New Media Investment Group Inc.
Form 10-Q
October 29, 2015

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-Q**

**(Mark One)**

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

**For the quarterly period ended September 27, 2015**

**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, 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 x 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 x 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 x | Smaller reporting company ¨ |

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

As of October 27, 2015, 44,710,497 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 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, market and political conditions;
- our ability to grow our digital business and digital audience and advertiser base;
- 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 ability to pay dividends consistent with prior practice or at all;
- our ability to realize the benefits of the Management Agreement (as defined below);
- the competitive environment in which we operate;
- 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 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.

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**Item 1. Financial Statements**

**NEW MEDIA INVESTMENT GROUP INC. AND SUBSIDIARIES**

**Condensed Consolidated Balance Sheets**

**(In thousands, except share data)**

| | September 27, 2015 (unaudited) | December 28, 2014 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 30,330 | $ 123,709 |
| Restricted cash | 6,967 | 6,467 |
| Accounts receivable, net of allowance for doubtful accounts of $5,228 and $3,462 at September 27, 2015 and December 28, 2014, respectively | 130,905 | 80,151 |
| Inventory | 18,404 | 9,824 |
| Prepaid expenses | 13,505 | 9,129 |
| Deferred income taxes | 4,541 | 4,269 |
| Other current assets | 11,484 | 10,632 |
| Total current assets | 216,136 | 244,181 |
| Property, plant, and equipment, net of accumulated depreciation of $78,980 and $40,172 at September 27, 2015 and December 28, 2014, respectively | 438,260 | 283,786 |
| Goodwill | 177,569 | 134,042 |
| Intangible assets, net of accumulated amortization of $19,785 and $7,709 at September 27, 2015 and December 28, 2014, respectively | 343,728 | 156,742 |
| Deferred financing costs, net | 3,247 | 3,252 |
| Other assets | 2,336 | 3,092 |
| Total assets | $ 1,181,276 | $ 825,095 |
| **LIABILITIES AND STOCKHOLDERS EQUITY** | | |
| Current liabilities: | | |
| Current portion of long-term liabilities | $ 618 | $ 650 |
| Current portion of long-term debt | 3,509 | 2,250 |
| Accounts payable | 17,827 | 9,306 |
| Accrued expenses | 91,430 | 47,061 |
| Deferred revenue | 66,527 | 35,806 |
| Total current liabilities | 179,911 | 95,073 |
| Long-term liabilities: | | |
| Long-term debt | 368,755 | 219,802 |
| Long-term liabilities, less current portion | 8,244 | 5,609 |
| Deferred income taxes | 8,265 | 7,090 |
| Pension and other postretirement benefit obligations | 12,301 | 13,394 |

| | | |
|---|---|---|
| Total liabilities | 577,476 | 340,968 |
| Stockholders equity: | | |
| Common stock, $0.01 par value, 2,000,000,000 shares authorized at September 27, 2015 and December 28, 2014; 44,710,497 and 37,466,495 issued and outstanding at September 27, 2015 and December 28, 2014, respectively | 445 | 375 |
| Additional paid-in capital | 605,917 | 484,220 |
| Accumulated other comprehensive loss | (4,399) | (4,469) |
| Retained earnings | 1,837 | 4,001 |
| Total stockholders equity | 603,800 | 484,127 |
| Total liabilities and stockholders equity | $ 1,181,276 | $ 825,095 |

See accompanying notes to unaudited condensed consolidated financial statements.

**NEW MEDIA INVESTMENT GROUP INC. AND SUBSIDIARIES**

**Unaudited Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)**

**(In thousands, except share and per share data)**

| | Three months ended September 27, 2015 | Three months ended September 28, 2014 | Nine months ended September 27, 2015 | Nine months ended September 28, 2014 |
|---|---|---|---|---|
| Revenues: | | | | |
| Advertising | $ 178,964 | $ 96,761 | $ 500,105 | $ 275,220 |
| Circulation | 100,442 | 49,802 | 273,255 | 140,274 |
| Commercial printing and other | 32,650 | 18,497 | 88,806 | 50,033 |
| Total revenues | 312,056 | 165,060 | 862,166 | 465,527 |
| Operating costs and expenses: | | | | |
| Operating costs | 175,758 | 94,070 | 476,830 | 266,540 |
| Selling, general, and administrative | 99,863 | 54,014 | 288,660 | 156,241 |
| Depreciation and amortization | 18,213 | 10,879 | 51,301 | 30,822 |
| Integration and reorganization costs | 1,638 | 1,133 | 5,221 | 1,970 |
| Loss on sale or disposal of assets | 1,936 | 386 | 3,407 | 1,074 |
| Operating income | 14,648 | 4,578 | 36,747 | 8,880 |
| Interest expense | 7,655 | 4,374 | 21,888 | 12,006 |
| Amortization of deferred financing costs | 165 | 145 | 2,547 | 903 |
| Loss on early extinguishment of debt | | | | 9,047 |
| Other expense (income) | 10 | (3) | (8) | (111) |
| Income (loss) before income taxes | 6,818 | 62 | 12,320 | (12,965) |
| Income tax expense | 710 | 4,770 | 1,083 | 1,703 |
| Net income (loss) | $ 6,108 | $ (4,708) | $ 11,237 | $ (14,668) |
| Income (loss) per share: | | | | |
| Basic: | | | | |
| Net income (loss) | $ 0.14 | $ (0.15) | $ 0.25 | $ (0.49) |
| Diluted: | | | | |
| Net income (loss) | $ 0.14 | $ (0.15) | $ 0.25 | $ (0.49) |
| Dividends declared per share | $ 0.33 | $ 0.27 | $ 0.96 | $ 0.27 |
| Comprehensive income (loss) | $ 6,132 | $ (4,708) | $ 11,307 | $ (14,668) |

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 | | | Accumulated other comprehensive | | |
|---|---|---|---|---|---|---|
| | Shares | Amount | Additional paid-in capital | income (loss) | Retained earnings | Total |
| Balance at December 29, 2014 | 37,466,495 | $ 375 | $ 484,220 | $ (4,469) | $ 4,001 | $ 484,127 |
| Net income | | | | | 11,237 | 11,237 |
| Net actuarial loss and prior service cost, net of income taxes of $0 | | | | 70 | | 70 |
| Restricted share grants | 244,002 | | 225 | | | 225 |
| Non-cash compensation expense | | | 910 | | | 910 |
| Issuance of common stock, net of underwriter s discount | 7,000,000 | 70 | 150,059 | | | 150,129 |
| Common stock cash dividend | | | (29,497) | | (13,401) | (42,898) |
| Balance at September 27, 2015 | 44,710,497 | $ 445 | $ 605,917 | $ (4,399) | $ 1,837 | $ 603,800 |

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 27, 2015 | Nine months ended September 28, 2014 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income (loss) | $ 11,237 | $ (14,668) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | |
| Depreciation and amortization | 51,301 | 30,822 |
| Amortization of deferred financing costs | 490 | 903 |
| Loss on derivative instruments | | (25) |
| Non-cash compensation expense | 910 | 40 |
| Non-cash interest expense | 1,598 | 484 |
| Non-cash loss on early extinguishment of debt | | 5,949 |
| Deferred income taxes | 903 | 1,703 |
| Loss on sale or disposal of assets | 3,407 | 1,074 |
| Pension and other postretirement benefit obligations | (1,055) | (1,366) |
| Changes in assets and liabilities: | | |
| Accounts receivable, net | 12,852 | 7,718 |
| Inventory | 1,038 | (56) |
| Prepaid expenses | 1,403 | 1,195 |
| Other assets | (1,128) | (401) |
| Accounts payable | (6,847) | (4,270) |
| Accrued expenses | 28,533 | (6,087) |
| Deferred revenue | (2,345) | 357 |
| Other long-term liabilities | 2,533 | 611 |
| Net cash provided by operating activities | 104,830 | 23,983 |
| Cash flows from investing activities: | | |
| Purchases of property, plant, and equipment | (6,385) | (3,018) |
| Proceeds from sale of publications and other assets | 1,381 | 853 |
| Acquisitions, net of cash acquired | (430,126) | (71,822) |
| Net cash used in investing activities | (435,130) | (73,987) |
| Cash flows from financing activities: | | |
| Payment of debt issuance costs | (529) | (4,546) |
| Borrowings under term loans | 122,872 | 217,775 |
| Borrowings under revolving credit facility | 84,000 | 22,068 |
| Repayments under term loans | (2,258) | (157,999) |
| Repayments under revolving credit facility | (74,000) | (32,068) |
| Payment of offering costs | (1,343) | (607) |

| | | | | |
|---|---|---|---|---|
| Issuance of common stock, net of underwriter s discount | | 150,866 | | 116,737 |
| Payment of dividends | | (42,687) | | (8,104) |
| Net cash provided by financing activities | | 236,921 | | 153,256 |
| Net (decrease) increase in cash and cash equivalents | | (93,379) | | 103,252 |
| Cash and cash equivalents at beginning of period | | 123,709 | | 31,811 |
| Cash and cash equivalents at end of period | $ | 30,330 | $ | 135,063 |

See accompanying notes to unaudited condensed consolidated financial statements.

**NEW MEDIA INVESTMENT GROUP INC. AND SUBSIDIARIES**

**Notes to Unaudited Condensed Consolidated Financial Statements**

**(In thousands, except share and per share data)**

**(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 28, 2014, 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, formerly known as GateHouse Media, Inc. ( GateHouse or Predecessor ), was formed as a Delaware corporation on June 18, 2013. New Media was capitalized and issued 1,000 common shares to Newcastle Investment Corp. ( Newcastle ). 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. New Media had no operations until November 26, 2013, when it assumed control of GateHouse and Local Media Group Holdings LLC ( Local Media Parent ). The Predecessor and certain of its subsidiaries (collectively, the Debtors ) filed voluntary petitions under Chapter 11 of title 11 of the U.S. Bankruptcy Code (the Bankruptcy Code ), in the U.S. Bankruptcy Court for the District of Delaware (the Bankruptcy Court ) on September 27, 2013. On November 6, 2013 (the Confirmation Date ), the Bankruptcy Court confirmed the plan of reorganization (the Plan ) and on November 26, 2013 (the Effective Date ), the Debtors emerged from Chapter 11.

Local Media Parent, a wholly owned subsidiary of Newcastle, acquired Local Media Group, Inc. ( Local Media ), a publisher of daily and weekly newspaper publications, on September 3, 2013. Subject to the terms of the Plan, Newcastle contributed Local Media Parent and assigned its rights under the related stock purchase agreement to New Media on the Effective Date in exchange for shares of common stock in New Media ( New Media Common Stock ) equal in value to the cost of the Local Media acquisition (as adjusted pursuant to the Plan) based upon the equity value of New Media as of the Effective Date prior to the contribution.

Upon emerging from Chapter 11 protection, the Debtors adopted fresh start accounting in accordance with Financial Accounting Standards Board ( FASB ) Accounting Standards Codification ( ASC ), Topic 852, *Reorganizations* . The adoption of fresh start accounting resulted in the Company becoming a new entity for financial reporting purposes as of November 6, 2013.

The Company s operating segments (Large Community Newspapers, Small Community Newspapers, Local Media, Recent Acquisitions and Ventures) are aggregated into one reportable segment.

The newspaper industry, the Company and the Predecessor have experienced declining revenue and profitability over the past several years. As a result, the Company s Predecessor previously implemented, and the Company 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.

***Equity***

In September 2014, the Company issued 7,450,625 shares of its common stock in a public offering at a price to the public of $16.25 per share for net proceeds of approximately $115,058. Certain principals of Fortress Investment Group LLC ( Fortress ) and certain of the Company s officers and directors participated in this offering and purchased an aggregate of 224,038 shares at a price of $16.25 per share.

For the purpose of compensating the Manager (as defined below) for its successful efforts in raising capital for the Company, in connection with this offering, the Company granted options to the Manager to purchase 745,062 shares of the Company s common stock at a price of $16.25, which had an aggregate fair value of approximately $2,963 as of the grant date. The options granted to the Manager were fully vested on the date of grant, and one thirtieth of the options become exercisable on the first day of each of the following thirty calendar months or earlier upon the occurrence of certain events, such as a change in control of the Company or the termination of the Management Agreement (as defined below). The options expire ten years from the date of issuance. The fair value of the options issued as compensation to the Manager was recorded as an increase in equity with an offsetting reduction of capital proceeds received.

