstanding accounts receivable as of the Closing Date. All such accounts receivable have arisen in the ordinary course of business consistent with past practice and represent bona fide indebtedness incurred by the applicable account debtor and have been properly adjusted for bankrupt and other uncollectible accounts in accordance with Sellers Accounting Practices. Assuming reasonable collection efforts by Buyer, Morris Communications and Sellers have no reason to believe that such accounts receivable would not be collectible (net of Sellers' reserves for uncollectible receivables established by Sellers in the ordinary course of business consistent with past practice).

3.4 Business Since the Income Statement Date. Except as set forth on Schedule 3.4, since the Income Statement Date, the business of the Publications has been conducted in the ordinary course of business and in substantially the same manner as it was before the Income Statement Date. Since the Income Statement Date, there has been no change in the business, condition (financial or otherwise), properties, operations or prospects of the Publications or other event or occurrence which has had or would reasonably be expected to have a material adverse effect on the business, operations, properties, condition or prospects (financial or otherwise) of the Publications taken as a whole ("Material Adverse Effect") as of the Closing Date.

3.5 Non-Contravention; No Defaults.

(a) Except as disclosed in Schedule 3.5, the execution, delivery and performance of this Agreement by Sellers and Morris Communications will not (i) conflict with any provision of the governing documents of Morris Communications or Sellers, (ii) result in a default (or give rise to any right of termination, cancellation or acceleration), with notice or passage of time or both, under or conflict with any of the terms, conditions or provisions of any Material Contract (as defined in Section 3.9), note, bond, mortgage or other instrument, obligation or agreement relating to the business or operation of the Publications or to which any of the Acquired Assets may be subject, except for any such defaults which would not, individually or in the aggregate, have or be reasonably expected to have a Material Adverse Effect or a material adverse effect on Morris Communications' or Sellers' ability to consummate the transactions contemplated hereby, (iii) violate any law, statute, rule, regulation, order, injunction or decree of any government or any agency, bureau, board, commission, court, department, officer, official, employee, agent, political subdivision, tribunal or other instrumentality of any government, whether federal, state, local or foreign (each a “Governmental Authority”) applicable to Sellers or any of the Acquired Assets except for any such violations which would not individually or in the aggregate, have, or be reasonably expected to have a Material Adverse Effect or a material adverse effect on Sellers’ ability to consummate the transactions contemplated hereby, or (iv) result in the creation or imposition of any Lien of any nature whatsoever on any of the Acquired Assets.

(b) Except for the required consents with respect to the contracts referred to in Section 3.9 and the requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the “Hart-Scott-Rodino Act”), neither Morris Communications nor any Seller is required to submit any notice, report or other filing with, or obtain any consent, approval or waiver from, any Governmental Authority or any other third party in connection with the execution, delivery or performance of this Agreement or the consummation of the transactions contemplated hereby, except for any such failure which would not individually or in the aggregate have or be reasonably expected to have a material adverse effect on Sellers’ ability to consummate the transactions contemplated hereby.

3.6 Undisclosed Liabilities. Sellers have no obligation or liability required to be reflected or reserved against in any of the Income Statements in accordance with GAAP which is not fully reflected or reserved against in such Income Statements except for liabilities which have arisen after the Income Statement Date in the ordinary course of business consistent with past practice, liabilities disclosed in the disclosure schedules delivered pursuant hereto, Excluded Liabilities and Taxes payable to Morris Communications pursuant to Sellers’ Tax sharing agreement with Morris Communications as set forth in Section 1.2(l).

3.7 Licenses and Authorizations. All Permits required to own the Acquired Assets and to conduct the business of the Publications are held by Sellers and are in full force and effect with no violations of any of them having occurred except for any such violations which would not, individually or in the aggregate, have or be reasonably expected to have a Material Adverse Effect. All such material Permits known by Sellers without further inquiry are listed in Schedule 3.7. Prior to the Closing, Sellers shall update Schedule 3.7 to include all material Permits. Except as disclosed in Schedule 3.7, no proceeding is pending or, to the knowledge of Sellers, threatened, seeking the suspension, revocation, modification, cancellation or limitation of any such Permit and, to the knowledge of Morris Communications and Sellers, there is no basis for taking any such action.

3.8 Condition and Adequacy of the Acquired Assets; Title. Except as disclosed in Schedule 3.8, the material tangible assets included in the Acquired Assets, taken as a whole, are in adequate operating condition and repair, ordinary wear and tear excepted, and are adequate and suitable in accordance with general industry practices and applicable law for the purposes for which they are currently used. The Acquired Assets, the Excluded Assets and the assets expected to be used in performance of the Transition Services Agreement collectively comprise all the assets necessary to continue conducting the business of the Publications as such business has been conducted prior to the execution hereof. Each of Sellers has good, valid and marketable title to all of the Acquired Assets which such Seller purports to own free and clear of all security interests, mortgages, conditional sales agreements, charges, liens and other encumbrances (collectively, the "Liens"), except for Permitted Encumbrances (as defined in Section 3.10(c) below). All inventory of Sellers included in the Acquired Assets is useful in the ordinary course of business and operation of the Publications and none of which is slow-moving, obsolete, damaged or defective, except inventory for which no value is included in the Closing Date Working Capital Adjustment. Without limiting the generality of any of the foregoing, except as indicated on Schedule 3.8, Sellers do not use furniture, fixtures, equipment, inventory or supplies in connection with the operation of the Publications which they do not own. Except for the Excluded Assets or as indicated on Schedule 3.8, the Acquired Assets are, in the aggregate, all of the assets which are necessary to operate the Publications in the manner in which the Publications were operated during the 12-month period ending on the Income Statement Date and since such time, except for additions thereto and deletions therefrom in the ordinary course of business and consistent with past practice. No asset primarily used in the Publications or the Acquired Assets is located in Morris Communications corporate headquarters (*i.e.* outside of the space subject to the Operating Lease for *The Augusta Chronicle*) or at any location not included in the Acquired Assets.

3.9 Contracts and Arrangements. Schedule 3.9 lists the following written, oral, implied or other agreements, contracts, understandings, arrangements, instruments, notes, guaranties, indemnities, representations, warranties, deeds, assignments, powers of attorney, certificates, purchase orders, work orders, insurance policies, benefit plans, commitments, covenants, assurances and undertakings of any nature relating primarily to the Publications or the Acquired Assets (collectively, the “Material Contracts”), to which any of Sellers is a party:

(a) Sales agency or advertising representation contracts involving annual consideration of more than $100,000;

(b) Contracts for the future construction or purchase of capital improvements, purchase of materials, supplies or equipment, or for the sale of assets involving annual consideration of more than $100,000;

(c) Consulting contracts, employment agreements or freelance agreements involving annual consideration of more than $100,000;

(d) Licenses or agreements involving annual consideration of more than $100,000 under which Sellers are authorized to publish materials supplied by others in future issues of the Publications;

(e) Leases or subleases of Real Property (collectively, the “Real Property Leases”);

(f) Leases of any personal property involving annual consideration of more than $100,000;

(g) All contracts which are licenses and sublicenses (in which any of Sellers is licensor or licensee) involving annual consideration of more than $100,000;

(h) Any contract for the purchase or sale of products, or other personal property, or for the furnishing or receipt of services, involving annual consideration of more than $100,000;

(i) Any contract concerning a partnership or joint venture;

(j) Any contract under which Sellers have created, incurred, assumed, or guaranteed any indebtedness for borrowed money or pursuant to which Sellers have advanced or loaned money;

(k) Any contract with any Affiliates of Sellers, or any entity in which any Affiliates of Sellers holds an equity or any other economic interest;

(l) Any contract concerning non-disclosure, confidentiality or noncompetition;

(m) Any contract under which the consequences of a default or termination could have an effect on the business, financial condition, operations, results of operations, or future prospects of any of Sellers in an amount in excess of $100,000; or

(n) Any other contract (or group of related contracts) the performance of which involves consideration in excess of $100,000, or cannot be terminated without penalty, payment or breach on ninety (90) days or less notice.

Schedule 3.9 also specifies those Material Contracts, the assignment of which requires the consent of a third party. Provided that any requisite consent to the assignment of Material Contracts to Buyer is obtained, each of the contracts and leases which is assigned to and assumed by Buyer on the Closing Date is valid and in full force and effect. There is no existing default, event of default or other event under such Material Contracts which, with or without notice or lapse of time or both, would constitute a default or an event of default by Sellers under any such contract. To the knowledge of Seller, there is not, under any of the Material Contracts, any existing default or event of default which, with or without notice or lapse of time or both would constitute a default or event of default on the part of any other party thereto. Prior to the Closing Date, Sellers will make available to Buyer true, correct and complete copies (or written summaries of oral contracts) of all of the Material Contracts.

3.10 Real Property.

(a) The real property owned by Sellers that is to be transferred to Buyer is identified on Schedule 3.10(a), together with all buildings, structures, residences, fixtures, landscaping, utility lines, roads, driveways, fences, parking areas, contiguous and adjacent entry rights, construction in progress, and all other improvements to such real property that are owned by Sellers or any Affiliate, located in and upon such real property, and used primarily in the business and operation of the Publications, together with all rights, privileges, and easements appurtenant to the foregoing (all of the foregoing collectively referred to as the "Owned Real Property");

(b) Schedule 3.10(b) sets forth a complete and accurate list of all leasehold interests of Sellers used primarily in the business and operation of the Publications (the "Leased Real Property"). The Leased Real Property, the real property to be subject to the Operating Leases and the Owned Real Property are collectively referred to as the "Real Property".

(c) Good and marketable fee title to each parcel of Owned Real Property disclosed on Schedule 3.10(a) is owned by Sellers set forth on such schedule, free and clear of any Liens, easements, rights-of-way, licenses, use restrictions, claims, charges, options, rights of first offer, rights of first refusal or title defects, of any nature whatsoever, except for Permitted Encumbrances (as defined below). As used in this Agreement, the term "Permitted Encumbrances" means (i) Liens for Taxes not yet due and payable; (ii) Liens for Taxes which are being contested in good faith and by appropriate proceedings in the amount of which a reserve has been created and set forth on the Closing Date Balance Sheet; (iii) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business consistent with past practice or which are being contested in good faith and by appropriate proceedings in the amount of which a reserve has been created on the Closing Date Balance Sheet (which reserve under clauses (ii) or (iii) shall, to the extent Sellers are successful in finally, definitively and irrevocably contesting any such Liens and Buyer effectively gets the benefit thereof, will upon written notice and delivery of satisfactory proof thereof, be refunded to Sellers); (iv) easements, rights-of-way, encroachments, licenses, restrictions, conditions and other similar encumbrances which are not objected to by Buyer as a Title Objection under Section 5.13(c) or waived by Buyer;

(d) Each Seller has a valid and enforceable interest in each parcel of Leased Real Property disclosed in Schedule 3.10(b) as being leased by such Seller; and

(e) There is no action or proceeding pending or, to the knowledge of Sellers, threatened by any Governmental Authority for assessment or collection of past-due Taxes, impact fees or special assessments affecting any part of any Owned Real Property, and no condemnation or eminent domain proceeding is pending or, to the knowledge of Sellers, threatened against any part of any Real Property.

(f) Except as set forth in Schedule 3.10(f), none of the Real Property is located within a flood plain or lakeshore erosion hazard area, fresh water wetlands as defined under applicable laws or coastal zone management area protected, regulated or controlled by any laws.

(g) Except as set forth in Schedule 3.10(g) (which schedule is as of the date hereof prepared to Sellers' knowledge without further inquiry and which schedule will, prior to Closing, be updated to Sellers' knowledge after due inquiry), (i) the Facilities are in an adequate state of repair and condition, ordinary wear and tear excepted; (ii) there are no conditions or defects which pose a significant danger to life or human health existing upon or in the Facilities; (iii) there are no structural defects in the Real Property that would adversely affect the operation of any of the Facilities as presently conducted; and (iv) there are no life safety code deficiencies or other survey requirements which are not subject to waiver or currently the subject of a plan of correction which is being implemented.

(h) Except as set forth in Schedule 3.10(h) (which schedule is as of the date hereof prepared to Sellers' knowledge without further inquiry and which schedule will, prior to Closing, be updated to Sellers' knowledge after due inquiry), all buildings, structures, fixtures, building systems and equipment, and all components thereof, including the roof, foundation, load-bearing walls and other structural elements thereof, heating, ventilation, air conditioning, mechanical, electrical, plumbing and other building systems, environmental control, remediation and abatement systems, sewer, storm and waste water systems, irrigation and other water distribution systems, parking facilities, fire protection, security and surveillance systems, and telecommunications, computer, wiring and cable installations, included in any Real Property (collectively, the "Improvements") are in adequate condition and repair, have been appropriately and routinely maintained, and are sufficient for the business and operation of the Publications. Except as set forth in Schedule 3.10(h), to Sellers' and Morris Communications' knowledge, there are no structural deficiencies or latent defects affecting any of the Improvements and there are no facts or conditions affecting any of the Improvements which would, individually or in the aggregate, interfere in any respect with the use or occupancy of the Improvements or any portion thereof in the operation of the Publications as currently conducted thereon.