In January 2015, the Company issued 7,000,000 shares of its common stock in a public offering at a price to the public of $21.70 per share for net proceeds of approximately $150,129. Certain principals of Fortress and certain of the Company s officers and directors participated in this offering and purchased an aggregate of 104,400 shares at a price of $21.70 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 700,000 shares of the Company s common stock at a price of $21.70, which had an aggregate fair value of approximately $4,144 as of the grant date. The assumptions used in valuing the options were: a 2.0% risk-free rate, a 3.4% dividend yield, 36.8% volatility and a 10 year term.

On February 24, 2015, a grant of restricted shares totaling 200,092 shares was made to the Company s Employees (as defined below). See Note 3.

In March 2015, the Company issued 9,735 shares of its common stock to its Non-Officer Directors (as defined below) to settle a liability of $225 for 2014 services.

On April 30, 2015, the Company announced a first 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 May 21, 2015, to shareholders of record as of the close of business on May 13, 2015.

On July 30, 2015, the Company announced a second 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 August 20, 2015, to shareholders of record as of the close of business on August 12, 2015.

During the three months ended September 27, 2015, a grant of restricted shares totaling 34,175 shares was made to the Company s Employees. See Note 3.

***Accumulated Other Comprehensive Income (Loss)***

The changes in accumulated other comprehensive income (loss) by component for the nine months ended September 27, 2015 and September 28, 2014 are outlined below.

| | Net actuarial loss and prior service cost (1) | Total |
|---|---|---|
| **For the nine months ended September 28, 2014:** | | |
| Balance at December 29, 2013 | $ 458 | $ 458 |

| | | | | |
|---|---|---|---|---|
| Other comprehensive income before reclassifications | | | | |
| Amounts reclassified from accumulated other comprehensive income | | | | |
| Net current period other comprehensive income, net of taxes | | | | |
| Balance at September 28, 2014 | $ | 458 | $ | 458 |
| **For the nine months ended September 27, 2015:** | | | | |
| Balance at December 28, 2014 | $ | (4,469) | $ | (4,469) |
| Other comprehensive income before reclassifications | | | | |
| Amounts reclassified from accumulated other comprehensive income | | 70 | | 70 |
| Net current period other comprehensive income, net of taxes | | 70 | | 70 |
| Balance at September 27, 2015 | $ | (4,399) | $ | (4,399) |

(1) This accumulated other comprehensive income (loss) component is included in the computation of net periodic benefit cost and there was no amortization during the nine months ended September 28, 2014 due to the impact of fresh start accounting. See Note 10.

The following table presents reclassifications out of accumulated other comprehensive income (loss) for the three and nine months ended September 27, 2015 and September 28, 2014.

| | **Amounts Reclassified from Accumulated Other Comprehensive Loss** | | | | |
|---|---|---|---|---|---|
| | **Three months ended September 27, 2015** | **Three months ended September 28, 2014** | **Nine months ended September 27, 2015** | **Nine months ended September 28, 2014** | **Affected Line Item in the Consolidated Statements of Operations and Comprehensive Income (Loss)** |
| Amortization of unrecognized loss | $ 24 | $ | $ 70 | $ | (1) |
| Amounts reclassified from accumulated other comprehensive loss | 24 | | 70 | | Income (loss) from continuing operations before income taxes |
| Income tax expense | | | | | Income tax expense (benefit) |
| Amounts reclassified from accumulated other comprehensive loss, net of taxes | $ 24 | $ | $ 70 | $ | Net income (loss) |

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

***Recently Issued Accounting Pronouncements***

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers. 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. This guidance would have been effective for annual and interim reporting periods beginning after December 15, 2016. In August 2015, the FASB issued ASU No. 2015-14, Revenue from Contracts with Customers: Deferral of the Effective Date which defers for one year the effective date of the new revenue standard (ASU 2014-09) for public and non-public entities reporting under U.S. GAAP. The FASB is permitting entities to adopt the standard as of the original effective date. The Company is currently reviewing the amendments in ASU No. 2014-09 but does not expect them to have a material impact on the financial statements.

In April 2015, the FASB issued ASU No. 2015-03, Interest Imputation of Interest (Topic 835), which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance of debt issuance costs are not affected by the amendments in this update. The standard will be effective for the Company beginning in the first quarter of 2016 and requires the Company to apply the new guidance on a retrospective basis on adoption. In August 2015, the FASB issued ASU No. 2015-15, Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements , which addresses the presentation of debt issuance costs related to line-of-credit arrangements. These amendments are not expected to have a material impact on the financial statements.

In April 2015, the FASB issued ASU No. 2015-04, Compensation Retirement Benefits (Topic 716), which allows entities with a fiscal year-end that does not coincide with a month-end to measure defined benefit plan assets and obligations using the month-end that is closest to the entity s fiscal year-end. The practical expedient, if elected, relieves an employer from having to adjust the asset values to the appropriate fair values as of its fiscal year end. The standard will be effective for the Company beginning in the first quarter of 2016. The amendments in ASU No. 2015-04 are not expected to have a material impact on the financial statements.

In April 2015, the FASB issued ASU No. 2015-05, Customer s Accounting for Fees Paid in a Cloud Computing Arrangement (Subtopic 350-40), which clarifies the circumstances under which a cloud computing arrangement contains a software license. The standard will be effective for the Company beginning in the first quarter of 2016. Entities may adopt the guidance retrospectively or prospectively to arrangements entered into, or materially modified, after the effective date. The amendments in ASU No. 2015-05 are not expected to have a material impact on the financial statements.

In July 2015, the FASB issued ASU No. 2015-11, Simplifying the Measurement of Inventory (Topic 330), which simplifies the measurement of inventory by requiring certain inventory to be measured at the lower of cost and net realizable value and options that currently exist for market value will be eliminated. The ASU defines net realizable value as the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The standard will be effective for the Company beginning in the first quarter of 2017. Entities should adopt the guidance prospectively, and early adoption is permitted. The amendments in ASU No. 2015-11 are not expected to have a material impact on the financial statements.

In September 2015, the FASB issued ASU No. 2015-16, Simplifying the Accounting for Measurement-Period Adjustments (Topic 805), which eliminates the requirement to restate prior period financial statements for measurement period adjustments. The

ASU requires that the cumulative impact of a measurement period adjustment be recognized in the reporting period in which the adjustment is recognized. The standard will be effective for the Company beginning in the first quarter of 2016. Entities should adopt the guidance prospectively, and early adoption is permitted. The amendments in ASU No. 2015-16 are not expected to have a material impact on the financial statements.

**(2) Business Combinations**

*Stephens Media, LLC*

On March 18, 2015, a wholly owned subsidiary of the Company completed its acquisition of the assets of Stephens Media, LLC ( Stephens Media ) for an aggregate purchase price, including working capital, of $110,767. The Stephens Media acquisition was financed with cash on hand. The purchase price was allocated to the fair value of the net assets acquired and any excess value over the tangible and identifiable intangible assets was recorded as goodwill. The acquisition includes nine daily newspapers, thirty-five weekly publications and fifteen shoppers serving communities throughout the United States with a combined average daily circulation of approximately 221 and 244 on Sunday. The acquisition was completed because of the attractive nature of the newspaper assets and cash flows as well as the cost saving opportunities. The purchase price reflects a working capital adjustment of $312 paid in July 2015.

The Company accounted for the material business combination of Stephens Media 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 preliminary based upon all information available to us at the present time and are subject to adjustments. The value assigned to property, plant and equipment, intangible assets and goodwill is preliminary and subject to the completion of valuations to determine the fair market value of the tangible and intangible assets. The final 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 Stephens Media assets and liabilities:

| | |
|---|---|
| Current assets | $ 16,187 |
| Property, plant and equipment | 55,453 |
| Licensing agreements | 18,150 |
| Advertiser relationships | 8,090 |
| Subscriber relationships | 3,070 |
| Customer relationships | 610 |
| Mastheads | 8,890 |
| Goodwill | 9,525 |
| Total assets | 119,975 |
| Current liabilities | 9,208 |
| Total liabilities | 9,208 |
| Net assets | $ 110,767 |

The Company obtained a third party independent valuation to assist in the determination of the fair values of certain assets acquired and liabilities assumed. The property, plant and equipment valuation includes an analysis of recent comparable sales and offerings of land parcels in each of the subject s markets. The estimated fair value is supported by the consideration paid and was determined using standard generally accepted appraisal practices and valuation procedures. The valuation firm used the three basic approaches to value: the cost approach (used for equipment where an active secondary market is not available and building improvements), 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). These approaches used are based on the cost to reproduce assets, market exchanges for comparable assets and the capitalization of income. Useful lives range from 1 to 15 years for personal property and 9 to 29 years for real property.

The valuation utilized a relief from royalty method, an income approach, to determine the fair value of mastheads. Key assumptions utilized in this valuation include revenue projections, a royalty rate of 2.0%, a long-term growth rate of 0.0%, a tax rate of 40.0% and a discount rate of 22.0%. The following intangible assets were valued using the income approach, specifically the excess earnings method: subscriber relationships, advertiser relationships and customer relationships. In determining the fair value of these intangible assets, the excess earnings approach values the intangible asset at the present value of the incremental after-tax cash flows attributable only to the asset after deducting contributory asset charges. The incremental after-tax cash flows attributable to the subject intangible asset are then discounted to their present value. A static pool approach using historical attrition rates was used to estimate attrition rates of 5.0% to 10.0% for advertiser relationships, subscriber relationships and customer relationships. The long term growth rate was estimated to be 0.0% and the discount rate was estimated at 23.0%. The licensing agreement asset was valued using a discounted cash flow analysis, an income approach. In determining the fair value of this intangible asset, the discounted cash flow approach values the intangible asset at the present value of the incremental after-tax cash flows attributable to the asset. The terms of the licensing agreement provide for a $2,500 annual payment. A discount rate of 10.0% and income tax rate of 40.0% were used in the discounted cash flow calculation. Amortizable lives range from 14 to 16 years for subscriber relationships, advertiser relationships and customer relationships, while mastheads are considered a non-amortizable intangible asset and the licensing agreement is amortized over the remaining contract life of approximately 25 years.

Trade accounts receivable, having an estimated fair value of $13,177, were included in the acquired assets. The gross contractual amount of these receivables was $14,398 and the contractual cash flows not expected to be collected were estimated at $1,221 as of the acquisition date.

The Company recorded approximately $3 and $762 of selling, general and administrative expense for acquisition related costs for Stephens Media during the three and nine months ended September 27, 2015, respectively.

From the date of acquisition through September 27, 2015, Stephens Media had revenues of $68,817 and net income of $6,311.

For tax purposes, the amount of goodwill that is expected to be deductible is $9,525 as of September 27, 2015.

*Halifax Media Group*

On January 9, 2015, the Company completed its acquisition of substantially all of the assets from Halifax Media Group for an aggregate purchase price, including working capital and net of assumed debt, of $285,369. Of the purchase price, $17,000 is being held in an escrow account, to be available for application against indemnification and certain other obligations of the sellers arising during the first twelve months following the closing, with the remainder not so applied or subject to claims being delivered to the sellers after such twelve months. The acquisition includes twenty-four daily publications, thirteen weekly publications, and five shoppers serving areas of Alabama, Florida, Louisiana, Massachusetts, North Carolina, and South Carolina with a daily circulation of approximately 635 and 752 on Sunday. The acquisition was completed because of the attractive nature of the newspaper assets and cash flows as well as the cost saving opportunities. The purchase price reflects a working capital adjustment of $750 received in August 2015.

In conjunction with the acquisition on January 9, 2015, the New Media Credit Agreement (as defined below) was amended to provide for the 2015 Incremental Term Loan (as defined below) under the Incremental Facility (as defined below) in an aggregate principal amount of $102,000, the 2015 Incremental Revolver (as defined below) under the Incremental Facility (as defined below) in an aggregate principal amount of $50,000 and to make certain amendments to the Revolving Credit Facility (as defined below) in connection with the acquisition of the assets of Halifax Media Group. In addition, the New Media Borrower (as defined below) was required to pay an upfront fee of 1.00% of the aggregate amount of the 2015 Incremental Term Loan and 2015 Incremental Revolver as of the effective date of the amendment. The remaining amount of the purchase price was funded by operating cash. On January 20, 2015, the Company repaid the outstanding loans under the 2015 Incremental Revolver and the 2015 Incremental Revolver commitments were terminated.