(i) The current use and occupancy of the Real Property and the business and operation of the Publications as currently conducted thereon do not violate any easement, covenant, condition, restriction or similar provision in any instrument of record or other unrecorded agreement affecting such Real Property except for any such violations, which would not, individually or in the aggregate, have or be reasonably expected to have a material adverse effect on such Real Property or Buyer's intended use of such Real Property or the continued business and operation of the Publications as currently conducted therein.

Sellers have not received any notice of violation of any such documents, and to their knowledge there is no basis for the issuance of any such notice or the taking of any action for such violation.

(j) None of the Improvements encroach on any land which is not included in the Real Property or on any easement affecting such Leased Real Property, or violate any building lines or set-back lines, and there are no encroachments onto any of the Real Property, or any portion thereof, which encroachment would interfere with the use or occupancy of such Real Property or the continued business and operation of the Publications as currently conducted thereon except for any such violations, which would not individually or in the aggregate, have or be reasonably expected to have a material adverse effect on such Real Property or Buyer's intended use of such Real Property or the continued business and operation of the Publications as currently conducted therein.

(k) There are no taxes, assessments, fees, charges or similar costs or expenses imposed by any Governmental Authority, association or other entity having jurisdiction over the Real Property with respect to any Real Property or portion thereof which are delinquent.

(l) Prior to the Closing, all Liens under all of Sellers' existing secured financing arrangements will be released (the "Bank Liens"). Notwithstanding anything to the contrary contained herein, the existence of Bank Liens shall not be considered a breach of any representation or warranty hereunder, provided such Bank Liens are released at Closing.

3.11 Intellectual Property. Except for the Excluded Assets (as defined in Section 1.2) and any matter relating thereto, all Rights are valid, in good standing and uncontested. The Rights include, but are not limited to, those Rights of Sellers relating to the business and operation of the Publications or related to the ownership of any of the Acquired Assets as set forth in Schedule 3.11. Sellers possess adequate rights, licenses or other authority necessary to use and own the Acquired Assets, to use and own the Rights and to conduct the business and operations of the Publications as currently conducted. Sellers have not received any notice with respect to any alleged infringement or unlawful or improper use of any Rights owned or alleged to be owned by others. Neither any Affiliate of Sellers nor any officer or employee of Sellers has any interest in any Rights, all of which are free and clear of any Lien. Sellers have no knowledge of any infringement of any of the Rights.

3.12 Litigation and Compliance with Laws. Except as set forth on Schedule 3.12: (a) the Publications have not been operating under or subject to, or in default with respect to, any order, writ, injunction, judgment or decree of any Governmental Authority; (b) neither Sellers nor any of their agents or Affiliates has received any inquiry, written or oral, from any such authority concerning any of the operations or business of the Publications during the two (2) year period prior to the date of this Agreement; (c) there is no litigation, claim or arbitration pending by or against, or to the knowledge of Seller or its Affiliates, threatened against, Sellers, the Publications or Sellers' agents or Affiliates related to or affecting any of the Acquired Assets or the operation of the Publications, including without limitation, any litigation, arbitration or claim relating to any union or union activities; and (d) Sellers and their Affiliates have complied with all laws, regulations, orders or decrees applicable to Sellers, the Acquired Assets and the Publications and the present uses by Seller of the Acquired Assets and the business and operation of the Publications do not violate any such laws, regulations, orders or decrees except for any such violations, which would not individually or in the aggregate, have or be reasonably expected to have a Material Adverse Effect.

3.13 Labor Relations and Employment Issues; Employee Benefit Programs; ERISA.

(a) Schedule 3.13(a) lists as of the date shown thereon, which date shall be no earlier than ten (10) days prior to the date hereof, the names and salaries, compensation, wages or rates of commission, date of employment (with Sellers or, if applicable, the prior owner of any of the Publications) and job title of all the full and part-time employees of Sellers primarily serving the Publications and/or the Acquired Assets (the "Publication Employees"); provided, however, that the Schedule 3.13(a) delivered concurrently with this Agreement does not include (i) independent contractors or other non-employees, or (ii) local incentive arrangements for local department heads. Schedule 3.13(a) will be updated by Sellers prior to the Closing to reflect a date no earlier than ten (10) days prior to the Closing and to include the omitted information described in clause (ii) of the proviso of the preceding sentence, which amounts shall be consistent with information disclosed to Buyer prior to the date hereof (including the information included in the Income Statements) . The term "Publication Employees" does not include any of Sellers' employees based in Sellers' home offices in Augusta, Georgia (*i.e.* outside of the space subject to the Operating Lease for *The Augusta Chronicle*) but for purposes of this Section 3.13 does include employees, independent contractors or other persons providing services for or on behalf of the Publications; provided, however, that "Publication Employees" includes any corporate level newspaper executives actually hired by Buyer at Closing, even though their office location at Closing is in the home office space.

(b) Except as set forth in Schedule 3.13(b), (i) Sellers have not entered into any collective bargaining agreement or other contract with any employee, union, labor organization or other employee representative or group of employees and, to the knowledge of Sellers and Morris Communications, no such organization or person has made or is making any attempt to organize or represent any employees of Sellers, in each case related to the Publications and/or the Acquired Assets; (ii) there is no pending grievance or arbitration and no unsatisfied or unremedied grievance or arbitration award against Sellers or any agent, representative or employee of Sellers, in each case related to the Publications and/or the Acquired Assets and, to the knowledge of Sellers, there is no basis for any such grievance or arbitration; (iii) there is no unfair labor practice charge, pending trial of unfair labor practice charges, unremedied unfair labor practice finding or adverse decision of the National Labor Relations Board or any Governmental Authority, against Sellers or any agent, representative or employee of any of Sellers, in each case related to the Publications and/or the Acquired Assets and, to the knowledge of Sellers, there is no basis for any such unfair labor practice charge; and (iv) there is no labor dispute, strike or work stoppage pending or, to the knowledge of Sellers, threatened, in writing, with respect to Sellers or their employees, in each case related to the Publications and/or the Acquired Assets.

(c) Without limiting the generality of Section 3.12, Sellers are in full compliance with all applicable laws, rules, regulations, standards and contracts relating to employment, in each case related to the Publications and/or the Acquired Assets, including those relating to wages, hours, working conditions, hiring, promotion, occupational health and safety (including those dealing with employee handling or use of or exposure to hazardous or toxic substances and the training of employees with respect to such substances), except for any instances of non-compliance which would not, individually or in the aggregate, have or be reasonably expected to have a Material Adverse

Effect and the payment and withholding of Taxes and other similar obligations, and neither Sellers nor any of their Affiliates have received any notice of any actual or alleged violation of any such law, rule, regulation, standard or contract. Sellers are in full compliance with all applicable affirmative action and equal employment opportunity obligations arising under any state or Federal law, regulation, executive order or ordinance or any contract or subcontract with any Governmental Authority or other entity or person except for any instances of non-compliance which would not individually or in the aggregate, have or be reasonably expected to have a Material Adverse Effect. Sellers have withheld from the wages and salaries of its Publication Employees as is required by law and are not liable for any arrears of wages or any tax or penalty in connection therewith.

(d) Without limiting the generality of Section 3.13, except as set forth in Schedule 3.13, and except as would not, individually or in the aggregate have or reasonably be expected to have a Material Adverse Effect, there is no employment-related claim, cause of action, grievance, judgment or other adverse charge, allegation or decision of any kind, in each case related to the Publications and/or the Acquired Assets (including any in the nature of employment discrimination of any type, breach of contract, wrongful discharge, retaliation, health, safety or right-to-know violations, child labor violations or non-payment of wages, benefits or wage supplements), under any law, rule, regulation, standard, collective bargaining agreement or other contract, pending or threatened against Sellers or any of their officers, employees or agents, and, to the knowledge of Sellers, there is no basis for any such claim, cause of action, grievance, judgment or other adverse charge or decision.

(e) No current or former employee of Sellers has made or, to the knowledge of Morris Communications or Sellers, threatened any claim against Sellers or any of their officers, employees or agents under any law, rule, regulation, standard or contract on account of or for overtime pay (other than overtime pay for the current payroll period), wages or salary for any period other than the current payroll period, vacation, holiday or other time off or pay in lieu thereof (other than time off or pay in lieu thereof earned in respect of the current year), or any violation of any law, rule, regulation, standard or contract relating to the payment of wages, fringe benefits, wage supplements or hours of work in each case as it relates to the Publications and/or the Acquired Assets.

(f) Except for the contingent severance agreements described in Schedule 3.13(f) (for which Buyer shall have no liability), neither Sellers nor Buyer are, nor immediately after the Closing will be, liable for severance pay or any other payment of monies to any Publication Employees as a result of the execution of this Agreement or the parties' performance of its terms, or for any other reason in any way related to the consummation of the transactions contemplated hereby, including any change of ownership of the Publications, and the consummation of the transactions will not increase the amount payable under or result in any other material obligation to a Publication Employee pursuant to any Employee Benefit Program or result in "excess parachute payments" within the meaning of Section 280G(b) of the Code. No Publication Employee is entitled to receive any additional payment (including any tax gross-up or other payment) as a result of the imposition of any excise tax required by Section 4999 of the Code.

(g) (i) Sellers have delivered (or will deliver supplementally prior to Closing) to Buyer true, complete and accurate summaries of each employment, bonus, incentive, deferred compensation, pension, stock purchase, stock option, stock appreciation right, profit-sharing or retirement plan, arrangement or practice, each material medical, vacation, retiree medical, group insurance and severance pay plan, and each other material agreement or fringe benefit plan, arrangement or practice, of Morris Communication or Sellers, whether legally binding or not, including all "employee benefit plans," as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), which currently cover one or more Publication Employees ("Employee Benefit Programs"). Morris Communications and Sellers and their respective ERISA Affiliates (as defined below) have complied, in all material respects, with the terms of all Employee Benefit Programs and all laws with respect to such programs, including the Code (as defined in Section 3.19) and ERISA, and no default exists with respect to the obligations of Morris Communications or Sellers or any of their respective ERISA Affiliates under any such Employee Benefit Programs as it relates to the Publication Employees. The Buyer shall not incur, and could not reasonably be expected to incur (by operation of law or otherwise), any liability under any Employee Benefit Program and/or other employee benefit or compensation plans, programs or arrangements associated with the Publications, Morris Communications, Sellers or their respective ERISA Affiliates, as part of the transactions contemplated by this Agreement or otherwise, except to the extent of liabilities for paid time off that are included as Assumed Liabilities pursuant to Section 1.3(a)(iv) and liabilities with respect to flexible spending accounts assumed pursuant to Section 10.5(d).

(ii) Except as set forth on Schedule 3.13(g), neither Morris Communications, Sellers nor any of their respective ERISA Affiliates has made a complete or partial withdrawal, within the meaning of Section 4201 of ERISA, from any multiemployer plan, within the meaning of Section 3(37) of ERISA, which covered one or more employees of Sellers, in each case related to the Publications and/or the Acquired Assets which has resulted in, or could result in, any withdrawal liability. Except as set forth on Schedule 3.13(g) none of Sellers nor, to Sellers' knowledge, any predecessor owner of any of the Publications have, nor have Sellers' or Morris Communications' or any of their respective ERISA Affiliates, ever maintained or contributed to a multiemployer plan within the meaning of Section 3(37) of ERISA.

(iii) Neither Morris Communications, Sellers nor any of their respective ERISA Affiliates has provided or is required to provide, security to any pension plan or to any single-employer plan which covered one or more employees of the Publications at any time during 2016-2017 pursuant to Section 401(a)(29) of the Code.

(iv) Sellers, Morris Communications and their respective ERISA Affiliates have complied in all material respects with the health care continuation coverage provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, Section 4980B of the Code, Title I Part 6 of ERISA, in each case related to the Publication Employees and any similar state group health plan continuation law, together with all regulations and proposed regulations promulgated thereunder with respect to any events occurring prior to and including the Closing Date.

(v) Each Employee Benefit Program that is intended to be qualified within the meaning of Section 401(a) of the Code has received a determination letter from the Internal Revenue Service (the "IRS") that such plan is qualified under Section 401(a) of the Code, or the Seller, Morris Communications, or ERISA Affiliate, as applicable, is entitled to rely upon an opinion or advisory letter from the IRS with respect to the qualification of such Employee Benefit Program, and nothing has occurred since the date of such determination that could adversely affect the qualification of such Employee Benefit Program.

(vi) No Employee Benefit Program provides for or continues medical or health benefits, or life insurance or other welfare benefits (through insurance or otherwise) for any Publication Employee or dependent or beneficiary of any Publication Employee after such Publication Employee's retirement or other termination of employment except as may be required by COBRA, and there has been no communication to any Publication Employee that could reasonably be expected to promise or guarantee any such benefits.

(vii) Each Employee Benefit Program that is a "nonqualified deferred compensation plan" (as defined in Section 409A(d)(1) of the Code) has been operated since January 1, 2005, in compliance with the applicable provisions of Section 409A of the Code, and since January 1, 2009 has been in documentary compliance with the applicable provisions of Section 409A of the Code; and none of Sellers, Morris Communciations and their respective ERISA Affiliates is or has been required to report any Taxes due as a result of a failure of an Employee Benefit Program to comply with Section 409A of the Code. With respect to each Employee Benefit Program, none of Sellers, Morris Communications and their respective ERISA Affiliates has any indemnity obligation for any Taxes or interest imposed or accelerated under Section 409A of the Code.

(viii) No event or condition exists (nor is any event or condition, including the transactions described in this Agreement, is expected to exist) with respect to any Employee Benefit Program which constitutes a reportable event within the meaning of Section 4043 of ERISA, as to which a waiver is not applicable, nor has any event or condition triggered (nor is any event or condition, including the transactions described in this Agreement, expected to trigger) a reporting obligation or other liability under Section 4062(e) of ERISA.

(ix) Since January 1, 2015, Sellers, Morris Communications and their respective ERISA Affiliates, as applicable, have offered minimum essential coverage (as described in Section 4980H of the Code) to Publication Employees who must be treated as "full-time employees" under Section 4980H of the Code and its implementing regulations, and such coverage has satisfied the affordability and minimum value standards under Section 4980H of the Code and its implementing regulations. None of Sellers, Morris Communications, or their respective ERISA Affiliates has heretofore been and reasonably does not expect to be subject to any penalty under Section 4980H of the Code with respect to any period prior to the Closing.

(x) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the regulations thereunder. "ERISA Affiliate" means, with respect to any entity, trade or business, any other entity, trade or business that is a member of a group described in Section 414(b), (c), (m) or (o) of the Code or Section 4001(b)(1) of ERISA that includes the first entity, trade or business, or that is a member of the same "controlled group" as the first entity, trade or business pursuant to Section 4001(a)(14) of ERISA.

3.14 **[INTENTIONALLY OMITTED]**

3.15 Changes. Except as shown on Schedule 3.15 to this Agreement, since the Income Statement Date, Sellers have not, with respect to the business and operation of the Publications: (a) mortgaged, pledged or subjected to a Lien, any of the Acquired Assets; (b) sold, leased, removed or transferred any material asset used or useful in the business or operation of the Publications; or (c) increased the compensation payable or to become payable to any Publication Employee or agent, except increases in accordance with historical practices.

3.16 Environmental Matters.

(a) Except as set forth on Schedule 3.16, Sellers have, with respect to the ownership and operation of the Publications and Real Property, obtained all Permits (as defined below) required under all Environmental Laws and are in material compliance with all Environmental Laws and with all such Permits and there have been no material violations of the Environmental Laws or Permits. For purposes of this Agreement, "Environmental Law" means all Legal Requirements and Permits concerning land use, public health, safety, welfare, or the environment, including without limitation the Resource Conservation and Recovery Act, (42 U.S.C. §§ 6901 et seq.), as amended, and the Comprehensive Environmental Response, Compensation, and Response Act (42 U.S.C. §§ 9601 et seq.), as amended ("CERCLA"). For purposes of this Agreement, "Legal Requirements" means any statute, ordinance, code or other law (including the common law), rule, regulation, order, notice, standard, procedure, guideline, or requirement enacted, adopted, applied or issued by any Governmental Authority, including, without limitation judicial decisions applying or interpreting any such Legal Requirement. For purposes of this Agreement, "Permit" shall mean any permit, license, consent, authorization, approval, franchise privilege, waiver, exception, variance, exclusionary or inclusionary orders and other concessions. All such Permits are current and in full force and effect;

(b) Except as set forth on Schedule 3.16, with respect to the business, ownership and/or operation of the Publications and Real Estate, Sellers have not received and, to the knowledge of Sellers, no other person has received, any notice from any Governmental Authority or any other third party to the effect that Sellers have performed, failed to perform, or suffered any act, or that a condition exists, which might reasonably give rise to liability to Sellers under CERCLA and/or under any other Environment Law or Permits, nor have Sellers, or, to the knowledge of Sellers, any other person, submitted any notice pursuant to section 103 of CERCLA (and/or pursuant to any other Environment Law or Permits) to, or responded to any request for information pursuant to section 104 of CERCLA (and/or pursuant to any other Environmental Law or Permits) from, any Governmental Authority;

(c) Except as set forth on Schedule 3.16, Sellers have not caused or contributed to the release or threat of release of any Hazardous Substance, and to the knowledge of Sellers there exists no Hazardous Substance released, threatened to be released, disposed, discharged, dumped or spilled on, at, beneath, from or to the Real Property (including without limitation any surface waters or groundwaters thereon). For purposes of this Agreement, "Hazardous Substance" means any element, material, chemical, compound, mixture or solution defined, designated, listed, classified or regulated under any Environmental Law;

(d) Except as set forth on Schedule 3.16, to the knowledge of Sellers, no Hazardous Substance used, generated or handled by the Publications on the Real Property or elsewhere has been released, disposed, discharged, dumped or spilled on, or migrated to or from, any other real property;

(e) Sellers have provided to Buyer true and complete copies of all non-proprietary audits, data, reports, investigations or other materials conducted in respect of or concerning the environmental condition of the Real Property or the Publications that are in their possession, custody or control; and

(f) Except as set forth on Schedule 3.16, to the knowledge of Sellers, no underground storage tanks or asbestos containing materials are or have been located in, on or under any portion of the Real Property or structures thereon.

3.17 **[INTENTIONALLY OMITTED]**

3.18 Insurance. Schedule 3.18 sets forth a true, correct and complete list of all claims made by Sellers or Morris Communications under insurance policies of any kind or nature maintained as of the date of this Agreement by or on behalf of Sellers or Morris Communications and relating to the Publications and/or the Acquired Assets which are still outstanding, setting forth as to each claim the date, nature and amount thereof and its current status, excluding claims for employee health benefits or other amounts under Employee Benefit Programs, which amounts and claims are Excluded Liabilities.

3.19 Taxes. (a) "Code" means the Internal Revenue Code of 1986, as amended.

(b) "Tax" or "Taxes" means any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code § 59A), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, whether computed on a separate or consolidated, unitary or combined basis or in any other manner, including any interest, penalty, or addition thereto, whether disputed or not and including any obligation to indemnify or otherwise assume or succeed to the tax liability of any other person or entity.

(c) “Tax Return” means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

(d) Except as set forth in Schedule 3.19, with respect to the Publications and/or the Acquired Assets Sellers have timely filed, after giving effect to any applicable extensions, all Tax Returns required to be filed by them, and all such Tax Returns were complete and correct at the time of filing and continue to be complete and correct and were prepared in substantial compliance with all applicable laws and regulations. Sellers have timely paid, after giving effect to any applicable extensions, all taxes required to be paid by them with respect to the Publications and/or the Acquired Assets whether or not shown on a Tax Return except amounts being contested in good faith by appropriate proceedings.

(e) No representative of any taxing authority is asserting in writing or orally any material Tax deficiency with respect to the Publications and/or the Acquired Assets that has not been adequately reserved for, and no liens in respect of Taxes exist (other than liens for Taxes not yet due or for Taxes being contested in good faith), with respect to the Acquired Assets or the Publications. All required Tax estimates, deposits, prepayments and similar reports or payments with respect to the Publications and/or the Acquired Assets for current periods have been properly made with respect to the Publications and/or the Acquired Assets. There are no actions, suits, proceedings, investigations or claims pending or, to the knowledge of Sellers, threatened against Sellers in respect of Taxes, nor are any material matters under discussion with any Governmental Authority relating to Taxes, to the knowledge of Sellers, no claim has ever been made by any Governmental Authority in a jurisdiction where Sellers do not file a Tax Return that any Seller is or may be subject to taxation in that jurisdiction. No Tax Returns of Sellers currently are the subject of audit.

(f) All Taxes that are required to be collected or withheld by Sellers with respect to the Publications and/or the Acquired Assets have been duly collected and withheld, and any such amounts that are required to have been remitted to any taxing authority have been duly remitted.

(g) Sellers have not waived any statute of limitations in respect of Taxes with respect to the Publications and/or the Acquired Assets or agreed to an extension of time with respect to a Tax assessment or deficiency.

(h) It is understood that Sellers are not making any representation to GateHouse Media or Buyer that Sellers' methodologies for calculating Taxes are appropriate or correct for Tax Returns to be filed by Buyer to the extent that such Tax Returns relate to any periods after the Closing.

3.20 Reserved.

3.21 Brokers. Neither Sellers nor Morris Communications have incurred any liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement for which the Buyer or GateHouse Media could become liable or obligated, except for Sellers' agreements with Moorgate Securities LLC and Avondale Communications, LLC, for which Sellers shall be solely responsible.

ARTICLE IV.
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer and GateHouse Media represent and warrant to Sellers that the statements contained in this Article IV are correct and complete as of the date of this Agreement and will be correct and complete as of the Closing Date, except as may be set forth in a disclosure schedule delivered to Sellers pursuant hereto.

4.1 Organization. Buyer is a corporation validly existing and in good standing under the laws of the State of Delaware. GateHouse Media is a limited liability company validly existing and in good standing under the laws of the State of Delaware.

4.2 Authority Relative to this Agreement. Buyer and GateHouse Media have the full power, authority and legal right to execute and deliver this Agreement and to consummate the transactions and perform its obligations as contemplated hereby without a vote of the shareholders of GateHouse Media (or of any other corporation that controls GateHouse Media). The execution and delivery of this Agreement by Buyer and GateHouse Media and the consummation of the transactions contemplated hereby by Buyer and GateHouse Media have been duly and validly authorized by all necessary action, and this Agreement has been duly and validly executed and delivered by Buyer and GateHouse Media and assuming due authorization, execution and delivery by Sellers and Morris Communications, constitutes a legal, valid and binding obligation of Buyer and GateHouse Media enforceable against Buyer and GateHouse Media in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency or similar law affecting the rights of creditors generally.

4.3 No Defaults. The execution, delivery and performance of this Agreement by Buyer and GateHouse Media will not (a) conflict with or result in any breach of any provision of the certificate of incorporation, by-laws or other organizational documents of Buyer, or (b) violate any law, statute, rule, regulation, order, injunction or decree of any Governmental Authority applicable to Buyer or GateHouse Media.

4.4 Non-Contravention; No Defaults.

(a) Except as disclosed in Schedule 4.4, the execution, delivery and performance of this Agreement by Buyer and GateHouse Media will not (i) conflict with any provision of the governing documents of GateHouse Media or Buyer, (ii) result in a default (or give rise to any right of termination, cancellation or acceleration), with notice or passage of time or both, under or conflict with any of the terms, conditions or provisions of any contract, note, bond, mortgage or other instrument, obligation or agreement material to the business of GateHouse Media and its subsidiaries as a whole, except for any such defaults which would not, individually or in the aggregate, have or be reasonably expected to have a material adverse effect on GateHouse Media and its subsidiaries taken as a whole or a material adverse effect on GateHouse Media's or Buyer's ability to consummate the transactions contemplated hereby, or (iii) violate any law, statute, rule, regulation, order, injunction or decree Governmental Authority applicable to GateHouse Media or Buyer except for any such violations which would not individually or in the aggregate, have, or be reasonably expected to have a material adverse effect on GateHouse Media and its subsidiaries taken as a whole or a material adverse effect on GateHouse Media's or Buyer's ability to consummate the transactions contemplated hereby.

(b) Except for notices and filings required to be delivered to GateHouse Media's banks and except for the requirements of the Hart-Scott-Rodino Act, neither GateHouse Media nor Buyer is required to submit any notice, report or other filing with, or obtain any consent, approval or waiver from, any Governmental Authority or any other third party in connection with the execution, delivery or performance of this Agreement or the consummation of the transactions contemplated hereby, except for any such failure which would not individually or in the aggregate have or be reasonably expected to have a material adverse effect on GateHouse Media's or Buyer's ability to consummate the transactions contemplated hereby.

4.5 Financial Capability. Buyer, on the Closing Date will have, sufficient funds unconditionally available to it (without the need to obtain any additional bank or other additional third party financing commitment) to pay to Sellers the Purchase Price and otherwise to satisfy all of its obligations under this Agreement.

4.6 Reserved.

4.7 Reserved.

4.8 Brokers. There is no broker or finder or other person who would have any valid claim against any Sellers or Morris Communications for a commission or brokerage in connection with this Agreement or the transactions contemplated hereby as a result of any agreement, understanding or action by Buyer or GateHouse Media.