The Company accounted for the material business combination of Halifax Media Group 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 preliminary based upon all information available to us at the present time and are subject to adjustments. The value assigned to property, plant and equipment, intangible assets and goodwill is preliminary and subject to the completion of valuations to determine the fair market value of the tangible and intangible assets. The final 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 Halifax Media Group assets and liabilities:

| | |
|---|---|
| Current assets | $ 42,114 |
| Property, plant and equipment | 95,369 |
| Advertiser relationships | 74,300 |
| Subscriber relationships | 36,200 |
| Customer relationships | 11,800 |
| Mastheads | 32,900 |
| Goodwill | 31,744 |
| Total assets | 324,427 |
| Liabilities | 39,058 |
| Debt assumed | 18,000 |
| Total liabilities | 57,058 |
| Net assets | $ 267,369 |

The Company obtained a third party independent valuation to assist in the determination of the fair values of certain assets acquired and liabilities assumed. The property, plant and equipment valuation included an analysis of recent comparable sales and offerings of land parcels in each of the subject s markets. The estimated fair value is supported by the consideration paid and was determined using standard generally accepted appraisal practices and valuation procedures. The valuation firm used three basic approaches to value: the cost approach (used for equipment where an active secondary market is not available and building improvements), 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 approaches used are based on the cost to reproduce assets, market exchanges for comparable assets and the capitalization of income. Useful lives range from 1 to 17 years for personal property and 8 to 22 years for real property.

The valuation utilized a relief from royalty method, an income approach, to determine the fair value of mastheads. Key assumptions utilized in this valuation include revenue projections, a royalty rate of 2.0%, long-term growth rate of 0.0%, tax rate of 40.0% and discount rate of 16.0%. The Company valued the following intangible assets using the income approach, specifically the excess earnings method: subscriber relationships, advertiser relationships and customer relationships. In determining the fair value of these intangible assets, the excess earnings approach will value the intangible asset at the present value of the incremental after-tax cash flows attributable only to the asset after deducting contributory asset charges. The incremental after-tax cash flows attributable to the subject intangible asset are then discounted to their present value. A static pool approach using historical attrition rates was used to estimate attrition rates of 5.0% to 10.0% for advertiser relationships, subscriber relationships and customer relationships. The long-term growth rate was estimated to be 0.0% and the discount rate was estimated at 16.5%. Amortizable lives range from 14 to 17 years for subscriber relationships, advertiser relationships and customer relationships, while mastheads are considered a non-amortizable intangible asset.

Trade accounts receivable, having an estimated fair value of $34,255, were included in the acquired assets. The gross contractual amount of these receivables was $36,266 and the contractual cash flows not expected to be collected were estimated at $2,011 as of the acquisition date.

The Company recorded approximately $108 and $1,753 of selling, general and administrative expense for acquisition related costs for Halifax Media Group during the three and nine months ended September 27, 2015.

From the date of acquisition through September 27, 2015, Halifax Media Group had revenues of $242,476 and net income of $23,899.

For tax purposes, the amount of goodwill that is expected to be deductible is $31,744 as of September 27, 2015.

*The Providence Journal*

On September 3, 2014, the Company completed its acquisition of the assets of The Providence Journal Company for an aggregate purchase price, including working capital, of $48,666. The acquisition was completed because of the attractive nature of the newspaper assets and cash flows as well as the cost saving opportunities available by clustering with the Company s nearby newspapers. The purchase price reflects a working capital adjustment of $576 paid in November 2014.

The Company accounted for the material acquisition of The Providence Journal 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 Providence Journal acquisition was financed with $9,000 of revolving debt, $25,000 of additional term debt under the New Media Credit Agreement, and the remaining amount from operating cash. The Providence Journal consists of one daily and one weekly publications serving areas of Rhode Island with a daily circulation of approximately 72 and 96 on Sunday. The results of operations for The Providence Journal were included in the Company s consolidated financial statements from September 3, 2014.

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

| | |
|---|---|
| Current assets | $ 10,068 |
| Property, plant and equipment | 32,080 |
| Advertiser relationships | 1,780 |
| Subscriber relationships | 1,510 |
| Customer relationships | 1,810 |
| Mastheads | 3,700 |
| Goodwill | 3,653 |
| Total assets | 54,601 |
| Current liabilities | 5,935 |
| Total liabilities | 5,935 |
| Net assets | $ 48,666 |

The Company obtained a third party independent valuation to assist in the determination of the fair values of certain assets acquired and liabilities assumed. The property, plant and equipment valuation included an analysis of recent comparable sales and offerings of land parcels in each of the subject s markets. The estimated fair value is supported by the consideration paid and was determined using standard generally accepted appraisal practices and valuation procedures. The valuation firm used the three basic approaches to value: the cost approach (used for equipment where an active secondary market is not available and building improvements), 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 approaches used are based on the cost to reproduce assets, market exchanges for comparable assets and the capitalization of income. Useful lives range from 1 to 15 years for personal property and 4 to 28 years for real property.

The valuation utilized a relief from royalty method, an income approach, to determine the fair value of mastheads. Key assumptions utilized in this valuation include revenue projections, a royalty rate of 1.5%, long-term growth rate of 0%, tax rate of 40.0% and discount rate of 21.5%. The Company valued the following intangible assets using the income approach, specifically the excess earnings method: subscriber relationships, advertiser relationships and customer relationships. In determining the fair value of these intangible assets, the excess earnings approach values the intangible asset at the present value of the incremental after-tax cash flows attributable only to the asset after deducting contributory asset charges. The incremental after-tax cash flows attributable to the subject intangible asset are then discounted to their present value. A static pool approach using historical attrition rates was used to estimate attrition rates of 3.0% to 10.0% for advertiser relationships, subscriber relationships and customer relationships. The long term growth rate was estimated to be 0.0% and the discount rate was estimated at 22.0%. Amortizable lives range from 13 to 16 years for subscriber relationships, advertiser relationships and customer relationships, while mastheads are considered a non-amortizable intangible asset.

Trade accounts receivable, having an estimated fair value of $6,851, were included in the acquired assets. The gross contractual amount of these receivables was $7,032 and the contractual cash flows not expected to be collected were estimated at $181 as of the acquisition date.

For tax purposes, the amount of goodwill that is expected to be deductible is $3,653 as of September 27, 2015.

*2015 Other Acquisitions*

The Company acquired substantially all the assets, properties and business of publishing/operating certain newspapers on June 15, 2015 and September 23, 2015 ( 2015 Other Acquisitions ), which included two daily newspapers, twenty-eight weekly publications, and two shoppers serving Central Ohio and Southern Michigan for an aggregate purchase price, including estimated working capital, of $52,023. The acquisition completed on June 15, 2015 was financed with $25,000 of additional term debt under the New Media Credit Agreement and the remaining amount from operating cash. The rationale for the acquisitions was primarily due to the attractive nature of the newspaper assets and cash flows combined with cost saving opportunities available by clustering with the Company s nearby newspapers.

The fair value determination of the assets acquired and liabilities assumed are preliminary based upon all information available to us at the present time. The Company has accounted for these transactions under the acquisition method of accounting. The net assets, including goodwill have been recorded in the consolidated balance sheet at their preliminary fair values in accordance with ASC 805.

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

| | |
|---|---|
| Current assets | $ 20,863 |
| Property, plant and equipment | 39,942 |
| Noncompete agreements | 3 |
| Advertiser relationships | 1,159 |
| Subscriber relationships | 554 |
| Customer relationships | 37 |
| Mastheads | 3,991 |
| Goodwill | 2,259 |
| Total assets | 68,808 |
| Liabilities | 16,785 |
| Total liabilities | 16,785 |
| Net assets | $ 52,023 |

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. The three basic approaches were used to estimate the fair values: the cost approach (used for equipment where an active secondary market is not available and building improvements), the direct sales comparison (market) approach (used for land and equipment where an active secondary market is available) and the income approach (used for subscriber relationships, advertiser relationships, customer relationships and mastheads).

The Company recorded approximately $32 and $184 of selling, general and administrative expense for acquisition related costs for the 2015 Other Acquisitions during the three and nine months ended September 27, 2015, respectively.

For tax purposes, the amount of goodwill that is expected to be deductible is $2,259 as of September 27, 2015.

*2014 Other Acquisitions*

The Company acquired substantially all the assets, properties and business of publishing/operating certain newspapers on the following dates: February 28, 2014, June 30, 2014 and December 1, 2014 ( 2014 Other Acquisitions ), which included eight daily, seventeen weekly publications, and eleven shoppers serving areas of California, Texas, Oklahoma, Kansas, Virginia, New Hampshire and Maine for an aggregate purchase price, including estimated working capital, of $29,092. The rationale for the acquisitions was primarily due to the attractive nature of the community newspaper assets and cash flows combined with cost saving opportunities available by clustering with the Company s nearby newspapers.

The fair value determination of the assets acquired and liabilities assumed are preliminary for the December 1, 2014 acquisition based upon all information available to us at the present time and are subject to working capital adjustments. The Company has accounted for these transactions 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 following table summarizes the preliminary and final fair values of the assets and liabilities:

| | |
|---|---|
| Current assets | $ 4,402 |
| Property, plant and equipment | 13,766 |
| Noncompete agreements | 200 |
| Advertiser relationships | 5,196 |
| Subscriber relationships | 1,956 |
| Customer relationships | 364 |
| Mastheads | 1,922 |
| Goodwill | 4,490 |
| Total assets | 32,296 |
| Current liabilities | 3,204 |
| Total liabilities | 3,204 |
| Net assets | $ 29,092 |

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. The three basic approaches were used to estimate the fair values: the cost approach (used for equipment where an active secondary market is not available and building improvements), the direct sales comparison (market) approach (used for land and equipment where an active secondary market is available) and the income approach (used for subscriber relationships, advertiser relationships, customer relationships and mastheads).

For tax purposes, the amount of goodwill that is expected to be deductible is $4,490 as of September 27, 2015.

*Pro-Forma Results*

The unaudited pro forma condensed consolidated statement of operations information for 2015 and 2014, set forth below, presents the results of operations as if the consolidation of the newspapers from The Providence Journal, Halifax Media Group, and Stephens Media had occurred on December 31, 2013. These amounts are not necessarily indicative of future results or actual results that would have been achieved had the acquisitions occurred as of the beginning of such period. There are no pro-forma adjustments needed for the three months ended September 27, 2015.

| | Three months ended September 28, 2014 | Nine months ended September 27, 2015 | Nine months ended September 28, 2014 |
|---|---|---|---|
| Revenues | $ 299,764 | $ 895,842 | $ 896,669 |
| Income (loss) from continuing operations | $ (2,470) | $ 10,868 | $ (3,289) |
| Income (loss) from continuing operations per common share: | | | |
| Basic | $ (0.08) | $ 0.25 | $ (0.11) |
| Diluted | $ (0.08) | $ 0.25 | $ (0.11) |

**(3) Share-Based Compensation**

The Company recognized compensation cost for share-based payments of $395, $19, $910 and $40 during the three and nine months ended September 27, 2015 and September 28, 2014, respectively. The total compensation cost not yet recognized related to non-vested awards as of September 27, 2015 was $4,143, which is expected to be recognized over a weighted average period of 2.44 years through February 2018.

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 New Media 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 New Media 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 his or her death or disability. If service terminates for any other reason, all unvested shares of New Media Restricted Stock will be forfeited. 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. 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. As a result, the RSGs are reflected as outstanding common stock. 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.

On March 14, 2014, a grant of restricted shares totaling 15,870 shares was made to the Company s Non-Officer Directors, 5,289 of which vested on March 14, 2015. On February 24, 2015, a grant of restricted shares totaling 200,092 shares was made to the Company s Employees. During the three months ended September 27, 2015, a grant of restricted shares totaling 34,175 shares was made to the Company s Employees.

As of September 27, 2015 and September 28, 2014, there were 244,848 and 15,870 RSGs, respectively, issued and outstanding with a weighted average grant date fair value of $21.67 and $14.18, respectively. As of September 27, 2015, the aggregate intrinsic value of unvested RSGs was $3,673. During the nine months ended September 27, 2015, the aggregate fair value of vested RSGs was $129 at the vesting date.

RSG activity during the nine months ended September 27, 2015 was as follows:

| | Number of RSGs | Weighted-Average Grant Date Fair Value |
|---|---|---|
| Unvested at December 28, 2014 | 15,870 | $ 14.18 |
| Granted | 234,267 | 22.01 |
| Vested | (5,289) | 14.18 |
| Unvested at September 27, 2015 | 244,848 | $ 21.67 |

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 the Company s 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 flow 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 its operations. These initiatives impact all of the Company s geographic regions and are often influenced by the terms of union contracts within each region. All costs related to these programs, which primarily reflect severance expense, are accrued in accrued expenses on the Company s consolidated balance sheet at the time of announcement or over the remaining service period.