ARTICLE V.
PRE-CLOSING COVENANTS OF SELLERS AND BUYER PENDING THE CLOSING DATE

Each of Morris Communications, Sellers, Buyer and GateHouse Media, as applicable, covenant and agree that from the date hereof to and including the Closing Date:

5.1 Maintenance of Business. Sellers shall continue to carry on the business and operation of, and maintain the books, accounts and records of, the Publications in substantially the same manner as heretofore in the ordinary course of business and shall maintain the properties, machinery, equipment and other Acquired Assets used in the business of the Publications in substantially the same manner as heretofore in the ordinary course of business consistent with past practice.

Except as set forth on Schedule 5.1, prior to the Closing Date, Sellers will not, with respect to the Publications, without the prior written consent of Buyer, which will not be unreasonably withheld, conditioned or delayed:

(a) (i) Make any change in circulation practices, or promotional, marketing or premium practices of the Publications, other than changes in the ordinary course of business which changes are not material, or (ii) make any change in policies for the pricing of circulation or advertising of the Publications except for changes in the ordinary course of business which changes are not material;

(b) Sell, lease, remove, transfer or agree to sell, lease, remove or transfer any of the Acquired Assets without replacement thereof with an asset of substantially equivalent kind, condition and value and except in the ordinary course of business consistent with past practice;

(c) Enter into or amend any contract of employment or collective bargaining agreement, or permit or commit to any increases or changes in the compensation (including, but not limited to, bonus, pension, profit-sharing, incentive, deferred compensation, stock purchase, stock option, stock appreciation right, group insurance, severance pay, retirement or other employee benefit plan, agreement or arrangement) of any Publication Employee or any independent contractor or other person providing services to any of Sellers primarily as it relates to the Publications and/or the Acquired Assets, except for increases in accordance with historical practices and except in the ordinary course of business consistent with past practice;

(d) Enter into or amend any contract or commitment as it relates to any of the Publications involving annual consideration of more than $25,000 individually or $250,000 in the aggregate, waive any right or enter into any other transaction, other than as permitted by other provisions of this Agreement;

(e) Sell, assign, transfer, license or permit to lapse any material Right;

(f) Make any material change in any of the Real Property or fail to maintain the Real Property or other Acquired Assets in adequate repair and condition, ordinary wear and tear excepted; or cancel or fail to renew any of the current insurance policies or any of the coverage thereunder maintained for the protection of any of the Real Property or the other Acquired Assets;

(g) Except for Permitted Encumbrances, encumber any of the Acquired Assets or permit any of the Acquired Assets to become subject to any Lien;

(h) Enter into any contracts, agreements or arrangements (written or oral) with any Affiliate except those that would not create an Assumed Liability; or

(i) Take any action that would otherwise require disclosure to be made on Schedule 3.4.

5.2 Organization; Goodwill. Sellers shall use its reasonable efforts to preserve the business organization of the Publications intact and preserve the goodwill of the Publications' suppliers, customers and others having business relations with them.

5.3 Access to Facilities, Files and Records. At the reasonable request of Buyer and subject to the need to preserve the confidentiality of this transaction prior to Closing in order to preserve relationships with employees and customers, Sellers and Morris Communications shall give or cause to be given to the officers, employees, accountants, counsel and authorized representatives of Buyer (a) access after prior notice during normal business hours to all Facilities, property, accounts, books, minute books, deeds, title papers, licenses, agreements, contracts, Tax Returns (other than Federal and State income Tax Returns), records and files of every character, equipment, machinery, fixtures, furniture, vehicles, notes and accounts payable and receivable and inventories primarily related to the Publications, and (b) all such other information concerning the Acquired Assets and affairs of the Publications as Buyer may reasonably request. With the consent and supervision of Sellers, such consent not to be unreasonably withheld or delayed, Sellers and Morris Communications shall permit representatives of Buyer to perform inspections of the Real Property and the structures located thereon and to perform surveys, environmental assessments, sampling and audits as Buyer may request with respect to the Acquired Assets. If Buyer finds any such Real Property inspection item or condition unacceptable, Buyer shall notify Sellers in writing of any such matters to which Buyer reasonably objects or has concerns (the "Property Condition Objections"). Sellers may cure prior to Closing, at their sole expense, all of the Property Condition Objections, to the sole satisfaction of Buyer either by (i) the remediation/repair of such Property Condition Objections, (ii) providing alternative arrangements, satisfactory to Buyer in its sole discretion, providing Buyer the full economic benefit of the ownership and/or operation of the affected Real Property without any of the risk associated with or relating to such Property Condition Objections or (iii) removing such particular parcel of the Real Property from the Acquired Assets being transferred upon written notice to Sellers, and with an equitable adjustment to the Purchase Price in accord with an appraisal of the real estate (or of the leasehold interest in Real Property that is not Owned Real Property) by an independent third party appraiser to be selected by the parties (or as otherwise agreed by the parties). If Sellers fail to cure or address, prior to Closing, all Property Condition Objections with respect to any particular parcel of the Real Property as provided above, then Buyer, in its sole discretion may either (A) consummate the transactions contemplated hereby, notwithstanding the Property Condition Objections, with an equitable adjustment to the Purchase Price in accord with an appraisal of the real estate (or of the leasehold interest in Real Property that is not Owned Real Property) by an independent third party appraiser to be selected by the parties (or as otherwise agreed by the parties) or (B) terminate this Agreement.

5.4 Representations and Warranties. Sellers and Morris Communications shall give detailed written notice to Buyer and GateHouse Media promptly upon the occurrence of or becoming aware of the impending or threatened occurrence of any event which would cause or constitute a breach, or would have caused a breach had such event occurred or been known to Sellers or Morris Communications prior to the date hereof, of any of Sellers' or Morris Communications' representations or warranties contained in this Agreement or in any schedule delivered pursuant hereto. Buyer and GateHouse Media shall give detailed written notice to Sellers promptly upon becoming aware of any inaccuracy in any of the representations or warranties in Article III or any other breach of this Agreement, which notice shall not waive or otherwise limit any of GateHouse Media's or Buyer's rights or remedies hereunder. From time to time on or prior to the Closing, Sellers and Morris Communications shall supplement or amend any schedules delivered in connection herewith with respect to any matter arising after the date hereof, which, if arising prior to the date of this Agreement, would have been required to be set forth or described in such schedule or which is necessary to correct any information in such schedule which has been rendered inaccurate as a result of a matter arising after the date hereof and such amendment shall not be deemed to create a breach of any representation or warranty.

5.5 Corporate Action. Subject to the provisions of this Agreement, Sellers and Morris Communications will take all necessary action required of them to carry out the transactions contemplated by this Agreement.

5.6 Consents.

(a) Sellers will use commercially reasonable efforts to obtain or cause to be obtained prior to the Closing Date consents to the assignment to or assumption by Buyer of all of the Material Contracts which require the consent of any third party by reason of the transactions provided for in this Agreement as shown on Schedule 3.9 and Schedule 3.10(b); provided, however, that Sellers shall not be required to make any payments or to incur any obligations to third parties in connection with the obtaining of any such consent.

(b) Nothing in this Agreement shall be deemed to be a condition to Closing or to constitute or require the transfer or assignment or the attempt to transfer or assign any of the Acquired Assets if the attempted transfer or assignment thereof, without the consent of a third party, would adversely affect in any way the rights of any of Sellers or Morris Communications, on the one hand, or Buyer or GateHouse Media, on the other hand or, in Buyer's opinion, would adversely affect any of the Publications or the Acquired Assets. If any such consent shall not have been obtained at or prior to the Closing, or the attempted transfer or assignment of any of the Acquired Assets at the Closing would have an adverse effect on Sellers or Morris Communications, on the one hand, or Buyer, GateHouse Media, the Publications or the Acquired Assets on the other hand, or on Buyer's rights thereto or Buyer would not in fact receive the rights thereto, (i) Sellers will cooperate with Buyer in any reasonable arrangement designed to provide for Buyer the rights thereto and benefits thereunder, including, without limitation, (A) enforcing for the benefit of Buyer any or all rights of Sellers under any contract, commitment or other agreement against any other party thereto, or (B) at Buyer's election, not transferring, conveying, assigning or delivering to Buyer at the Closing, and retaining legal title to such Acquired Asset, while permitting Buyer the possession and use of such Acquired Asset for Buyer's account and with Buyer receiving the benefits and bearing the burdens of such Acquired Asset as if such Acquired Asset had been so transferred, conveyed, assigned and delivered, and (ii) Sellers will take all reasonable appropriate further action to obtain such consents, approvals or novations as may be required under applicable laws or otherwise to effect the transfer or assignment of such Acquired Asset to Buyer. Pending the obtaining of such consents, approvals or novations, Buyer will continue performance of any remaining unfulfilled obligations of Sellers under any contract, commitment or other agreement constituting such an Acquired Asset in the same manner as though Buyer rather than Sellers was a party to such contract, commitment or agreement, with Buyer receiving the benefits and bearing the burdens thereof. Sellers agree to remit to Buyer all collections received in respect of any such Acquired Asset promptly on receipt thereof less any amount due Sellers from Buyer with respect to such Acquired Assets. Expenses incurred in connection with actions taken pursuant to this Section 5.6(b) shall be borne in such a manner as to place Sellers and Buyer in the economic positions in which they would have been had such Acquired Asset been transferred, conveyed, assigned or delivered at Closing.

5.7 Confidential Information. If for any reason the transactions contemplated in this Agreement are not consummated, none of Sellers nor Morris Communications shall disclose to third parties any information designated as confidential and received from Buyer, GateHouse Media or their respective agents in the course of investigating, negotiating and completing the transactions contemplated by this Agreement. Nothing shall be deemed to be confidential information with respect to the preceding sentence which: (a) is known to Sellers or Morris Communications at the time of its disclosure to it; (b) becomes publicly known or available other than through disclosure by Sellers or Morris Communications; (c) is rightfully received by Sellers from a third party not known by Sellers or Morris Communications to be subject to an obligation of confidentiality; or (d) is independently developed by Sellers or Morris Communications. If for any reason the transactions contemplated in this Agreement are not consummated, the parties acknowledge and agree that the terms of the Confidentiality Agreement dated May 26, 2017 shall continue to apply to all confidential information.

5.8 Consummation of Agreement. Subject to the provisions of Section 10.2 of this Agreement, Sellers and Morris Communications shall use reasonable efforts to fulfill and perform all conditions and obligations on their part to be fulfilled and performed under this Agreement and to cause the transactions contemplated by this Agreement to be fully carried out.

5.9 Notice of Proceedings. Sellers and Morris Communications will promptly notify Buyer in writing upon becoming aware of any order or decree or any complaint praying for an order or decree restraining or enjoining the consummation of this Agreement or the transactions contemplated hereunder, or upon receiving any notice from any Governmental Authority of its intention to institute an investigation into, or institute any action or proceeding to restrain or enjoin consummation of this Agreement or such transactions, or to nullify or render ineffective this Agreement or such transactions if consummated.

5.10 Interim Financial Statements. Sellers and Morris Communications shall deliver to Buyer and GateHouse Media unaudited interim balance sheets and statements of income, changes in stockholders' equity and cash flows for the Publications promptly but not later than twenty (20) days after the close of each of the Publications' periodic accounting periods (and in no event less frequently than on a monthly basis), if any, that occurs between the Income Statement Date and the Closing Date. Such interim periodic financial statements shall include financial information both for the current accounting period and for the fiscal year to date, as well as comparisons with the respective corresponding periods in the prior fiscal year.

5.11 Taxes. Sellers shall pay all Taxes relating to the Publications or the Acquired Assets as they become due.

5.12 Audited Financial Statements; Interim Financial Statements. If and when requested by Buyer, Sellers and Morris Communications will, within 60 days of Closing provided such request is made by November 1, 2017, cause to be delivered to Buyer an audit of the Publications' financial statements for up to the three years ending December 31, 2016 and interim financial statements of Publications as required by financial reporting standards affecting Buyer or GateHouse Media. Buyer shall pay Sellers' reasonably incurred and necessary incremental third party costs and expenses for such audit. It is understood that Sellers shall not be responsible for any delays to the extent caused by the outside auditors provided Sellers and Morris Communications use commercially reasonable efforts to promptly and fully cooperate with such auditors and timely comply with their requests.

5.13 Title Matters.

(a) Within five (5) days after the date of this Agreement, Sellers and Morris Communications will provide Buyer with copies of all title information in the possession of Sellers or Morris Communications, any of their respective Affiliates, or their respective agents relating to the Owned Real Property, including abstracts of title, surveys and policies of title insurance.

(b) Within thirty (30) days after the date of this Agreement, Buyer will obtain title commitments for a 2006 ALTA Owner's Title Insurance Policy or Policies with respect to the Owned Real Property (each a "Title Commitment"), issued by a title company reasonable acceptable to Buyer and its lenders (the "Title Company"), in form and substance reasonably satisfactory to Buyer and its lenders. Each Title Commitment will be accompanied by readable copies of all documents cited as exceptions to title therein (the "Underlying Documents"), which will be certified by the Title Company as true, correct and complete copies of the Underlying Documents. Buyer, at its option, may obtain survey maps of the Owned Real Property (each a "Survey") acceptable to the title insurance company providing the Title Commitments, prepared and certified in accordance with generally accepted professional standards by a duly licensed land surveyor, dated after the date of this Agreement. Buyer shall provide Sellers with legible copies of the Title Commitments, exception documents and other instruments referenced therein and survey maps, if any, promptly following Buyer's receipt thereof. Buyer will bear all costs of any surveys and the costs of such Title Commitments and any title policies issued pursuant to the Title Commitments.

(c) Buyer will have twenty (20) days after its receipt of all Title Commitments and Underlying Documents related to the Owned Real Property and the related Survey to review each of them and to notify Sellers in writing of any exceptions or matters to which Buyer reasonably objects, other than Permitted Encumbrances (the "Title Objections"). If after the date hereof and prior to Closing any Title Objection or other Lien is asserted against any of the Owned Real Property that is not a Permitted Encumbrance, Sellers and Morris Communications will, at their sole expense, either (i) obtain the release of such Title Objection or Lien, (ii) obtain title insurance covering such Title Objection or Lien, (iii) provide alternative arrangements, satisfactory to Buyer in its sole discretion, which provide Buyer the full economic benefit of the ownership of the affected Owned Real Property without any of the risk associated with or relating to such Title Objections or Lien or (iv) remove such particular parcel of the Owned Real Property from the Acquired Assets being transferred upon written notice to Buyer, and with an equitable adjustment to the Purchase Price in accord with an appraisal of the real estate by an independent third party appraiser to be selected by the parties (or as otherwise agreed by the parties). If Sellers fail to cure or address, prior to Closing, all Title Objections with respect to any particular parcel of the Owned Real Property as provided above, then Buyer may either (A) consummate the transactions contemplated hereby, notwithstanding the Title Objections, with an equitable adjustment to the Purchase Price in accord with an appraisal of the real estate by an independent third party appraiser to be selected by the parties (or as otherwise agreed by the parties) or (B) terminate this Agreement. After the date hereof Sellers will take no action that has the effect of creating or causing any Title Objection or other Lien upon any of the Owned Real Property, except mechanic's or materialman's liens arising (A) in the ordinary course of business or (B) incident to the construction or improvement of any property in the ordinary course of business, in each case for amounts not yet due and payable, for which Sellers shall remain responsible for payment (including through the inclusion of such liability in the Closing Date Working Capital Adjustment).

(d) Any matters shown on a Title Commitment or Survey to which Buyer does not object during the twenty (20) day period set forth in Section 5.13(c), or to which any Title Objection is waived by Buyer, will become Permitted Encumbrances.

5.14. Buyer's Representations and Warranties. Buyer and GateHouse Media shall give detailed written notice to Sellers promptly upon the occurrence of or becoming aware of the impending or threatened occurrence of any event which would cause or constitute a breach, or would have caused a breach had such event occurred or been known to Buyer and GateHouse Media prior to the date hereof, of any of the representations and warranties of Buyer contained in this Agreement.

5.15 Corporate Action. Subject to the provisions of this Agreement, each of Buyer and GateHouse Media, on one hand, and Sellers and Morris Communications, on the other hand, will take all necessary corporate and other action required of them to carry out the transactions contemplated by this Agreement.

5.16 Consummation of Agreement. Subject to the provisions of Section 10.2 of this Agreement, each of Buyer and GateHouse Media shall use its reasonable efforts to fulfill and perform all conditions and obligations on its part to be fulfilled and performed under this Agreement and to cause the transactions contemplated by this Agreement to be fully carried out.

5.17 Notice of Proceedings. Buyer and GateHouse Media will promptly notify Sellers in writing upon becoming aware of any order or decree or any complaint praying for an order or decree restraining or enjoining the consummation of this Agreement or the transactions contemplated hereunder, or upon receiving any notice from any Governmental Authority of its intention to institute an investigation into, or institute any action or proceeding to restrain or enjoin the consummation of this Agreement or such transactions, or to nullify or render ineffective this Agreement or such transactions if consummated.

5.18 No Solicitation; Acquisition Proposal. Except following a termination in accordance with Section 10.2, Morris Communications and Sellers agree that they will not, directly or indirectly, through any officer, director, employee, partner, stockholder, agent, or Affiliate or otherwise, except in furtherance of the transactions of the type contemplated by this Agreement (a) solicit, initiate, or encourage submission of proposals or offers from any person relating to any transactions of the type contemplated herein or to the direct or indirect purchase of any of the Acquired Assets, the Publications (collectively, an "Acquisition Proposal"), (b) participate in any discussions or negotiations regarding, or furnish to any other person any information with respect to, or otherwise cooperate in any way with or assist, facilitate, or encourage, any Acquisition Proposal by any person, (c) enter into any agreement, arrangement, or understanding with respect to any Acquisition Proposal, or (d) sell, transfer, or otherwise dispose of, or enter into any agreement, arrangement, or understanding with respect to, any interest in the Acquired Assets.

5.19 Phase I Environmental Site Assessment. Buyer may obtain Phase I Environmental Reports (prepared in accordance with ASTM standards) for the Real Property certified to Buyer and prepared by independent consultants approved by Buyer ("Real Property Phase I Reports"), the results of which shall be satisfactory to Buyer in its sole discretion, subject to the remainder of this Section 5.19. Sellers and Morris Communications shall fully cooperate with Buyer and Buyer's representatives and exercise commercially reasonable efforts to cause all third parties to fully cooperate with Buyer and Buyer's representatives in obtaining the Real Property Phase I Reports. Upon Buyer's review of the Real Property Phase I Reports, Buyer shall notify Sellers in writing of any matters set forth therein to which Buyer reasonably object or has concerns (the "Environmental Objections"). Sellers may cure prior to Closing, at their sole expense, all of the Environmental Objections, to the sole satisfaction of Buyer either by (i) the remediation/repair of such Environmental Objections, (ii) the procurement of environmental insurance for the benefit of GateHouse Media, Buyer and Affiliates identified by Buyer, with such insurance providing full and complete coverage against loss or damage as a result of such Environmental Objections, (iii) providing alternative arrangements, satisfactory to Buyer in its sole discretion, providing Buyer the full economic benefit of the ownership and/or operation of the affected Real Property without any of the risk associated with or relating to such Environmental Objections or (iv) remove such particular parcel of the Real Property from the Acquired Assets being transferred upon written notice to Sellers, and with an equitable adjustment to the Purchase Price in accord with an appraisal of the real estate (or of the leasehold interest in Real Property that is not Owned Real Property) by an independent third party appraiser to be selected by the parties (or as otherwise agreed by the parties). If Sellers fail to cure or address, prior to Closing, all Environmental Objections with respect to any particular parcel of the Real Property as provided above, then Buyer, in its sole discretion may either (A) consummate the transactions contemplated hereby, notwithstanding the Environmental Objections, with an equitable adjustment to the Purchase Price in accord with an appraisal of the real estate (or of the leasehold interest in Real Property that is not Owned Real Property) by an independent third party appraiser to be selected by the parties (or as otherwise agreed by the parties) or (B) terminate this Agreement.

5.20 Bulk Transfer Laws. The parties hereby waive compliance with the provisions of the applicable bulk transfer laws of any jurisdiction in connection with the transactions contemplated by this Agreement.

ARTICLE VI.
ADDITIONAL COVENANTS

6.1 No Securities Transactions.

(a) Neither Morris Communications, Sellers nor any of their respective managers, members or officers or any of their Affiliates, directly or indirectly, shall engage in any transactions involving the securities of New Media Investment Group Inc., the publicly traded parent of GateHouse Media and Buyer, prior to the time of the making of a public announcement of the transactions contemplated by this Agreement. Morris Communications and Sellers shall use their commercially reasonable efforts to ensure compliance with the foregoing requirement.

(b) (Reserved)

6.2 Operating Leases. At Closing, Buyer shall enter into leases with Sellers (or their Affiliates) for Buyer's use of the facilities listed and as generally summarized in Schedule 6.2 (collectively the "Operating Facilities", and each an "Operating Facility"), substantially in the form, attached hereto as Exhibit B, or such other form as mutually agreed by the parties (the "Operating Leases"), it being understood that the specific terms will be agreed upon by the parties prior to Closing.

6.3 [INTENTIONALLY OMITTED]

6.4 Presses not in Service. All presses that are not in service (as disclosed in Schedule 6.4) and all related equipment that is not in service that was formerly used in connection with such presses and all presses and related equipment in Augusta, Georgia which are scheduled to be taken out of service by August 2017 will be removed by Sellers, at Sellers' sole cost and expense, from any location included in the Acquired Assets or subject to any Operating Lease; provided, however, that Sellers' one inactive press in the Jacksonville facility need not be removed during the term of the Operating Lease and Buyer may use said press for spare parts until removed.

ARTICLE VII.
CONDITIONS TO THE OBLIGATIONS OF SELLERS

The obligations of Sellers and Morris Communications under this Agreement are, at their option, subject to the fulfillment of the following conditions prior to or at the Closing Date:

7.1 Representations, Warranties and Covenants.

(a) The representations and warranties of Buyer and GateHouse Media contained in this Agreement and in any statement, certificate, schedule or other document delivered by Buyer and GateHouse Media pursuant hereto or in connection with the transactions contemplated hereby, shall have been true and accurate as of the date when made and shall be deemed to be made again on and as of the Closing Date and shall then be true and accurate, except for untrue or inaccurate representation or warranties which would not, in the aggregate, impair Buyer's or GateHouse Media's ability to fulfill its obligations under this Agreement or have a Material Adverse Effect on GateHouse Media and its subsidiaries, taken as a whole;

(b) Buyer and GateHouse Media shall have performed and complied in all material respects with each and every covenant and agreement required by this Agreement to be performed or complied with by them prior to or at the Closing Date, and shall have delivered all agreements and documents contemplated by Section 2.3, other than the delivery by Buyer and GateHouse Media of the Purchase Price and the instrument of assumption, each of which shall be delivered as of the Closing; and

(c) Buyer and GateHouse Media shall have delivered to Sellers a certificate of an appropriate officer of Buyer and GateHouse Media, dated the Closing Date, certifying to the fulfillment of the conditions set forth in Sections 7.1(a) and 7.1(b) above.

7.2 Proceedings.

(a) No action or proceeding shall have been instituted before any Governmental Authority to restrain or prohibit, or to obtain substantial damages in respect of, the consummation of the transactions contemplated by this Agreement which, in the reasonable opinion of Sellers, may be expected to result in an award of substantial damages or have a Material Adverse Effect on GateHouse Media and its subsidiaries, taken as a whole;

(b) None of the parties to this Agreement shall have received written notice from any Governmental Authority of (i) its intent to institute any action or proceeding to restrain or enjoin or nullify this Agreement or the transactions contemplated hereby, or to commence any investigation (other than a routine letter of inquiry), into the consummation of this Agreement, or (ii) the actual commencement of such an investigation. In the event such a notice of intent is received or such an investigation is commenced, this Agreement may not be terminated by Sellers for a period of ninety (90) days from the date of such notice of intent or notice of commencement, but Closing shall be delayed during such period. This Agreement may be terminated after this ninety (90)-day period if, in the reasonable opinion of Sellers, there is a likely probability that an investigation will result in an action or proceeding of the type described in clause (a) of this Section 7.2; and

(c) At the Closing Date, there shall be no injunction, restraining order or decree of any nature of any Governmental Authority in effect which restrains or prohibits the consummation of the sale and purchase of the Acquired Assets as contemplated by this Agreement.

7.3 Hart-Scott-Rodino. The waiting period (and any extensions thereof) under the Hart-Scott-Rodino Act shall have expired or otherwise been terminated, and all other authorizations, consents and approvals of Governmental Authority required for consummation of the transactions contemplated hereby shall have been obtained.

ARTICLE VIII.

CONDITIONS TO THE OBLIGATIONS OF GATEHOUSE MEDIA AND BUYER

The obligations of GateHouse Media and Buyer under this Agreement are, at their option, subject to the fulfillment of the following conditions prior to or at the Closing Date.

8.1 Representations, Warranties and Covenants.

(a) The representations and warranties of Sellers and Morris Communications contained in this Agreement and in any statement, deed, certificate, schedule or other document delivered pursuant to this Agreement or in connection with the transactions contemplated hereby, shall have been true and accurate as of the date when made and shall be deemed to be made again on and as of the Closing Date and shall then be true and accurate;

(b) Sellers and Morris Communications shall have performed and complied in all material respects with each and every covenant and agreement required by this Agreement to be performed or complied with by them prior to or at the Closing Date, and shall have delivered all agreements and documents contemplated by Section 2.2, other than delivery to Buyer of the instruments conveying the Acquired Assets to Buyer which shall be delivered as of the Closing; and

(c) Sellers and Morris Communications shall have delivered to Buyer certificates of appropriate officers of Sellers, dated the Closing Date, certifying to the fulfillment of the conditions set forth in Sections 8.1(a) and 8.1(b) above.