Information related to restructuring program activity for the nine months ended September 27, 2015 is outlined below.

| | Severance and Related Costs | Other Costs [1] | Total |
|---|---|---|---|
| Balance at December 28, 2014 | $ 1,679 | $ | $ 1,679 |
| Restructuring provision included in Integration and Reorganization | 5,168 | 53 | 5,221 |
| Cash payments | (4,797) | (53) | (4,850) |
| Balance at September 27, 2015 | $ 2,050 | $ | $ 2,050 |

(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 27, 2015 and September 28, 2014.

| | Three months ended September 27, 2015 | Three months ended September 28, 2014 | Nine months ended September 27, 2015 | Nine months ended September 28, 2014 |
|---|---|---|---|---|
| Severance and related costs | $ 1,605 | $ 1,133 | $ 5,168 | $ 2,598 |
| Reversals of prior accruals | | | | (628) |
| Severance costs assumed from acquisition | | 302 | | 302 |
| Other costs | 33 | | 53 | |
| Cash payments | (1,584) | (443) | (4,850) | (2,059) |

**(5) Goodwill and Intangible Assets**

Goodwill and intangible assets consisted of the following:

| | September 27, 2015 | | |
|---|---|---|---|
| | Gross carrying amount | Accumulated amortization | Net carrying amount |

| | | | |
|---|---|---|---|
| Amortized intangible assets: | | | |
| Licensing agreements | $ 18,150 | $ 359 | $ 17,791 |
| Advertiser relationships | 148,467 | 11,318 | 137,149 |
| Customer relationships | 20,301 | 1,381 | 18,920 |
| Subscriber relationships | 79,369 | 6,642 | 72,727 |
| Other intangible assets | 473 | 85 | 388 |
| Total | $ 266,760 | $ 19,785 | $ 246,975 |
| Nonamortized intangible assets: | | | |
| Goodwill | $ 177,569 | | |
| Mastheads | 96,753 | | |
| Total | $ 274,322 | | |

| | December 28, 2014 | | |
|---|---|---|---|
| | **Gross Carrying Amount** | **Accumulated Amortization** | **Net Carrying Amount** |
| Amortized intangible assets: | | | |
| Advertiser relationships | $ 65,310 | $ 4,484 | $ 60,826 |
| Customer relationships | 7,864 | 470 | 7,394 |
| Subscriber relationships | 39,562 | 2,723 | 36,839 |
| Other intangible assets | 470 | 32 | 438 |
| Total | $ 113,206 | $ 7,709 | $ 105,497 |
| Nonamortized intangible assets: | | | |
| Goodwill | $ 134,042 | | |
| Mastheads | 51,245 | | |
| Total | $ 185,287 | | |

As of September 27, 2015, the weighted average amortization periods for amortizable intangible assets are 25.3 years for licensing agreements, 15.8 years for advertiser relationships, 16.5 years for customer relationships, 14.9 years for subscriber relationships, 10.0 years for trade names and 4.9 years for noncompete agreements. The weighted average amortization period in total for all amortizable intangible assets is 16.2 years.

Amortization expense for the three and nine months ended September 27, 2015 and September 28, 2014 was $4,161, $1,723, $12,119 and $4,906, respectively. Estimated future amortization expense as of September 27, 2015, is as follows:

| | |
|---|---|
| For the years ending the Sunday closest to December 31: | |
| 2015 | $ 4,161 |
| 2016 | 16,643 |
| 2017 | 16,643 |
| 2018 | 16,643 |
| 2019 | 16,643 |
| Thereafter | 176,242 |
| Total | $ 246,975 |

The changes in the carrying amount of goodwill for the period from December 28, 2014 to September 27, 2015 are as follows:

| | |
|---|---|
| Balance at December 28, 2014 | $ 134,042 |
| Goodwill acquired in business combinations | 43,527 |
| Balance at September 27, 2015 | $ 177,569 |

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 is required to determine its goodwill impairment using a two-step process. The first step is used to identify potential impairment by comparing the fair value of a reporting unit with its carrying amount. If the carrying amount of a reporting unit exceeds its fair value, the second step of the impairment test is performed to measure the amount of impairment loss, if any. If the carrying amount of the reporting unit s goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess.

As part of the annual impairment assessments, as of June 28, 2015 the fair values of the Company s reporting units for goodwill impairment testing, which include Large Daily Newspapers, Metros, Small Community Newspapers, Local Media, and Ventures, and 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 revenue and 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 s Step 1 analysis that was performed, no impairment of goodwill was identified. The

Company uses a relief from royalty approach which utilizes a discounted cash flow model to determine the fair value of each masthead. Additionally, the estimated fair value exceeded carrying value for all mastheads. The Company performed a qualitative assessment for the Recent Acquisitions reporting unit and concluded that it is not more likely than not that the goodwill and indefinite-lived intangible assets are impaired. As a result, no quantitative impairment testing was performed for the Recent Acquisitions. The total Company s estimate of reporting unit fair value was reconciled to its then market capitalization (based upon the stock market price and fair value of debt) plus an estimated control premium.

Given the recent revaluation of assets related to fresh start accounting, there is a relatively small amount of fair value excess for certain reporting units. Specifically the fair value of the Large Daily Newspapers and Ventures reporting units exceeded carrying value by less than 10%. In addition, the masthead fair value for Large Daily Newspapers and Metros exceeded carrying value by less than 3%. Considering a relatively low headroom for these reporting units and mastheads and declining same store revenue and profitability in the newspaper industry over the past several years, these are considered to be at risk for a future impairment in the event of decline in general economic, market or business conditions or any significant unfavorable changes in the forecasted cash flows, weighted-average cost of capital and/or market transaction multiples.

As of September 27, 2015, a review of impairment indicators was performed by the Company noting that its financial results and forecast had not changed materially since the June 28, 2015 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**

***GateHouse Credit Facilities***

The Revolving Credit, Term Loan and Security Agreement (the First Lien Credit Facility ) dated November 26, 2013 by and among GateHouse, GateHouse Media Intermediate Holdco, LLC formerly known as GateHouse Media Intermediate Holdco, Inc. ( GMIH ), certain wholly-owned subsidiaries of GMIH, all of which are wholly owned subsidiaries of New Media (collectively with GMIH and GateHouse, the Loan Parties ), PNC Bank, National Association, as the administrative agent, Crystal Financial LLC, as term loan B agent, and each of the lenders party thereto provided for (i) a term loan A in the aggregate principal amount of $25,000, (ii) a term loan B in the aggregate principal amount of $50,000, (iii) and a revolving credit facility in an aggregate principal amount of up to $40,000.

The Term Loan and Security Agreement (the Second Lien Credit Facility and together with the First Lien Credit Facility, the GateHouse Credit Facilities ) dated November 26, 2013 by and among the Loan Parties, Mutual Quest Fund and each of the lenders party thereto provided for a term loan in an aggregate principal amount of $50,000. The GateHouse Credit Facilities were secured by a first and second priority security interest in substantially all the assets of the Loan Parties.

The GateHouse Credit Facilities imposed upon GateHouse certain financial and operating covenants, including, among others, requirements that GateHouse satisfy certain financial tests, including a minimum fixed charge coverage ratio of not less than 1.0 to 1.0, a maximum leverage ratio of not greater than 3.25 to 1.0, a minimum EBITDA and a limitation on capital expenditures, and restrictions on GateHouse s ability to incur additional debt, incur liens and encumbrances, consolidate, amalgamate or merge with any other person, pay dividends, dispose of assets, make certain restricted payments, engage in transactions with affiliates, materially alter the business it conducts and taking certain other corporate actions.

The GateHouse Credit Facilities were paid in full on June 4, 2014.

***Local Media Credit Facility***

Certain of Local Media Parent s subsidiaries (together, the Borrowers ) and Local Media Parent entered into a Credit Agreement, dated as of September 3, 2013, with a syndicate of financial institutions with Credit Suisse AG, Cayman

Islands Branch, as administrative agent (the Local Media Credit Facility ).

The Local Media Credit Facility provided for: (a) a $33,000 term loan facility; and (b) a $10,000 revolving credit facility, with a $3,000 sub-facility for letters of credit and a $4,000 sub-facility for swing loans. The Borrowers used the proceeds of the Local Media Credit Facility to (a) fund a portion of the acquisition of Dow Jones Local Media Group, Inc., a Delaware corporation (the Local Media Acquisition ), (b) provide for working capital and other general corporate purposes of the Borrowers and (c) fund certain fees, costs and expenses associated with the transactions contemplated by the Local Media Credit Facility and consummation of the Local Media Acquisition. The Local Media Credit Facility was secured by a first priority security interest in substantially all assets of the Borrowers and Local Media Parent. In addition, the loans and other obligations of the Borrowers under the Local Media Credit Facility were guaranteed by Local Media Group Holdings LLC.

The Local Media Credit Facility contained financial covenants that required Local Media Parent and the Borrowers to maintain (a) a Leverage Ratio of not more than 2.5 to 1.0 and a Fixed Charge Coverage Ratio (as defined in the Local Media Credit Facility) of at least 2.0 to 1.0, each measured at the end of each fiscal quarter for the four-quarter period then ended. The Local Media Credit Facility contained affirmative and negative covenants applicable to Local Media and the Borrowers customarily found in loan agreements for similar transactions, including, but not limited to, restrictions on their ability to incur indebtedness, create liens on assets, engage in certain lines of business, engage in mergers or consolidations, dispose of assets, make investments or acquisitions, engage in transactions with affiliates, pay dividends or make other restricted payments. The Local Media Credit Facility contained customary events of default, including, but not limited to, defaults based on a failure to pay principal, interest, fees or other obligations, subject to specified grace periods (other than with respect to principal); any material inaccuracy of representation or warranty; breach of covenants; default in other material indebtedness; a Change of Control (as defined in the Local Media Credit Facility); bankruptcy and insolvency events; material judgments; certain ERISA events; and impairment of collateral. The Local Media Credit Facility was amended on October 17, 2013 and on February 28, 2014. The October 17, 2013 amendment corrected a typographical mistake. The February 28, 2014 amendment provided that among other things, sales of real property collateral and reinvestment of the proceeds from such sales could only be made with the consent of the Administrative Agent, modified the properties included in the real property collateral, and set forth in detail the documentary post-closing requirements with respect to the real property collateral.

The Local Media Credit Facility was paid in full on June 4, 2014.

***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 provides 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 ) and (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 ). In addition, the New Media Borrower may 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 ). The Term Loans mature on June 4, 2020 and the maturity date for the Revolving Credit Facility is June 4, 2019. The New Media Credit Agreement was amended on July 17, 2014 to cure an omission. On September 3, 2014, the New Media Credit Agreement was amended to provide for the 2014 Incremental Term Loan (as defined below). On November 20, 2014, the New Media Credit Agreement was amended to increase the amount of the Incremental Facility that may be requested after the date of the amendment to $225,000. On January 9, 2015, the New Media Credit Agreement was amended to provide for the 2015 Incremental Term Loan and the 2015 Incremental Revolver. On February 13, 2015, the New Media Credit Agreement was amended (the Fourth Amendment ) 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 (the Replacement Term Loans ) on the same terms as the existing term loans except that the Replacement Term Loans are subject to 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. This amendment was considered a modification, and the related $104 of fees were expensed during the first quarter. On March 6, 2015, the New Media Credit Agreement was amended to provide for $15,000 in additional revolving commitments under the Incremental Facility. In connection with this transaction, the Company incurred approximately $237 of fees and expenses which were capitalized as deferred financing costs. On May 29, 2015, the New Media Credit Agreement was amended to provide for the May 2015 Incremental Term Loan (as defined below). As of September 27, 2015, $15,000 was drawn under the Revolving Credit Facility.

The proceeds of the Initial Term Loans, which included a $6,725 original issue discount, were used to repay in full all amounts outstanding under the GateHouse Credit Facilities and the Local Media Credit Facility and to pay fees associated with the financing, with the balance going to the Company for general corporate purposes.

Borrowings under the Term Loan Facility bear interest, at the New Media Borrower s option, at a rate equal to either (i) the Eurodollar Rate (as defined in the New Media Credit Agreement), plus an applicable margin equal to 6.25% per annum (subject to a Eurodollar Rate floor of 1.00%) or (ii) the Base Rate (as defined in the New Media Credit Agreement), plus an applicable margin equal to 5.25% per annum (subject to a Base Rate 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) the Eurodollar Rate, plus an applicable margin equal to 5.25% per annum or (ii) the 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.