8.2 Proceedings.

(a) No action or proceeding shall have been instituted before any Governmental Authority to restrain or prohibit, or to obtain substantial damages in respect of, the consummation of this Agreement which, in the reasonable opinion of Buyer, may be expected to result in an award of such substantial damages;

(b) None of the parties to this Agreement shall have received written notice from any Governmental Authority of (i) its intent to institute any action or proceeding to restrain or enjoin or nullify this Agreement or the transactions contemplated hereby, or to commence any investigation (other than a routine letter of inquiry), into the consummation of this Agreement, or (ii) the actual commencement of such an investigation. In the event such a notice of intent is received or such an investigation is commenced, this Agreement may not be terminated by Buyer for a period of ninety (90) days from the date of such notice of intent or notice of commencement, but Closing shall be delayed during such period. This Agreement may be terminated after this ninety (90)-day period if, in the reasonable opinion of Buyer, there is a likely probability that an investigation will result in an action or proceeding of the type described in clause (a) of this Section 8.2; and

(c) At the Closing Date, there shall be no injunction, restraining order or decree of any nature of any Governmental Authority or body in effect which restrains or prohibits the consummation of the sale and purchase of the Acquired Assets contemplated by this Agreement.

8.3 Hart-Scott-Rodino. The waiting period (and any extensions thereof) under the Hart-Scott-Rodino Act shall have expired or otherwise been terminated, and all other authorizations, consents and approvals of Governmental Authority required for consummation of the transactions contemplated hereby shall have been obtained.

8.4 Consents. Sellers shall have obtained the consents set forth on Schedule 3.9 and Schedule 3.10(b), all of which shall be reasonably satisfactory to Buyer in form and substance.

8.5 Title Insurance. Buyer shall have received and be satisfied with the Title Commitments and the Underlying Documents on all Owned Real Property and the Surveys for the Owned Real Property in accordance with the requirements of Section 5.13.

8.6 Real Property Phase I Reports. The Real Property Phase I Reports shall be performed at each Owned Real Property and a copy of the Real Property Phase I Reports shall be satisfactory to Buyer in accordance with the requirements of Section 5.19, and the Environmental Objections identified by Buyer shall be cured or addressed to the sole satisfaction of Buyer pursuant to the provisions of Section 5.19 and/or the parties shall have agreed on an equitable adjustment to the Purchase Price as set forth in Section 5.19.

8.7 Landlord Estoppel Certificates. Sellers shall have obtained and delivered to Buyer an estoppel certificate with respect to each of the Leases dated no more than thirty (30) days prior to the Closing Date, from the other party to such Lease, in form and substance reasonably satisfactory to Buyer.

ARTICLE IX.
INDEMNIFICATION

9.1 Survival; Limitations.

(a) The representations and warranties of the parties contained in or made pursuant to this Agreement shall be deemed to have been made on the date hereof and on the Closing Date, shall survive the Closing Date and shall remain operative and in full force and effect for the period ending 18 months thereafter (the "Survival Period"); provided that if on or prior to the expiration of the Survival Period, a notice of claim for indemnification shall have been given in accordance with Section 9.4 hereof, the indemnified party shall continue to have the right to be indemnified with respect to such indemnification claim until such claim for indemnification has been satisfied or otherwise resolved as provided in this Article IX; and provided further that the representations and warranties contained in, Section 3.16 ('Environmental Matters') and Section 3.19 ('Taxes') shall survive until the expiration of the applicable statute of limitations period plus 90 days and the representations and warranties contained in Sections 3.2 ('Authority Relative to the Agreement'), 3.21 ('Brokers'), 4.2 ('Authority Relative to the Agreement') and 4.8 ('Brokers') and all covenants and agreements made by any party hereunder which are to be performed after the Closing Date shall survive without time limit, with the exception of Sections 9.2(a) and 9.3(a), which shall only remain operative and in full force and effect as long as indemnification with respect to the underlying representation and warranty remains available in accordance with the foregoing provisions of this Section 9.1(a) (including as extended pursuant to the first proviso hereof).

(b) Except for any Loss and Expense (as defined in Section 9.2) suffered by Buyer based on the breach of any representation or warranty contained in Section 3.16 ('Environmental Matters') and Section 3.19 ('Taxes') or resulting from fraud or willful misconduct by Sellers or Morris Communications, Buyer and/or GateHouse Media shall not be entitled to indemnification under this Agreement for any indemnification claim under Section 9.2(a) until the aggregate Loss and Expense suffered by Buyer and/or GateHouse Media subject to indemnification under Section 9.2(a) of this Agreement exceeds $1,000,000 (the "Threshold"). Once the Threshold has been reached, Buyer and/

or GateHouse Media shall be entitled to full indemnification from Sellers pursuant to Section 9.2(a) below for the aggregate amount of Loss and Expense suffered by Buyer and/or GateHouse Media, in excess of the Threshold. Notwithstanding the foregoing, the Threshold shall not apply to any adjustments under Section 1.6, any Loss and Expense suffered by Buyer and GateHouse Media based on any breach of any representation or warranty contained in , Section 3.16 ('Environmental Matters') or Section 3.19 ('Taxes') or resulting from fraud or willful misconduct by Sellers or Morris Communications or to any indemnification claim related to covenants and agreements made by any party hereto which are to be performed after the Closing Date.

(c) Sellers' and Morris Communication's maximum aggregate liability to Buyer and GateHouse Media for indemnification claims under Section 9.2(a) of this Agreement with respect to any Loss and Expense shall be $12.0 million (the "Cap"); provided that the Cap shall not apply to any Loss and Expense suffered by Buyer and GateHouse Media based on any breach of any representation or warranty contained in Section 3.16 ('Environmental Matters') or Section 3.19 ('Taxes') or resulting from fraud or willful misconduct by Sellers or Morris Communications or any covenants and agreements made by any party hereto which are to be performed after the Closing Date. Except with regard to compensation for claims paid to third parties, no indemnifying party shall have any liability to an indemnified party for any punitive, indirect, incidental or consequential damages or loss including, without limitation, loss of revenue or loss of profits.

(d) Except for equitable remedies (including, without limitation, injunctive relief) and in the absence of fraud, the parties hereto acknowledge and agree that the sole and exclusive remedy of the parties, as the case may be, from and after the Closing Date with respect to any Loss and Expense whatsoever and any and all claims for breach or liability under this Agreement or any of the transactions contemplated hereby shall be solely in accordance with, and limited by, the indemnification provisions set forth in this Agreement.

9.2 Indemnification of Buyer and GateHouse Media. Morris Communications and Sellers, jointly and severally agree to indemnify, defend and hold Buyer and GateHouse Media harmless from and against any and all damages, claims, losses, expenses, costs, fines, penalties, obligations and liabilities, including without limitation, liabilities for reasonable attorneys' fees and disbursements net of the benefit of Tax deductions and insurance claims (collectively, "Loss and Expense"), suffered directly or indirectly by Buyer and/or GateHouse Media by reason of, or arising out of:

(a) any breach of any representation or warranty made by Morris Communications or Sellers pursuant to this Agreement, in each case as read without regard to any materiality qualifiers or references to material adverse effect if any single Loss or Expense (or series of related Losses or Expenses in the aggregate) exceeds $50,000 (the "Materiality Threshold"), in which case Buyer and GateHouse Media shall be indemnified from the first dollar of such Loss or Expense; provided however that the Materiality Threshold shall not apply where there are no such qualifiers or references;

(b) any failure by Morris Communications or any of Sellers to perform or fulfill any of their covenants or agreements set forth in this Agreement, in each case as read without regard to any materiality qualifiers or references to material adverse effect if any single Loss or Expense (or series of related Losses or Expenses in the aggregate) exceeds the Materiality Threshold, in which case Buyer and GateHouse Media shall be indemnified from the first dollar of such Loss or Expense; provided however that the Materiality Threshold shall not apply where there are no such qualifiers or references;

(c) any failure by Morris Communications or any of Sellers to pay or perform when due any of their liabilities or obligations arising out of or related to the business and operation of the Publications on or prior to the Closing Date which have not been assumed by Buyer hereunder, including, but not limited to, the Excluded Liabilities;

(d) any litigation, proceeding or claim by any third party relating to the business or operations of the Publications on or prior to the Closing Date which have not been expressly assumed by Buyer;

(e) the Excluded Assets; or

(f) any liability, including but not limited to any liability pursuant to any Environmental Law, arising from or related to conditions or events that occurred prior to the Closing arising from or related to the ownership and/or operation of the Real Property and/or the operations of the Publications on the Real Property on or prior to the Closing Date, and, without limiting the foregoing, any liability with respect to the Operating

Facilities arising from or related to any acts or omissions of Sellers, their Affiliates, and/or any other person under their control after the Closing Date and/or the ownership of the Operating Facilities after the Closing (except to the extent any such liability arises out of, or relates to, and/or results from any acts of Buyer, its Affiliates, and/or any other person under their control after the Closing Date and/or any omissions of Buyer, its Affiliates, and/or any other person under their control with respect to environmental conditions caused by Buyer, its Affiliates, and/or any other person under their control after the Closing Date); provided, however, that Morris Communications and Sellers shall have no liability to the extent such liability results from (i) any changes in use of the Real Property by Buyer after the Closing Date which trigger clean-up standards under Environmental Laws that are more stringent than the clean-up standards applicable based on the use of the Real Property as of the Closing Date and any reasonably foreseeable or related uses and (ii) any changes in Environmental Laws after the Closing Date which result in clean-up standards that are more stringent than the clean-up standards applicable as of the Closing Date with respect to the uses of the Real Property as of the Closing Date and any reasonably foreseeable or related uses; and provided further, however, that the limitations in (i) and (ii) above shall not apply with respect to the Operating Facilities if Buyer's use of an Operating Facility is in accordance with the permitted use set forth in the Operating Lease.

9.3 Indemnification of Sellers and Morris Communications. Buyer and GateHouse Media, jointly and severally, agree to indemnify, defend and hold Sellers and Morris Communications harmless from and against any and all Loss and Expense suffered directly or indirectly by such Sellers and/or Morris Communications by reason of, or arising out of:

(a) any breach of any representation or warranty made by Buyer or GateHouse Media pursuant to this Agreement;

(b) any failure by Buyer or GateHouse Media to perform or fulfill any of their covenants or agreements set forth in this Agreement;

(c) any failure by Buyer or GateHouse Media to pay or discharge on or subsequent to the Closing Date any Assumed Liabilities hereunder or any liabilities or obligations, but not including any liabilities or obligations that are Excluded Liabilities, arising out of or related to the business of the Publications incurred or first required to be performed by Buyer or GateHouse Media after the Closing Date;

(d) any litigation, proceeding or claim by any third party relating to the business or operation of the Publications after the Closing Date, but not including any litigation, proceedings or claims that are Excluded Liabilities; or

(e) claims made by New Employees with respect to termination of employment by Buyer after the Closing Date, including, but not limited to, any claims for improper termination or severance payments.

9.4 Notice of Claims. If any party to the Agreement believes that it has suffered or incurred any Loss and Expense, it shall notify the other party(ies) promptly in writing and within the applicable time period specified in Section 9.1, describing such Loss and Expense, the amount thereof, if known, and the method of computation of such Loss and Expense, all with reasonable particularity and containing a reference to the provisions of this Agreement in respect of which such Loss and Expense shall have occurred; provided, however, that the amount of the Loss and Expense set forth in the notice shall not be a limitation on any claim for the actual amount of such Loss and Expense.

9.5 Defense of Third Party Claims. If any action at law or suit in equity is instituted by a third party (a "Claim") with respect to which any of the parties intends to claim a Loss and Expense under this Article IX, such party shall promptly notify the indemnifying party(ies) of such action or suit. The indemnifying party(ies) shall have the right to conduct and control any Claim through counsel of its own choosing, but the indemnified party may, at its election, participate in the defense of any such Claim at its sole cost and expense. If the indemnifying party(ies) does not notify the indemnified party within 10 days after receipt of the notice specified in this Section 9.5 that it is defending any such Claim, then the indemnified party may defend such Claim, and settle such Claim, through counsel of its own choosing, and recover from the indemnifying party the amount of any such settlement or of any judgment and the costs and expenses of such defense, including, but not limited to, reasonable attorneys' fees and disbursements.

Notwithstanding the foregoing, the failure by a party to abide by these terms and conditions shall not affect the other party's obligations to indemnify such party against Loss and Expense under this Article IX, except to the extent the indemnifying party(ies) is actually prejudiced thereby.