If any borrowings under the Incremental Facility have an all-in yield more than 50 basis points greater than the Term Loans (the Incremental Yield ), the all-in yield for the Term Loans shall be adjusted to be 50 basis points less than the Incremental Yield. As of September 27, 2015 the New Media Credit Agreement had a weighted average interest rate of 7.13%.

The Senior Secured Credit Facilities are unconditionally guaranteed by Holdings I and certain subsidiaries of the New Media Borrower (collectively, the Guarantors ) and is 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, including (a) a pledge of 100% of the equity interests of the New Media Borrower and the Guarantors (other than Holdings I), (b) a mortgage lien on the New Media Borrower s material real property and that of the Guarantors and (c) all proceeds of the foregoing.

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 the Fourth Amendment, to which a 1.00% prepayment premium applies. The New Media Borrower is required to repay borrowings under the Senior Secured Credit Facilities (without payment of a premium) with (i) net cash proceeds of certain debt obligations (except as otherwise permitted under the New Media Credit Agreement), (ii) net cash proceeds from non-ordinary course asset sales (subject to reinvestment rights and other exceptions), and (iii) commencing with the Company s fiscal year started December 30, 2013, 100% of Excess Cash Flow (as defined in the New Media Credit Agreement), subject to step-downs to 50%, 25% and 0% of Excess Cash Flow based on achievement of a total leverage ratio of less than or equal to 3.00 to 1.00 but greater than 2.75 to 1.00; less than or equal to 2.75 to 1.00 but greater than 2.50 to 1.00; and less than or equal to 2.50 to 1.00, respectively.

The New Media Credit Agreement contains customary representations and warranties and customary affirmative 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. 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. The New Media Credit Agreement contains customary events of default. The foregoing descriptions of the Senior Secured Credit Facilities are qualified in their entirety by reference to the Senior Secured Credit Facilities.

In connection with the June 4, 2014 transaction, one lender under the New Media Credit Agreement was also a lender under the GateHouse Credit Facilities. This portion of the transaction was accounted for as a modification under ASC Subtopic 470-50, *Debt Modifications and Extinguishments* ( ASC Subtopic 470-50 ), as the difference between the present value of the cash flows under the New Media Credit Agreement and the present value of the cash flows under the GateHouse Credit Facilities was less than 10%. The unamortized deferred financing costs and original issuance discount balances as of the refinance date pertaining to this lender s portion of the GateHouse Credit Facilities will be amortized over the terms of the new facility. The remaining portion of the GateHouse Credit Facilities and the Local Media Credit Facility debt refinancing constituted an extinguishment of debt under ASC Subtopic 470-50, and was accounted for accordingly. In connection with this 2014 transaction, the Company incurred approximately $10,202 of fees and expenses, of which $6,725 was recognized as original issue discount and $1,700 were capitalized as deferred financing costs. These amounts will be amortized over the term of the new Senior Secured Credit Facilities. Additionally, the Company recorded a loss on early extinguishment of debt of $9,047 associated with this transaction, which consisted of the write-off of unamortized deferred financing costs and other expenses not eligible for capitalization under ASC Subtopic 470-50.

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 $25,000 (such term loans, the 2014 Incremental Term Loan, and such amendment, the 2014 Incremental Amendment ) in connection with the acquisition of the assets of The Providence Journal. The 2014 Incremental Term Loan is on terms identical to the term loans that were extended pursuant to the New Media Credit Agreement and will mature on June 4, 2020. In addition, the New Media Borrower was required to pay an upfront fee of 2.00% and an underwriter fee of 1.50% of the aggregate amount of the 2014 Incremental Term Loan as of the effective date of the 2014 Incremental Amendment. This amendment was considered a modification and the related $595 of fees were expensed. On January 9, 2015, the New Media Credit Agreement was amended (such amendment, the 2015 Incremental Amendment ) 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 Halifax Media acquisition. The 2015 Incremental Term Loan is on terms identical to the term loans that were extended pursuant to the New Media Credit Agreement and will mature on June 4, 2020. In addition, the New Media Borrower was required to pay an upfront fee of 1.00% and an underwriter fee of 2.25% of the aggregate amount of the 2015 Incremental Term Loan and the 2015 Incremental Revolver as of the effective date of the 2015 Incremental Amendment. On January 20, 2015, the outstanding loans under the 2015 Incremental Revolver were repaid with the proceeds of a common stock offering by New Media and the 2015 Incremental Revolver commitments were terminated. This amendment was treated as new debt for new lenders and as a modification for existing lenders. In connection with this transaction, the Company incurred approximately $5,379 of fees and expenses. The lender fees for the 2015 Incremental Term Loan increased the original issue discount by $3,315. Third party expenses of $110 were allocated to new lenders, capitalized as deferred financing costs, and will be amortized over the remaining term of the loan. Third party expenses of $185 were allocated to existing lenders and were expensed during the first quarter. Lender fees and third party expenses of $1,769 were allocated to the 2015

Incremental Revolver, capitalized, and written off to amortization of deferred financing costs after the balance of the 2015 Incremental Revolver was repaid. On May 29, 2015, the New Media Credit Agreement was amended (such amendment, the May 2015 Incremental Amendment ) to provide for $25,000 in additional term loans (the May 2015 Incremental Term Loan ) under the Incremental Facility. The 2015 Incremental Term Loan is on terms identical to the Replacement Term Loans and will mature on June 4, 2020. In addition, the New Media Borrower was required to pay an upfront fee of 1.00% and an underwriter fee of 2.25% of the aggregate amount of the May 2015 Incremental Term Loan as of the effective date of the May 2015 Incremental Amendment. In connection with this transaction, the Company incurred approximately $878 of fees and expenses. This amendment was considered a modification and the related $65 of third-party fees were expensed during the second quarter. The lender fees for the May 2015 Incremental Term Loan increased the original issue discount by $813.

As of September 27, 2015, 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, CA Daytona Holdings, Inc. (the Florida Advantage Borrower ) and CA Alabama Holdings, Inc. (the Alabama Advantage Borrower , and, collectively with the Florida Advantage Borrower, the Advantage Borrowers ), each subsidiaries of the Company, agreed to assume all of the obligations of Halifax Media and its affiliates required to be performed after the closing date 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 pursuant to that certain First Amendment to Consolidated Amended and Restated Credit Agreement dated June 27, 2012 and that certain Second Amendment to Consolidated Amended and Restated Credit Agreement, dated June 18, 2013, and all rights and obligations thereunder and related thereto (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. In consideration therefore, the amount of cash payable by the Company to Halifax Media on the closing date was reduced by approximately $18,000, representing the aggregate principal amount outstanding plus the aggregate amount of accrued interest through the closing date under each of the Advantage Credit Agreements (the debt under the Halifax Florida Credit Agreement, the Advantage Florida Debt ; the debt under the Halifax Alabama Credit Agreement, the Advantage Alabama Debt ; and the Advantage Florida Debt and the Advantage Alabama Debt, collectively, the Advantage Debt ). On May 5, 2015, the Halifax Alabama Credit Agreement was amended to cure an omission.

The Advantage Florida Debt is in the principal amount of $10,000 and bears interest at the rate of 5.25% per annum, payable quarterly in arrears, maturing on December 31, 2016. The Advantage Alabama Debt 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 Debt is secured by a perfected second priority security interest in all the assets of the Borrowers and certain other subsidiaries of the Company, subject to the limitation that the maximum amount of secured obligations is $15,000. The Advantage Credit Facilities are unconditionally guaranteed by Holdings I and certain subsidiaries of the New Media Borrowers and are required to be guaranteed by all future material wholly-owned domestic subsidiaries, subject to certain exceptions. The Advantage Debt is subordinated to the New Media Credit Facilities pursuant to an intercreditor agreement.

The Advantage Credit Agreements contain covenants substantially consistent with those contained in the New Media Credit Facilities 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. The Advantage Borrowers are required to repay borrowings under the Advantage Credit Agreements (without payment of a premium) with (i) net cash proceeds of certain debt obligations (except as otherwise permitted under the Advantage Credit Agreements) and (ii) net cash proceeds from non-ordinary course asset sales (subject to reinvestment rights and other exceptions).

The Advantage Credit Agreements contain 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 Advantage Credit Agreements contain 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 Advantage Credit Agreements contain customary events of default.

As of September 27, 2015, the Company is in compliance with all of the covenants and obligations under the Advantage Credit Agreements.

***Fair Value***

The fair value of long-term debt under the Senior Secured Credit Facilities and the Advantage Credit Agreements was estimated at $382,180 as of September 27, 2015, 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 publically 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 27, 2015, scheduled principal payments of outstanding debt are as follows:

| | |
|---|---|
| 2015 | 877 |
| 2016 | 3,509 |
| 2017 | 13,509 |
| 2018 | 3,509 |
| 2019 | 26,509 |
| Thereafter | 334,267 |
| | $ 382,180 |
| Less: Short-term debt | 3,509 |
| Less: Remaining original issue discount | 9,916 |
| Long-term debt | $ 368,755 |

**(7) Related Party Transactions**

As of December 29, 2013, Newcastle (an affiliate of 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, the fees included in the Management Agreement with the Company s Manager became effective. As of September 27, 2015, Fortress and its affiliates owned approximately 1.5% of the Company s outstanding stock and approximately 39.5% of the Company s outstanding warrants.

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 $105, $92, $296 and $270 during the three and nine months ended September 27, 2015 and September 28, 2014, respectively, for commercial printing services and managed information technology services which is included in commercial printing and other on the Unaudited Condensed Consolidated Statement of Operations and Comprehensive Income (Loss).

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

***Management Agreement***

On the Effective Date, the Company entered into a management agreement with FIG LLC (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 initial term of our Management Agreement will expire on March 6, 2018 and will be automatically renewed for one-year terms thereafter unless terminated either by the Company or the Manager. From the commencement date of the Company s Common Stock trading on the regular way market 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 1. 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 $2,390, $1,498, $7,049 and $3,727 for management fees and $3,486, $0, $8,750 and $0 for incentive compensation within selling, general and administrative expense and $1,592, $0, $5,501 and $1,741 was paid to FIG LLC during the three and nine months ended September 27, 2015 and September 28, 2014, respectively. The Company had an outstanding liability of $11,670 and $1,372 at September 27, 2015 and December 28, 2014, 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 pursuant to the Plan (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 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 27, 2015, a reduction to the valuation allowance of $3,844 was available to offset deferred tax assets. Of this amount, a $3,844 reduction was recognized through the Unaudited Condensed Consolidated Statement of Operations and Comprehensive Income (Loss).

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. To the extent that the estimated annual effective tax rate changes during a quarter, the effect of the change on prior quarters is included in tax expense for the current quarter.

For the nine months ended September 27, 2015, the expected federal tax expense at 34% is $4,190. The difference between the expected tax and the tax charge of $1,083 is primarily attributable to the tax effect of the federal valuation allowance release of $3,585, the tax effect related to non-deductible expenses of $172, deferred tax benefits that expired of $22, a state tax provision of $150, alternative minimum tax of $271, release of unrecognized tax benefits of $74 and other benefits of $63.

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 2011 tax year and beyond.

In accordance with ASC 740, the Company recognizes penalties and interest relating to uncertain tax positions in the provision for income taxes. As of September 27, 2015 and December 28, 2014, the Company had unrecognized tax benefits of approximately $966 and $1,040, respectively. The Company did not record significant amounts of interest and penalties related to unrecognized tax benefits for the periods ending September 27, 2015 and December 28, 2014. The Company does not expect significant changes in unrecognized tax benefits within the next 12 months.

**(9) Earnings (Loss) Per Share**

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

| | Three months ended September 27, 2015 | Three months ended September 28, 2014 | Nine months ended September 27, 2015 | Nine months ended September 28, 2014 |
|---|---|---|---|---|
| Numerator for earnings per share calculation: | | | | |
| Net income (loss) | $ 6,108 | $ (4,708) | $ 11,237 | $ (14,668) |
| Denominator for earnings per share calculation: | | | | |
| Basic weighted average shares outstanding | 44,699,376 | 30,491,250 | 44,075,025 | 30,163,750 |
| Effect of dilutive securities: | | | | |
| Stock Options | 19,729 | | 171,560 | |
| Diluted weighted average shares outstanding | 44,719,105 | 30,491,250 | 44,246,585 | 30,163,750 |

For the three and nine months ended September 27, 2015, the Company excluded 1,362,479 and 1,362,479 common stock warrants and 700,000 and 0 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 28, 2014, the Company excluded 1,362,479 common stock warrants, 15,870 restricted stock grants, and 745,062 stock options from the computation of diluted income per share because their effect would have been antidilutive.

**(10) Pension and Postretirement Benefits**

As a result of the Enterprise News Media LLC and Copley Press, Inc. acquisitions, the Company maintains a pension plan 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.

The following provides information on the pension plan and postretirement medical and life insurance plans for the three and nine months ended September 27, 2015 and September 28, 2014:

| | Three months ended September 27, 2015 | | Three months ended September 28, 2014 | | Nine months ended September 27, 2015 | | Nine months ended September 28, 2014 | |
|---|---|---|---|---|---|---|---|---|
| | Pension | Postretirement | Pension | Postretirement | Pension | Postretirement | Pension | Postretirement |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Components of net periodic benefit costs: | | | | | | | | |
| Service cost | $ 75 | $ 5 | $ 75 | $ 9 | $ 225 | $ 14 | $ 225 | $ 25 |
| Interest cost | 289 | 55 | 295 | 63 | 867 | 166 | 885 | 190 |
| Expected return on plan assets | (411) | | (406) | | (1,232) | | (1,218) | |
| Amortization of unrecognized loss | 24 | | | | 70 | | | |
| Total | $ (23) | $ 60 | $ (36) | $ 72 | $ (70) | $ 180 | $ (108) | $ 215 |

For the three and nine months ended September 27, 2015 and September 28, 2014, the Company recognized a total of $37, $36, $110 and $107 in pension and postretirement benefit expense, respectively.

The following assumptions were used in connection with the Company s 2015 estimates related to its defined benefit pension and postretirement plans:

| | **Pension** | **Postretirement** |
|---|---|---|
| Weighted average discount rate | 4.2% | 3.78% |
| Rate of increase in future compensation levels | | |
| Expected return on assets | 7.75% | |
| Current health care cost trend rate | | 7.67% |
| Ultimate health care cost trend rate | | 4.50% |
| Year of ultimate trend rate | | 2025 |

**(11) Fair Value Measurement**

Fair value measurements and disclosures require the use of valuation techniques to measure fair value that maximize the use of observable inputs and minimize the use of 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 for the periods presented:

| | 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 December 28, 2014** | | | | |
| Assets | | | | |
| Cash and cash equivalents | $ 123,709 | $ | $ | $ 123,709 |
| Restricted cash | 6,467 | | | 6,467 |
| **As of September 27, 2015** | | | | |
| Assets | | | | |
| Cash and cash equivalents | $ 30,330 | $ | $ | $ 30,330 |
| Restricted cash | 6,967 | | | 6,967 |

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 acquisitions during the quarters ended March 30, 2014, September 28, 2014, December 28, 2014, March 29, 2015, June 28, 2015, and September 27, 2015, the Company consolidated 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.

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 becomes involved from time to time in claims and lawsuits incidental to the ordinary course of its business, including with respect to matters such as libel, invasion of privacy, intellectual property infringement, wrongful termination actions, and complaints alleging employment discrimination. In addition, the Company is involved from time to time in governmental and administrative proceedings concerning employment, labor, environmental and other claims. Insurance coverage maintained by the Company mitigates potential loss for certain of these matters. Historically, such claims and proceedings have not had a material effect upon the Company s condensed consolidated results of operations or financial condition. While the Company is unable to predict the ultimate outcome of any currently outstanding legal actions, it is the opinion of the Company s management that it is a remote possibility that the disposition of these matters would have a material adverse effect upon the Company s condensed consolidated results of operations, financial condition or cash flows.

Restricted cash at September 27, 2015 and December 28, 2014, in the aggregate amount of $6,967 and $6,467, respectively, is used to collateralize standby letters of credit in the name of the Company s insurers in accordance with certain insurance policies and as cash collateral for certain business operations.

**(13) Subsequent Events**

On October 29, 2015, the Company announced a third quarter 2015 cash dividend of $0.33 per share of Common Stock, par value $0.01 per share, of New Media. The dividend will be paid on November 19, 2015, to shareholders of record as of the close of business on November 12, 2015.

**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. s and its subsidiaries ( New Media , Company , we , us or our ). The following should be read in conjunction with the unaudited consolic financial statements and notes thereto included herein, and with Part II, Item 1A, Risk Factors.

**Overview**

New Media, formerly known as GateHouse Media, Inc. ( GateHouse or Predecessor ), is a company that owns, operates and invests in high quality local media assets. 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 size businesses ( SMBs ).

Our portfolio of media assets spans across 495 markets and 32 states. Our products include 575 community print publications, 495 websites, 459 mobile sites, six yellow page directories. We reach over 22 million people per week and serve over 216,000 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 dominant 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 services in the markets we operate in today. We aim to grow our business organically through what we believe are both our consumer and SMB strategies. We also plan to pursue strategic acquisitions of high quality local media assets at attractive valuation levels. Finally, we intend to distribute a substantial portion of our free cash flow 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 ) 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 dominant 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 dominant 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 in-market sales presence gives us the opportunity to expand our advertising and lead generation products with local business customers.

Central to our business strategy is our digital marketing services business called Propel Marketing ( Propel ). We believe Propel and its digital marketing service products, combined with our strong local brands and in market sales force, position this business to be a key component to our overall organic growth strategy.

We believe that Propel will allow us to capitalize on the following opportunities in the marketplace:

- There are approximately 27 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 bandwidth, expertise or resource to navigate the fast evolving digital marketing sector, but they increasingly know they have to be present there to stay connected with current and future customers. Propel is designed to offer a complete set of digital marketing services to SMBs that are turn-key with results that are transparent to the business owners. Propel 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; and
- We believe our local media properties are uniquely positioned to sell these digital marketing services to local business owners. Our strong and trusted local brands, combined with our in-market sales presence give us a distinct advantage to sell these services, which are new and can be complicated to local business owners.

Our core products include:

- 125 daily newspapers with total paid circulation of approximately 1.7 million;
- 330 weekly newspapers (published up to three times per week) with total paid circulation of approximately 354,000 and total free circulation of approximately 2.5 million;
- 120 shoppers (generally advertising-only publications) with total circulation of approximately 2.9 million;
- 495 locally focused websites and 459 mobile sites, which extend our businesses onto the internet and mobile devices with approximately 225 million page views per month;
- six yellow page directories, with a distribution of approximately 430,000, that covers a population of approximately 1.1 million people; and
- Propel digital marketing services.

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.

Our advertising revenue tends to follow a seasonal pattern, with higher advertising revenue in months containing significant events or holidays. Accordingly, our first quarter, followed by 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.

Our Predecessor experienced on-going declines in print advertising revenue streams and increased volatility of operating performance, despite its 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 came 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 Propel, as well as online, and mobile applications, to support our print publications in order to capture this shift as witnessed by our Predecessor s digital advertising revenue growth, which doubled between 2009 and 2012.

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 over 50% of our operating 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 and clustering strategy.

*Acquisitions*

During the quarter ended September 27, 2015, we completed the acquisition of one daily publication, one weekly publication, and two shoppers serving southern Michigan for a total purchase price, including estimated working capital, of $5.0 million.

During the quarter ended June 28, 2015, we completed the acquisition of one daily and twenty-seven weekly publications serving the central Ohio area for a total purchase price of $47.0 million.

During the quarter ended March 29, 2015, we completed the acquisition of Halifax Media Group with a total purchase price, including working capital, of $285.4 million. The acquisition includes twenty-four daily publications, thirteen weekly publications, and five shoppers serving areas of Alabama, Florida, Louisiana, Massachusetts, North Carolina, and South Carolina with a daily circulation of approximately 635,000 and 752,000 on Sunday. We also completed the acquisition of Stephens Media, LLC ( Stephens Media ) with a total purchase price, including working capital, of $110.8 million. Stephens Media includes nine daily newspapers, thirty-five weekly publications and fifteen shoppers serving communities throughout the United States with a combined average daily circulation of approximately 221,000 and 244,000 on Sunday.

During the quarter ended December 28, 2014, we completed the acquisition of one daily and two weekly publications serving areas of New Hampshire and Maine for a total purchase price, including estimated working capital, of $5.6 million.

During the quarter ended September 28, 2014, we completed the acquisition of The Providence Journal with a total purchase price, including working capital, of $48.7 million. The acquisition included one daily and one weekly publication serving areas of Rhode Island with a daily circulation of approximately 72,000 and 96,000 on Sunday. We also completed two acquisitions of twenty-eight publications with an aggregate circulation of approximately 54,000 and a total purchase price of $15.5 million, which includes estimated working capital. These acquisitions included five daily, twelve weekly publications, and eleven shoppers serving areas of Texas, Oklahoma, Kansas and Virginia.

During the quarter ended March 30, 2014, we acquired two daily and three weekly publications in Victorville, CA for an aggregate purchase price, including estimated working capital, of $7.9 million. See Note 2 to the unaudited condensed consolidated financial statements, Business Combinations.

The Company s operating segments (Large Community Newspapers, Small Community Newspapers, Local Media, Recent Acquisitions and Ventures) are aggregated into one reportable segment.

*Restructuring*

New Media was formed as a Delaware corporation on June 18, 2013. New Media was capitalized and issued 1,000 common shares to Newcastle Investment Corp. ( Newcastle ). 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. New Media had no operations until November 26, 2013, when it assumed control of GateHouse and Local Media Group Holdings LLC ( Local Media Parent ). The Predecessor and certain of its subsidiaries (collectively, the Debtors ) filed voluntary petitions under Chapter 11 of title 11 of the U.S. Bankruptcy Code, in the U.S. Bankruptcy Court for the District of Delaware (the Bankruptcy Court ) on September 27, 2013. On November 6, 2013, the Bankruptcy Court confirmed the plan of reorganization (the Plan ) and on November 26, 2013 (the Effective Date ), the Debtors emerged from Chapter 11.

Local Media Parent, a wholly owned subsidiary of Newcastle, acquired Local Media Group, Inc. ( Local Media ), a publisher of daily and weekly newspaper publications, on September 3, 2013. Subject to the terms of the Plan, Newcastle contributed Local Media Parent and assigned its rights under the related stock purchase agreement to New Media on the Effective Date in exchange for shares of common stock in New Media ( New Media Common Stock or our Common Stock ) equal in value to the cost of the Local Media acquisition (as adjusted pursuant to the Plan) based upon the equity value of New Media as of the Effective Date prior to the contribution.

Upon emerging from Chapter 11 protection, the Debtors adopted fresh start accounting in accordance with Financial Accounting Standards Board ( FASB ) Accounting Standards Codification ( ASC ), Topic 852, Reorganizations . The adoption of fresh start accounting resulted in the Company becoming a new entity for financial reporting purposes as of November 6, 2013.

*Spin-off from Newcastle*

On February 13, 2014, Newcastle completed the spin-off of the Company. Each share of Newcastle common stock outstanding as of 5:00 PM, Eastern Time on February 6, 2014 entitled the holder thereof to receive 0.07219481485 shares of New Media Common Stock. On February 14, 2014 New Media became a separate, publicly traded company trading on the NYSE under the ticker symbol NEWM (the Listing ).

*Management Agreement*

On the Effective Date, New Media entered into a management agreement with FIG LLC (the Manager ), as amended and restated (the Management Agreement ) pursuant to which the Manager manages the operations of New Media. Commencing from the Listing, New Media pays 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.

*Industry*

The newspaper industry, us and our Predecessor have experienced declining revenue and profitability over the past several years. As a result, we previously implemented plans to reduce costs and preserve cash flow. We have also invested in potential growth opportunities, primarily in the digital space and particularly our Propel business, among other digital initiatives. We believe the cost reductions and the new digital initiatives along with cash provided by operating activities, together with the Restructuring, 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, continued high unemployment levels, 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 were estimated using the expected present value of future cash flows and recent industry transaction multiples, using estimates, judgments and assumptions, that we believe were 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 for the year ended December 28, 2014, included in our Annual Report on Form 10-K.

There have been no 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 28, 2014.

**Results of Operations**

The following table summarizes our historical results of operations for New Media for the three and nine months ended September 27, 2015 and September 28, 2014. References to same store results, a non-GAAP financial measure, 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 acquisitions of Victorville, American Consolidated Media Southwest, Petersburg Progress-Index, Foster s Daily Democrat, and Monroe Publishing Company ( tuck-in acquisitions ), were funded from the Company s available cash, and are not considered material.