ARTICLE X.
MISCELLANEOUS PROVISIONS

10.1 Risk of Loss. The risk of any loss, damage or destruction to any of the Acquired Assets to be transferred to Buyer hereunder from any cause shall be borne by Sellers at all times prior to the Closing hereunder. Upon the occurrence of any loss or damage in excess of $100,000 to any of the Acquired Assets to be transferred hereunder prior to the Closing, Sellers shall notify Buyer of same in writing immediately stating with particularity the extent of the loss or damage incurred, the cause thereof if known and the extent to which restoration, replacement and repair of the Acquired Assets lost or destroyed will be reimbursed under any insurance policy with respect thereto. In the event the loss exceeds $1,000,000 and the Acquired Assets cannot be substantially repaired or restored within ninety (90) days after such loss, or, without regard to the amount or duration of such loss, if production of any publication is interrupted for three (3) consecutive days resulting in a loss or expected loss of revenues following the Closing Date of $1,000,000 or more, Buyer shall have the option, exercisable by giving written notice to Sellers within 30 days after such loss, to:

(a) Accept alternative arrangements proposed by Sellers to provide Buyer the full economic benefit of the ownership of the effected Acquired Assets or Publications;

(b) Remove such particular Acquired Assets or the entire Publication with an equitable adjustment to the Purchase Price, in an amount subject to the reasonable consent of Sellers;

(c) If such loss is a Material Adverse Event, either:

(i) Terminate this Agreement unless the parties can agree to an equitable adjustment to the Purchase Price;

(ii) Postpone the Closing until such time as the Acquired Assets have been substantially repaired, replaced or restored; or

(d) Elect to consummate the Closing and accept the Acquired Assets in their “then” condition, in which event Sellers shall assign to Buyer all rights under any insurance claim covering the loss and pay over to Buyer any proceeds under any such insurance policy thereto received by Sellers with respect thereto.

10.2 Termination of Agreement. This Agreement may be terminated by Sellers or Buyer at any time prior to the Closing Date:

(a) By the mutual consent of the parties hereto;

(b) Subject to extension under Section 7.2(b), by Sellers and Morris Communications if any of the conditions provided in Article VII hereof has not been timely met and cannot be met on or before October 31, 2017 (in each case other than as a result of a breach of this Agreement by Sellers or Morris Communications) and has not been waived, provided Sellers or Morris Communications is not then in material breach of this Agreement;

(c) Subject to extension under Section 8.2(b), by Buyer and GateHouse Media if any of the conditions provided in Article VIII hereof has not been timely met by and cannot be met on or before October 31, 2017 (in each case other than as a result of a breach of this Agreement by Buyer or GateHouse Media) and has not been waived, provided Buyer or GateHouse Media is not then in material breach of this Agreement;

(d) As provided in Sections 1.4, 5.13, 5.19 or 10.1;

(e) By Buyer if any amendment, update or supplement made by Sellers and/or Morris Communications after the date hereof to the Schedules delivered to them by or on behalf of Seller pursuant to this Agreement or any materials supplementally delivered by or on behalf of Sellers and/or Morris Communications discloses any facts or circumstances which, individually or in the aggregate, which have, or may be reasonably expected to have, a Material Adverse Effect; or

(f) By either Buyer or Sellers if the Closing has not occurred prior to October 31, 2017 and the other Party has not provided notice of an intention to pursue a claim for a breach of this Agreement by the terminating Party.

10.3 Liabilities Upon Termination. In the event this Agreement is terminated pursuant to Section 10.2 above, no party hereto shall have any liability to any other party for costs, expenses, damages, loss of anticipated profits or otherwise, unless the termination occurs because of a willful and intentional breach by such party.

10.4 Expenses. Except as otherwise provided herein, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby will be paid by the party incurring such costs and expenses. Any sales or use Taxes or recording or transfer Taxes or fees directly related to transferring the Acquired Assets to Buyer (“Transfer Taxes”) shall be paid by Buyer. The cost of title insurance for the Real Property purchased by Buyer hereunder shall be paid by Buyer.

10.5 Employees and Employee Benefits.

(a) Buyer hereby agrees to offer employment, effective the day after the Closing Date, to all individuals who are, on the Closing Date, active, full or part-time Publication Employees (including employees on short-term leave). With respect to each such Publication Employee to whom Buyer offers employment, Buyer shall offer to employ such person at a rate of total compensation substantially similar as that which was paid to such Publication Employee immediately prior to Closing. Each Publication Employee of Sellers who accepts employment with Buyer on the Closing Date is hereinafter referred to as a “New Employee”.

(b) Except as set forth in subsection (a) above, Buyer, in its sole discretion, shall determine what employee benefits will be made available to New Employees; provided, however, that Buyer (i) will offer medical coverage to New Employees immediately after the Closing Date, with such coverage to be effective as of the first day of the month following the Closing Date if the Closing Date occurs on or before the 13th day of the month, or otherwise on the first day of the second month following the Closing Date (i.e., November 1st for an October 2nd Closing Date, or December 1st for an October 15th Closing Date; such date the “Coverage Effective Date”); (ii) shall waive for New Employees, to the extent permitted by Buyer’s health plans, any pre-existing condition limitations and waiting periods that may apply under such health plans; and (iii) shall recognize New Employees’ service with Sellers or any of their respective Affiliates as if it were service with Buyer for purposes of satisfying any vesting requirements under any benefit plans offered by Buyer (but not for purposes of benefit accrual or for determining the amount of benefits payable under any benefit plan other than a vacation plan). (c) From the Closing Date until the Coverage Effective Date described in Section 10.5(b) (the “Extended Coverage Period”), Sellers and Morris Communications shall cover the New Employees (and their eligible dependents) under Sellers’ Employee Benefit Programs listed on Schedule 10.5(c), provided, however, that Sellers and Morris Communications shall not be financially responsible for any such coverage or claim incurred during the Extended Coverage Period. Buyer shall pay all expenses associated with coverage of the New Employees (and their eligible dependents) under Sellers' Employee Benefit Programs during the Extended Coverage Period, including, but not limited to, any allocable share of any broker's or agent's fees, costs of any third party administrator, or premiums paid to any stop-loss provider attributable to the New Employees during the Extended Coverage Period. The New Employees shall remit to Buyer for Buyer's account the New Employee's normal (i.e., pre-Closing Date) portion of the "premium" payable under each such Employee Benefit Program during the Extended Coverage Period. Buyer shall reimburse Sellers for any insurance premium paid by Sellers for such coverage provided to New Employees during the Extended Coverage Period and for any group health plan claim incurred by a New Employee (or individual covered through a New Employee) during the Extended Coverage Period and paid by Sellers after the Closing Date under an Employee Benefit Program with respect to a New Employee (or individual covered through a New Employee). The amount of reimbursement owed by Buyer with respect to a claim shall be reduced by the amount of any reimbursement Sellers or Morris Communications receives from a stop-loss insurance carrier in connection with the claim. Buyer shall reimburse Sellers within 30 days after receiving an invoice from Sellers, accompanied by reasonable documentation of claim amounts paid. Before invoicing Buyer, Seller shall take all necessary action to obtain reimbursement from its stop-loss insurance carrier with respect to a claim incurred by a New Employee during the Extended Coverage Period and shall promptly forward to Buyer any stop-loss recovery Seller receives on such a claim after Buyer has paid Seller for such claim. For purposes of clarity, a claim shall be considered incurred when the treatment for a given condition is provided, and not when the condition arose. Sellers and Morris Communications shall retain responsibility for all claims incurred prior to or on the Closing Date.

(d) Buyer maintains a health care and dependent care flexible spending account arrangement pursuant to Section 125 and 129 of the Code (collectively, "FSAs"). Effective as of the Coverage Effective Date, Buyer will honor the elections of all New Employees under Sellers' FSAs as in effect immediately prior to the Coverage Effective Date, and Buyer will assume responsibility for administering under Buyer's FSAs all reimbursement claims of the New Employees with respect to the calendar year in which the Closing Date occurs that are submitted to Buyer for payment on or after the Coverage Effective Date, whether arising before, on or after the Coverage Effective Date. As soon as practicable but no more than forty-five (45) days following the Coverage Effective Date, Sellers will cause to be transferred to Buyer an amount in cash equal to (i) the sum of all contributions by or on behalf of the New Employees to Sellers' FSAs with respect to the calendar year in which the Closing Date occurs and made prior to the Coverage Effective Date, reduced by (ii) the sum of (A) all claims incurred in the calendar year in which the Closing Date occurs that are submitted to Seller for payment prior to the Closing Date and paid by the FSAs of Seller or its Affiliates with respect to such New Employees prior to the date of such cash transfer to Buyer plus (B) the amount of contributions collected by Buyer from New Employees for their FSA participation during the Extended Coverage Period; provided, however, if this calculation results in a negative number, then Buyer will pay to Sellers as soon as practicable but not more than forty-five (45) days following the Coverage Effective Date, the amount by which (ii) exceeds (i). Effective as of the Coverage Effective Date, Sellers shall provide Buyer with such information as is necessary for Buyer to establish FSAs for such New Employees, including, but not limited to, each such New Employee's annual FSA election amount and account balance as of the Coverage Effective Date.

(e) As soon as administratively practicable after the Closing Date, Buyer shall establish a 401(k) plan, or cause an existing 401(k) plan, to cover the New Employees, subject to contrary collective bargaining agreement provisions (if any) applicable to New Employees after the Closing Date. Buyer shall permit such New Employees to rollover any eligible rollover (excluding distribution of loan notes) distribution from Sellers' 401(k) plan to its 401(k) plan.

(f) Notwithstanding the foregoing, nothing contained herein shall (i) be treated as an amendment to any particular employee benefit plan, (ii) obligate Buyer or any of its Affiliates to (A) maintain any particular benefit plan or (B) retain the employment of any particular employee (in general or at a particular rate of compensation), or (iii) give any third party the right to enforce any of the provisions of this Agreement. Buyer retains all rights to amend or terminate any of its benefit programs in its sole discretion.

(g) Buyer shall be responsible for any obligations under federal, state or local plant closing statutes, including the Worker Adjustment and Retraining Notification Act of 1988, as amended ("WARN Act"), with respect to events occurring after the Closing Date other than any such obligations arising from the consummation of the transactions contemplated by this Agreement.

(h) Sellers and Morris Communications shall be responsible for and timely pay all compensation owed to New Employees and shall be responsible for and timely provide New Employees with all benefits owed under the Employee Benefit Programs through the Closing Date, or Coverage Effective Date, as applicable. Sellers and Morris Communications will retain all of the Employee Benefit Programs, including all employee benefit plans and pension plans, and Buyer will not assume obligations under any such programs, except as expressly described herein. Sellers shall take all necessary and appropriate action to ensure that New Employees will not continue to be active participants in the Employee Benefit Programs after the Closing Date or Coverage Effective Date, as applicable. Sellers and Morris Communications shall be fully and solely responsible for any costs, expenses, obligations and liabilities arising out of the pension, retirement or other benefit obligations attributable to the Employee Benefit Programs and Sellers' current or former employees related to the period on or prior to the Closing Date.

10.6 Further Assurances and Consents.

(a) To the extent Buyer and GateHouse Media have proceeded with Closing notwithstanding the failure of Sellers or Morris Communications to effect the deliveries contemplated by Sections 8.1(b) or 8.4, from time to time after the Closing Date, without further consideration, Sellers and Morris Communications will, at their expense, (i) execute and deliver, or cause to be executed and delivered, such documents to Buyer and GateHouse Media as Buyer and GateHouse Media may reasonably request in order to effectively vest in Buyer good and valid (and, in the case of Real Property, good and marketable) title to the Acquired Assets, and (ii) subject to Section 5.6(b), use reasonable efforts to obtain any third-party consents to the assignment to Buyer of the Material Contracts which require the consent of any third party by reason of the transactions provided for in this Agreement and which were not obtained by Sellers or Morris Communications on or before the Closing Date.

(b) From time to time after the Closing Date, Buyer will provide Sellers with access, with reasonable prior notice and during normal business hours, to the financial records of the Publications related to the period on or prior to the Closing Date for use by Sellers in connection with Tax and/or legal proceedings related to the operation of the Publications on or prior to the Closing Date. Buyer agrees to maintain all Tax records related to the Publications for all Tax years that remain open as of the Closing Date unless and until (i) Sellers notify Buyer in writing that any such Tax year(s) has (have) been closed or (ii) Buyer has given Sellers prior written notice of its intent to destroy such records and Sellers have not reasonably and promptly requested that such records not be destroyed.