**NEW MEDIA INVESTMENT GROUP INC. AND SUBSIDIARIES**

**Unaudited Condensed Consolidated Statements of Operations**

**(In thousands, except share and per share data)**

| | Three months ended September 27, 2015 | Three months ended September 28, 2014 | Nine months ended September 27, 2015 | Nine months ended September 28, 2014 |
|---|---|---|---|---|
| Revenues: | | | | |
| Advertising | $ 178,964 | $ 96,761 | $ 500,105 | $ 275,220 |
| Circulation | 100,442 | 49,802 | 273,255 | 140,274 |
| Commercial printing and other | 32,650 | 18,497 | 88,806 | 50,033 |
| Total revenues | 312,056 | 165,060 | 862,166 | 465,527 |
| Operating costs and expenses: | | | | |
| Operating costs | 175,758 | 94,070 | 476,830 | 266,540 |
| Selling, general, and administrative | 99,863 | 54,014 | 288,660 | 156,241 |
| Depreciation and amortization | 18,213 | 10,879 | 51,301 | 30,822 |
| Integration and reorganization costs | 1,638 | 1,133 | 5,221 | 1,970 |
| Loss on sale or disposal of assets | 1,936 | 386 | 3,407 | 1,074 |
| Operating income | 14,648 | 4,578 | 36,747 | 8,880 |
| Interest expense | 7,655 | 4,374 | 21,888 | 12,006 |
| Amortization of deferred financing costs | 165 | 145 | 2,547 | 903 |
| Loss on early extinguishment of debt | | | | 9,047 |
| Other expense (income) | 10 | (3) | (8) | (111) |
| Income (loss) before income taxes | 6,818 | 62 | 12,320 | (12,965) |
| Income tax expense | 710 | 4,770 | 1,083 | 1,703 |
| Net income (loss) | $ 6,108 | $ (4,708) | $ 11,237 | $ (14,668) |

***Three Months Ended September 27, 2015 Compared To Three Months Ended September 28, 2014***

***Revenue***. Total revenue for the three months ended September 27, 2015 increased by $147.0 million, or 89.1%, to $312.1 million from $165.1 million for the three months ended September 28, 2014. The increase in total revenue was comprised of an $82.2 million, or 85.0%, increase in advertising revenue, a $50.6 million, or 101.7%, increase in circulation revenue, and a $14.2 million, or 76.5%, increase in commercial printing and other revenue. The increase in revenue of $147.0 million includes revenues from our Columbus Dispatch, Stephens Media, Halifax Media Group, and The Providence Journal acquisitions of $154.0 million, which is comprised of $88.5 million from advertising, $51.3 million from circulation, and $14.2 million from commercial printing and other.

Same store revenue for the three months ended September 27, 2015 decreased by $18.8 million, or 5.7%. The decrease in same store revenue was comprised of a $17.1 million, or 8.7%, decrease in advertising revenue, a $1.1 million, or 1.1%, decrease in circulation revenue, and a $0.6 million, or 1.8%, decrease in commercial printing and other revenue. Same store advertising revenue declines were primarily driven by declines on the print side of our business in the local retail 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 partially offset by price increases in select locations.

***Operating Costs.*** Operating costs for the three months ended September 27, 2015 increased by $81.7 million, or 86.8%, to $175.8 million from $94.1 million for the three months ended September 28, 2014. The increase in operating costs of $81.7 million includes operating costs from all acquisitions of $85.9 million, which were partially offset by a $4.2 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 newsprint expenses, hauling and delivery, postage, supplies, and compensation expenses of $2.1 million, $1.4 million, $0.4 million, $0.2 million, and $0.1 million, respectively.

***Selling, General and Administrative.*** Selling, general and administrative expenses for the three months ended September 27, 2015 increased by $45.8 million, or 84.9%, to $99.8 million from $54.0 million for the three months ended September 28, 2014. The increase of $45.8 million includes selling, general and administrative expenses from all acquisitions of $46.8 million, which were partially offset by a $0.9 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 professional and consulting fees of $3.2 million and a decrease in compensation expenses of $2.5 million, which were partially offset by an increase in outside services of $4.5 million.

***Integration and Reorganization Costs.*** During the three months ended September 27, 2015 and September 28, 2014, we recorded integration and reorganization costs of $1.6 million and $1.1 million, respectively, primarily resulting from severance costs related to acquisition-related synergies and the continued consolidation of our operations resulting from our ongoing implementation of our plans to reduce costs and preserve cash flow.

***Interest Expense.*** Interest expense for the three months ended September 27, 2015 increased by $3.3 million to $7.7 million from $4.4 million for the three months ended September 28, 2014. The increase in interest expense was primarily due to the increase in our total outstanding debt.

***Income Tax Expense.*** During the three months ended September 27, 2015, we recorded an income tax expense of $0.7 million due to the interim period treatment driven by the annualized effective tax rate and deferred tax liability related to indefinite lived assets. During the three months ended September 28, 2014, we recorded an income tax expense of $4.8 million due to our tax provision being calculated based upon year-to-date results and including the reversal of the income tax benefits recorded in the first six months of the year.

***Income (Loss) from Continuing Operations.*** Income from continuing operations for the three months ended September 27, 2015 was $6.1 million and loss from continuing operations for the three months ended September 28, 2014 was $4.7 million. Our net income from continuing operations increased due to the factors noted above.

***Nine months Ended September 27, 2015 Compared To Nine months Ended September 28, 2014***

***Revenue***. Total revenue for the nine months ended September 27, 2015 increased by $396.7 million, or 85.2%, to $862.2 million from $465.5 million for the nine months ended September 28, 2014. The increase in total revenue was comprised of a $224.9 million, or 81.7%, increase in advertising revenue, a $133.0 million, or 94.8%, increase in circulation revenue, and a $38.8 million, or 77.5%, increase in commercial printing and other revenue. The increase in revenue of $396.7 million includes revenues from our Columbus Dispatch, Stephens Media, Halifax Media Group, and The Providence Journal acquisitions of $399.0 million, which is comprised of $229.3 million from advertising, $132.2 million from circulation, and $37.5 million from commercial printing and other.

Same store revenue for the nine months ended September 27, 2015 decreased by $29.9 million, or 3.4%. The decrease in same store revenue was comprised of a $28.9 million, or 5.5%, decrease in advertising revenue, a $0.4 million, or 0.1%, decrease in circulation revenue, and a $0.7 million, or 0.8%, decrease in commercial printing and other revenue. Same store advertising revenue declines were primarily driven by declines on the print side of our business in the local retail 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 partially offset by price increases in select locations.

***Operating Costs.*** Operating costs for the nine months ended September 27, 2015 increased by $210.3 million, or 78.9%, to $476.8 million from $266.5 million for the nine months ended September 28, 2014. The increase in operating costs of $210.3 million includes operating costs from all acquisitions of $219.2 million, which were partially offset by an $8.9 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 newsprint expenses, hauling and delivery, and compensation expenses of $4.3 million, $3.7 million, and $1.3 million, respectively.

***Selling, General and Administrative.*** Selling, general and administrative expenses for the nine months ended September 27, 2015 increased by $132.4 million, or 84.8%, to $288.6 million from $156.2 million for the nine months ended September 28, 2014. The increase of $132.4 million includes selling, general and administrative expenses from all acquisitions of $130.1 million. The additional $2.3 million increase in selling, general and administrative expenses was primarily due to an increase in outside services of $11.5 million, primarily related to the management and incentive fees, which was partially offset by a decrease in compensation and professional and consulting fees of $4.9 million and $4.4 million, respectively.

***Integration and Reorganization Costs.*** During the nine months ended September 27, 2015 and September 28, 2014, we recorded integration and reorganization costs of $5.2 million and $2.0 million, respectively, primarily resulting from severance costs related to acquisition-related synergies and the continued consolidation of our operations resulting from our ongoing implementation of our plans to reduce costs and preserve cash flow.

***Interest Expense.*** Interest expense for the nine months ended September 27, 2015 increased by $9.9 million to $21.9 million from $12.0 million for the nine months ended September 28, 2014. The increase in interest expense was primarily due to the increase in our total outstanding debt.

***Amortization of Deferred Financing Costs.*** Amortization of deferred financing costs for the nine months ended September 27, 2015 increased by $1.6 million primarily due to the write-off of deferred financing costs related to the 2015 Incremental Revolver (as defined below).

***Loss on Early Extinguishment of Debt.*** During the nine months ended September 28, 2014 we recorded a loss of $9.0 million due to the early extinguishment of long-term debt.

***Income Tax Expense.*** During the nine months ended September 27, 2015 we recorded an income tax expense of $1.1 million due to the interim period treatment driven by the annualized effective rate and the deferred tax liability related to indefinite lived assets. During the nine months ended September 28, 2014, we recorded an income tax expense of $1.7 million due to our tax provision being calculated based upon year-to-date results which consisted of an expense related to a deferred tax liability for indefinite-lived assets.

***Income (Loss) from Continuing Operations.*** Income from continuing operations for the nine months ended September 27, 2015 was $11.2 million and loss from continuing operations for the nine months ended September 28, 2014 was $14.7 million. Our net income from continuing operations increased due 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 2015 capital expenditure to total between $11.5 million and $13.5 million. The 2015 capital expenditures will be primarily comprised of projects related to the consolidation of print operations and system upgrades. Our long term debt and debt service obligations were significantly reduced following the Restructuring. 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 29, 2015, the Company announced a third quarter 2015 cash dividend of $0.33 per share of Common Stock, par value $0.01 per share, of New Media. The dividend will be paid on November 19, 2015, to shareholders of record as of the close of business on November 12, 2015.

On July 30, 2015, the Company announced a second 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 August 20, 2015, to shareholders of record as of the close of business on August 12, 2015.

On April 30, 2015, the Company announced a first 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 May 21, 2015, to shareholders of record as of the close of business on May 13, 2015.

***GateHouse Credit Facilities***

The Revolving Credit, Term Loan and Security Agreement (the First Lien Credit Facility ) dated November 26, 2013 by and among GateHouse, GateHouse Media Intermediate Holdco, LLC formerly known as GateHouse Media Intermediate Holdco, Inc. ( GMIH ), certain wholly-owned subsidiaries of GMIH, all of which are wholly owned subsidiaries of New Media (collectively with GMIH and GateHouse, the Loan Parties ), PNC Bank, National Association, as the administrative agent, Crystal Financial LLC, as term loan B agent, and each of the lenders party thereto provided for (i) a term loan A in the aggregate principal amount of $25 million, (ii) a term loan B in the aggregate principal amount of $50 million, and (iii) a revolving credit facility in an aggregate principal amount of up to $40 million. The Term Loan and Security Agreement (the Second Lien Credit Facility and together with the First Lien Credit Facility, the GateHouse Credit Facilities ) dated November 26, 2013 by and among the Loan Parties, Mutual Quest Fund and each of the lenders party thereto provided for a term loan in an aggregate principal amount of $50 million. The GateHouse Credit Facilities were secured by a first and second priority security interest in substantially all the assets of the Loan Parties.

The GateHouse Credit Facilities imposed upon GateHouse certain financial and operating covenants, including, among others, requirements that GateHouse satisfy certain financial tests, including a minimum fixed charge coverage ratio of not less than 1.0 to 1.0, a maximum leverage ratio of not greater than 3.25 to 1.0, a minimum EBITDA and a limitation on capital expenditures, and restrictions on GateHouse s ability to incur additional debt, incur liens and encumbrances, consolidate, amalgamate or merge with any other person, pay dividends, dispose of assets, make certain restricted payments, engage in transactions with affiliates, materially alter the business it conducts and taking certain other corporate actions.

The GateHouse Credit Facilities were paid in full on June 4, 2014.

***Local Media Credit Facility***

Certain of Local Media Parent s subsidiaries (together, the Borrowers ) and Local Media Parent entered into a Credit Agreement, dated as of September 3, 2013, with a syndicate of financial institutions with Credit Suisse AG, Cayman Islands Branch, as administrative agent (the Local Media Credit Facility ). The Local Media Credit Facility provided for: (a) a $33 million term loan facility; and (b) a $10 million revolving credit facility, with a $3 million sub-facility for letters of credit and a $4 million sub-facility for swing loans. On October 25, 2013, Credit Suisse AG assigned the revolving loan commitment to Capital One Business Corp and the revolving credit facility was activated.