(c) If, in order to properly prepare its financial statements or documents to be filed with any Governmental Authority, it is necessary that any party hereto be furnished with additional information relating to the Acquired Assets or the Publications and such information is in the possession of any of the other parties hereto, such party or parties agree to use its/their best efforts to furnish such information to the requesting party without cost or expense to the requesting party, unless it is necessary for such party or parties to incur third party expenses (e.g. legal or accounting fees) in connection with such request in which case the requesting party shall reimburse the furnishing party for such third party expenses. After the Closing Date, except to the extent otherwise noted, each of the parties hereto, shall, to the extent reasonably requested by any other party hereto: (i) assist in the preparation of Tax Returns relating to the Acquired Assets and/or the Publications, (ii) cooperate in preparing any audits by or disputes with any Governmental Authority, including but not limited to, regarding any Tax Returns, (iii) at any time after the execution of this Agreement, assist in the preparation of audited financial statements to the extent they relate to, incorporate or rely upon any information regarding the Acquired Assets and/or the Publications, including but not limited to providing relevant work papers and any certification or representation reasonably requested, (iv) make available information, records and documents relating to Taxes relating to the Acquired Assets and/or the Publications (provided that each party shall have the right to reasonably limit contact and communications to specific individuals within their respective companies), and (v) furnish copies of correspondence received from any Governmental Authority in connection with any Tax audit or information request relating to the Acquired Assets and/or the Publications.

(d) Each of Buyer and GateHouse Media, on the one hand, and Sellers and Morris Communications on the other hand, shall use its reasonable commercial efforts, and shall cause its respective Affiliates to use their reasonable commercial efforts, to consummate the transactions contemplated by this Agreement as soon as practicable following the date hereof. Each of Buyer and GateHouse Media, on the one hand, and Sellers and Morris Communications on the other hand, shall cooperate with the other party, and use all reasonable commercial efforts, to (a) procure all necessary and appropriate applications, notifications, filings and certifications, and satisfy all requirements prescribed by applicable law, rule on regulation for, and all conditions set forth in this Agreement to, the consummation of the Transactions contemplated hereby or thereby, and (b) effect the transactions contemplated by this Agreement at the earliest practicable date consistent with the terms hereof. Without limiting the generality of the foregoing, each of Buyer and GateHouse Media, on the one hand, and Sellers and Morris Communications on the other hand, shall (i) cooperate in good faith and take all actions necessary, appropriate or advisable to file expeditiously and diligently with the Federal Trade Commission and the Department of Justice the materials required pursuant to the Hart-Scott-Rodino Act, (ii) use its reasonable commercial efforts to prosecute such filings and respond to inquiries related to a favorable conclusion, and (iii) not extend any waiting period under the Hart-Scott-Rodino Act or enter into any agreement not to consummate the transactions contemplated by this Agreement, except with the prior written consent of the other party. In addition, subject to Sections 5.7 and 10.18 and except as prohibited by applicable law, rule or regulation, each of Buyer and GateHouse Media, on the one hand, and Sellers and Morris Communications on the other hand, shall (x) promptly notify the other party of any written communication to such party from any Governmental Authority regarding antitrust matters and permit such other party to review in advance any proposed written communication to any such Governmental Authority, and (y) not participate in any meetings or substantive discussions with any Governmental Authority with respect to antitrust matters without offering the other party a meaningful opportunity to participate in such meetings or discussions.

(e) If the parties are not able to agree upon the Transition Services Agreements prior to the Closing, Morris Communications and Sellers shall provide to Buyer transition services as and to the extent reasonably requested by Buyer, at Buyer's cost (which shall be equal to Sellers' cost), pending the execution of the Transition Services Agreements, if any.

10.7 Waiver of Compliance. Except as otherwise provided in this Agreement, any failure of any of the parties to comply with any obligation, representation, warranty, covenant, agreement or condition herein may be waived only by a written instrument signed by the party granting the waiver. Any such waiver or failure to insist upon strict compliance with a term of this Agreement shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure to comply.

10.8 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given when delivered by hand or by facsimile transmission or mailed by registered or certified mail (return receipt requested), postage prepaid, to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) If to Sellers, to:

Morris Publishing Group, LLC
725 Broad Street
Augusta, Georgia 30901
Attn: William S. Morris IV
Fax No. 706-722-7125

with a copy to:

Hull Barrett, PC
801 Broad Street, 7th Floor
Augusta, Georgia 30901
Attn: Mark S. Burgreen
Facsimile: 706-722-9779

(b) If to Buyer:

GateHouse Media Management Services, Inc.
175 Sully's Trail, 3rd Floor
Pittsford, New York 14534
Attn: Jay Fogarty
Fax No. 585-248-2631

with a copy to:

GateHouse Media, LLC
175 Sully's Trail, 3rd Floor
Pittsford, New York 14534
Attn: Polly Grunfeld Sack
General Counsel
Fax No. (585) 248-9562

(a) If to Morris Communications:

Morris Communications Company, LLC
725 Broad Street
Augusta, Georgia 30901
Attn: William S. Morris IV
Fax No. 706-722-7125

with a copy to:

Hull Barrett, PC
801 Broad Street, 7th Floor
Augusta, Georgia 30901
Attn: Mark S. Burgreen
Facsimile: 706-722-9779

10.9 Assignment. This Agreement and all of its terms shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns. Prior to the Closing, this Agreement shall not be assigned by any party hereto without the prior written consent of the other parties.

10.10 Governing Law10.10 Governing Law. This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of New York without reference to the choice of law principles thereof. This Agreement sets forth the entire understanding of the parties, and supersedes any and all prior agreements, arrangements and understandings, written or oral, relating to the subject matter hereof and shall be governed and construed under the laws of the State of New York. Any action or proceeding involving this Agreement shall be adjudicated in a court with jurisdiction in Monroe County, New York and the parties irrevocably consent to the personal jurisdiction and venue of such court.

10.11 Public Announcements. Prior to the Closing, except as required by applicable law, rule or regulation, no public announcement (including an announcement to employees), press release or other disclosure to third parties concerning this Agreement or the transactions provided for herein shall be made by any party without the prior written approval of the other parties, which shall not be unreasonably withheld, conditioned or delayed. With respect to any disclosures required by applicable law, rule or regulation, including disclosure requirements under applicable securities laws and Current Reports on Form 8-K under the Exchange Act, each party will consult with the other party and allow the other party to review the proposed disclosure prior to making any such disclosures.

10.12 No Third Party Rights. Nothing in this Agreement shall be deemed to create any right on the part of any person or entity not a party to this Agreement.

10.13 Waiver of Jury Trial. The parties hereto specifically waive any right to trial by jury in any court with respect to any contractual, tortious or statutory claim, counterclaim or crossclaim against the other arising out of or connected in any way to this Agreement because the parties hereto, each of whom are represented by counsel, believe that the complex commercial aspects of their dealing with one another make a jury determination neither desirable nor appropriate.

10.14 Counterparts. This Agreement may be executed via e-mail or facsimile and/or in identical counterparts and each counterpart hereof shall be deemed to be an original instrument, but all counterparts hereof taken together shall constitute a single document.

10.15 Headings. The article and section headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

10.16 Specific Performance. Except as provided in Section 10.3, without limiting or waiving in any respect any rights or remedies of any of the parties hereto given under this Agreement, or now or hereafter existing at law or in equity or by statute, each of the parties hereto shall be entitled to seek specific performance of the obligations to be performed by any other party hereto, as the case may be, in accordance with the provisions of this Agreement.

10.17 Severability. If any provision of this Agreement or the application of any such provision to any person or circumstance shall be held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

10.18 Entire Agreement; Amendments. This Agreement, including the Exhibits and the Schedules delivered pursuant hereto and the documents delivered hereunder, embodies the entire agreement and understanding of the parties in respect of the subject matter hereof, and supersedes all prior agreements and understandings between the parties. This Agreement may not be amended except in a writing signed by both parties; provided, however, that the terms of that certain Confidentiality Agreement dated May 26, 2017 between Sellers and GateHouse Media shall continue to be in force and effect in accordance with its terms. The parties have caused this Agreement to be signed by their respective duly authorized officers as of the date first above written.

10.19 Guaranties.

(a) Morris Communications hereby guarantees to Buyer and GateHouse Media, as a primary obligor, payment and performance by Sellers of their obligations under this Agreement and under each of the other agreements contemplated hereunder to which Sellers are a party (including without limitation, all amendments hereof and thereof), in each case, subject to the terms, conditions and limitations hereof and thereof. Morris Communications hereby waives suretyship defenses, demand, payment, protest and notice of dishonor or nonperformance of any such obligations (other than any copies of notices required to be delivered under this Agreement to Morris Communications), and no consent of Morris Communications shall be required with respect to any amendment or waiver of this Agreement (other than this Section 10.19) that is effected in accordance with this Agreement. The liability of Morris Communications under this Agreement by reason of this Section 10.19 is primary, and neither Buyer nor GateHouse Media shall be required to make any demand on Sellers for performance of any of its obligations under this Agreement, nor to exhaust any legal, contractual or equitable remedies against Sellers, prior to proceeding against Morris Communications.

(b) GateHouse Media hereby guarantees to Sellers, as a primary obligor, payment and performance by Buyer of its obligations under this Agreement and under each of the other agreements contemplated hereunder to which Buyer is a party (including without limitation, all amendments hereof and thereof), in each case, subject to the terms, conditions and limitations hereof and thereof. GateHouse Media hereby waives suretyship defenses, demand, payment, protest and notice of dishonor or nonperformance of any such obligations (other than any copies of notices required to be delivered under this Agreement to GateHouse Media), and no consent of GateHouse Media shall be required with respect to any amendment or waiver of this Agreement (other than this Section 10.19) that is effected in accordance with this Agreement. The liability of GateHouse Media under this Agreement by reason of this Section 10.19 is primary, and neither Sellers nor Morris Communications shall be required to make any demand on Buyer for performance of any of its obligations under this Agreement, nor to exhaust any legal, contractual or equitable remedies against Buyer, prior to proceeding against GateHouse Media.

10.20 Knowledge. For all purposes hereunder, “to the knowledge of Morris Communications or Sellers” (or words of like import) shall mean to the actual knowledge of each of William S. Morris III, William S. Morris IV or Craig S. Mitchell in each case after due inquiry; and "to the knowledge of GateHouse Media or Buyer" (or words of like import) shall mean to the actual knowledge of each of Michael Reed, Gregory Freiberg, Jay Fogarty or Polly Grunfeld Sack, in each case after due inquiry.

{Signature page follows}

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, which is effective as of the date first written above.

SELLERS:

MORRIS PUBLISHING GROUP, LLC

By: /s/ William S. Morris III
Name: William S. Morris III
Title: Chairman

ATHENS NEWSPAPERS, LLC

By: /s/ William S. Morris III
Name: William S. Morris III
Title: Chairman

HOMER NEWS, LLC

By: /s/ William S. Morris III
Name: William S. Morris III
Title: Chairman

LOG CABIN DEMOCRAT, LLC

By: /s/ William S. Morris III
Name: William S. Morris III
Title: Chairman

SOUTHEASTERN NEWSPAPERS COMPANY, LLC

By: /s/ William S. Morris III
Name: William S. Morris III
Title: Chairman

SOUTHWESTERN NEWSPAPERS COMPANY, L.P.
By Morris Publishing Group, LLC as its General Partner

By: /s/ William S. Morris III
Name: William S. Morris III
Title: Chairman

THE SUN TIMES, LLC

By: /s/ William S. Morris III
Name: William S. Morris III
Title: Chairman

MORRIS COMMUNICATIONS COMPANY, LLC

By: /s/ William S. Morris III
Name: William S. Morris III
Title: Chairman

BUYER:
GATEHOUSE MEDIA MANAGEMENT SERVICES, INC.

By: /s/ Michael E. Reed
Name: Michael E. Reed
Title: Director

GATEHOUSE MEDIA, LLC

By: /s/ Michael E. Reed
Name: Michael E. Reed
Title: Director

Exhibit A
Publications

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Section 3: EX-31.1 (EXHIBIT 31.1)

Exhibit 31.1

Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer

I, Michael E. Reed, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended September 24, 2017 of New Media Investment Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant

role in the registrant’s internal control over financial reporting.

Date: October 26, 2017

/s/ Michael E. Reed

Michael E. Reed
Chief Executive Officer
(Principal Executive Officer)

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Section 4: EX-31.2 (EXHIBIT 31.2)

Exhibit 31.2

Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer

I, Gregory W. Freiberg, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended September 24, 2017 of New Media Investment Group Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 26, 2017

/s/ Gregory W. Freiberg

Gregory W. Freiberg
Chief Financial Officer
(Principal Financial Officer)

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Section 5: EX-32.1 (EXHIBIT 32.1)

Exhibit 32.1

SECTION 1350 CERTIFICATIONS

In connection with the Quarterly Report on Form 10-Q of New Media Investment Group Inc. (the “Company”) for the quarterly period ended September 24, 2017, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Michael E. Reed, as Principal Executive Officer of the Company, and Gregory W. Freiberg, as Principal Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002 (“Section 906”), that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Michael E. Reed

Name:	Michael E. Reed
Title:	Chief Executive Officer (Principal Executive Officer)
Date:	October 26, 2017

/s/ Gregory W. Freiberg

Name:	Gregory W. Freiberg
Title:	Chief Financial Officer (Principal Financial Officer)
Date:	October 26, 2017

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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