The Local Media Credit Facility contained financial covenants that required Local Media Parent and the Borrowers to maintain (a) a Leverage Ratio of not more than 2.5 to 1.0 and a Fixed Charge Coverage Ratio (as defined in the Local Media Credit Facility) of at least 2.0 to 1.0, each measured at the end of each fiscal quarter for the four-quarter period then ended. The Local Media Credit Facility contained affirmative and negative covenants applicable to Local Media and the Borrowers customarily found in loan agreements for similar transactions, including, but not limited to, restrictions on their ability to incur indebtedness, create liens on assets, engage in certain lines of business, engage in mergers or consolidations, dispose of assets, make investments or acquisitions, engage in transactions with affiliates, pay dividends or make other restricted payments. The Local Media Credit Facility contained customary events of default, including, but not limited to, defaults based on a failure to pay principal, interest, fees or other obligations, subject to specified grace periods (other than with respect to principal); any material inaccuracy of representation or warranty; breach of covenants; default in other material indebtedness; a Change of Control (as defined in the Local Media Credit Facility); bankruptcy and insolvency events; material judgments; certain ERISA events; and impairment of collateral. The Local Media Credit Facility was amended on October 17, 2013 and on February 28, 2014. The October 17, 2013 amendment corrected a typographical mistake. The February 28, 2014 amendment provided that among other things, sales of real property collateral and reinvestment of the proceeds from such sales could only be made with the consent of the Administrative Agent, modified the properties included in the real property collateral, and set forth in detail the documentary post-closing requirements with respect to the real property collateral.

The Local Media Credit Facility was paid in full on June 4, 2014.

***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 ), 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 provides 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 ) and (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 ). In addition, the New Media Borrower may 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 ). The Term Loans mature on June 4, 2020 and the maturity date for the Revolving Credit Facility is June 4, 2019. The proceeds of the Initial Term Loans, which included a $6.7 million original issue discount, were used to repay in full all amounts outstanding under the GateHouse Credit Facilities and the Local Media Credit Facility and to pay fees associated with the financing, with the balance going to the Company for general corporate purposes. The New Media Credit Agreement was amended on July 17, 2014 to cure an omission. On September 3, 2014, the New Media Credit Agreement was amended to provide for the 2014 Incremental Term Loan (as defined below). On November 20, 2014, the New Media Credit Agreement was amended to increase the amount of the Incremental Facility that may be requested after the date of the amendment to $225 million. On January 9, 2015, the New Media Credit Agreement was amended to provide for the 2015 Incremental Term Loan (as defined below) and the 2015 Incremental Revolver (as defined below). On February 13, 2015, the New Media Credit Agreement was amended 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 (the Replacement Term Loans ) on the same terms as the existing term loans except that the Replacement Term Loans are subject to 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. This amendment was considered a modification and the related $0.1 million of fees were expensed during the first quarter. On March 6, 2015, the New Media Credit Agreement was amended to provide for $15 million in additional revolving commitments under the Incremental Facility. In connection with this transaction, the Company incurred approximately $0.2 million of fees and expenses which were capitalized as deferred financing costs. On May 29, 2015, the New Media Credit Agreement was amended to provide for the May 2015 Incremental Term Loan (as defined below). As of September 27, 2015, $15 million was drawn under the Revolving Credit Facility.

The New Media Credit Agreement contains customary representations and warranties and customary affirmative and negative covenants applicable to Holdings, 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. 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 3.25:1.00. The New Media Credit Agreement contains customary events of default. The foregoing descriptions of the Senior Secured Credit Facilities are qualified in their entirety by reference to the Senior Secured Credit Facilities.

In connection with the June 4, 2014 transaction, one lender under the New Media Credit Agreement was also a lender under the GateHouse Credit Facilities. This portion of the transaction was accounted for as a modification under ASC Subtopic 470-50, *Debt Modifications and Extinguishments* ( ASC Subtopic 470-50 ), as the difference between the present value of the cash flows under the New Media Credit Agreement and the present value of the cash flows under the GateHouse Credit Facilities was less than 10%. The unamortized deferred financing costs and original issuance discount balances as of the refinance date pertaining to this lender s portion of the GateHouse Credit Facilities will be amortized over the terms of the new facility. The remaining portion of the GateHouse Credit Facilities and the Local Media Credit Facility debt refinancing constituted an extinguishment of debt under ASC Subtopic 470-50, and was accounted for accordingly. In connection with this 2014 transaction, the Company incurred approximately $10.2 million of fees and expenses, of which $6.7 million were recognized as original issue discount and $1.7 million were capitalized as deferred financing costs. These amounts will be amortized over the term of the new Senior Secured Credit Facilities. Additionally, the Company recorded a loss on early extinguishment of debt of $9.0 million associated with this transaction, which consisted of the write-off of unamortized deferred financing costs and other expenses not eligible for capitalization under ASC Subtopic 470-50.

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 (such term loans, the 2014 Incremental Term Loan, and such amendment, the 2014 Incremental Amendment ) in connection with the acquisition of the assets of The Providence Journal. The 2014 Incremental Term Loan is on terms identical to the term loans that were extended pursuant to the New Media Credit Agreement and will mature on June 4, 2020. In addition, the New Media Borrower was required to pay an upfront fee of 2.00% and an underwriter fee of 1.50% of the aggregate amount of the 2014 Incremental Term Loan as of the effective date of the 2014 Incremental Amendment. This amendment was considered a modification and the related $0.6 million of fees were expensed. On January 9, 2015, the New Media Credit Agreement was amended (such amendment, the 2015 Incremental Amendment ) 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 Halifax Media acquisition. The 2015 Incremental Term Loan is on terms identical to the term loans that were extended pursuant to the New Media Credit Agreement and will mature on June 4, 2020. In addition, the New Media Borrower was required to pay an upfront fee of 1.00% and an underwriter fee of 2.25% of the aggregate amount of the 2015 Incremental Term Loan and the 2015 Incremental Revolver as of the effective date of the 2015 Incremental Amendment. On January 20, 2015, the outstanding loans under the 2015 Incremental Revolver were repaid with the proceeds of a common stock offering by New Media and the 2015 Incremental Revolver commitments were terminated. In connection with this transaction, we incurred approximately $5.4 million of fees and expenses. The lender fees for the 2015 Incremental Term Loan increased the original issue discount by $3.3 million. Third party expenses of $0.1 million were allocated to new lenders, capitalized as deferred financing costs, and will be amortized over the remaining term of the loan. Third party expenses of $0.2 million were allocated to existing lenders and were expensed during the first quarter. Lender fees and third party expenses of $1.8 million were allocated to the 2015 Incremental Revolver, capitalized, and written off to amortization of deferred financing costs after the balance of the 2015 Incremental Revolver was repaid. On May 29, 2015, the New Media Credit Agreement was amended (such amendment, the May 2015 Incremental Amendment ) to provide for $25 million in additional term loans (the May 2015 Incremental Term Loan ) under the Incremental Facility. The 2015 Incremental Term Loan is on terms identical to the Replacement Term Loans and will mature on June 4, 2020. In addition, the New Media Borrower was required to pay an upfront fee of 1.00% and an underwriter fee of 2.25% of the aggregate amount of the May 2015 Incremental Term Loan as of the effective date of the May 2015 Incremental Amendment. In connection with this transaction, the Company incurred approximately $878 of fees and expenses. This amendment was considered a modification and the related $0.1 million of third-party fees were expensed during the second quarter. The lender fees for the May 2015 Incremental Term Loan increased the original issue discount by $813.

As of September 27, 2015, 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, 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, CA Daytona Holdings, Inc. (the Florida Advantage Borrower ) and CA Alabama Holdings, Inc. (the Alabama Advantage Borrower , and, collectively with the Florida Advantage Borrower, the Advantage Borrowers , each subsidiaries of the Company, agreed to assume all of the obligations of Halifax Media and its affiliates required to be performed after the closing date 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 pursuant to that certain First Amendment to Consolidated Amended and Restated Credit Agreement dated June 27, 2012 and that certain Second Amendment to Consolidated Amended and Restated Credit Agreement, dated June 18, 2013, and all rights and obligations thereunder and related thereto (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. In consideration therefore, the amount of cash payable by the Company to Halifax Media on the closing date was reduced by approximately $18 million, representing the aggregate principal amount outstanding plus the aggregate amount of accrued interest through the closing date under each of the Advantage Credit Agreements (the debt under the Halifax Florida Credit Agreement, the Advantage Florida Debt ; the debt under the Halifax Alabama Credit Agreement, the Advantage Alabama Debt ; and the Advantage Florida Debt and the Advantage Alabama Debt, collectively, the Advantage Debt ). On May 5, 2015, the Halifax Alabama Credit Agreement was amended to cure an omission.

The Advantage Florida Debt is in the principal amount of $10 million and bears interest at the rate of 5.25% per annum, payable quarterly in arrears, maturing on December 31, 2016. The Advantage Alabama Debt 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 Debt is secured by a perfected second priority security interest in all the assets of the Borrowers and certain other subsidiaries of the Company, subject to the limitation that the maximum amount of secured obligations is $15 million. The Advantage Credit Facilities are unconditionally guaranteed by Holdings I and certain subsidiaries of the New Media Borrowers and are required to be guaranteed by all future material wholly-owned domestic subsidiaries, subject to certain exceptions. The Advantage Debt is subordinated to the New Media Credit Facilities pursuant to an intercreditor agreement.

The Advantage Credit Agreements contain covenants substantially consistent with those contained in the New Media Credit Facilities 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. The Advantage Borrowers are required to repay borrowings under the Senior Advantage Credit Agreements (without payment of a premium) with (i) net cash proceeds of certain debt obligations (except as otherwise permitted under the Advantage Credit Agreements) and (ii) net cash proceeds from non-ordinary course asset sales (subject to reinvestment rights and other exceptions).

The Advantage Credit Agreements contain 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 Advantage Credit Agreements contain 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 Advantage Credit Agreements contain customary events of default.

As of September 27, 2015, we are in compliance with all of the covenants and obligations under the Advantage Credit Agreements.

Refer to Note 6 to the unaudited condensed consolidated financial statements, Indebtedness, for further discussion of the Advantage Credit Agreements.

***Cash Flows***

The following table summarizes our historical cash flows.

| | Nine months ended September 27, 2015 | Nine months ended September 28, 2014 |
|---|---|---|
| Cash provided by operating activities | $ 104,830 | $ 23,983 |
| Cash used in investing activities | (435,130) | (73,987) |
| Cash provided by financing activities | 236,921 | 153,256 |

The discussion of our cash flows that follows is based on our historical cash flows for the nine months ended September 27, 2015 and September 28, 2014.

***Cash Flows from Operating Activities.*** Net cash provided by operating activities for the nine months ended September 27, 2015 was $104.8 million, an increase of $80.8 million when compared to $24.0 million of cash provided by operating activities for the nine months ended September 28, 2014. This $80.8 million increase was the result of an increase in cash provided by working capital of $37.0 million and an increase in net income of $25.9 million, which includes an increase in adjustments for non-cash charges of $17.9 million.

The $37.0 million increase in cash provided by working capital for the nine months ended September 27, 2015 when compared to the nine months ended September 28, 2014 is primarily attributable to an increase in accrued expenses and a decrease in accounts receivable, which was partially offset by a decrease in accounts payable.

The $17.9 million increase in adjustments to net income for non-cash charges primarily consisted of an increase in depreciation and amortization of $20.5 million, an increase in loss on sale and disposal of assets of $2.3 million, an increase in non-cash interest expense of $1.1 million, an increase in non-cash compensation expense of $0.8 million, and an increase in pension and other postretirement benefit obligations of $0.3 million. These increases were partially offset by a decrease in non-cash loss on early extinguishment of debt of $5.9 million a decrease in deferred income taxes of $0.8 million, and a decrease in amortization of deferred financing costs of $0.4 million.

***Cash Flows from Investing Activities.*** Net cash used in investing activities for the nine months ended September 27, 2015 was $435.1 million. During the nine months ended September 27, 2015, we used $430.1 million, net of cash acquired, for acquisitions and $6.4 million for capital expenditures, which was partially offset by $1.4 million we received from the sale of other assets.

Net cash used in investing activities for the nine months ended September 28, 2014 was $74.0 million. During the nine months ended September 28, 2014, we used $71.8 million, net of cash acquired, for acquisitions and $3.0 million for capital expenditures, which was partially offset by $0.8 million we received from the sale of publications and other assets.

***Cash Flows from Financing Activities.*** Net cash provided by financing activities for the nine months ended September 27, 2015 was $236.9 million due to the issuance of common stock of $149.5 million from the public offering, net of underwriters discount and offering costs, borrowings under term loans of $122.9 million, and borrowings under the revolving credit facility of $84.0 million, which were partially offset by repayments under the revolving credit facility of $74.0 million, payment of dividends of $42.7 million, repayments under term loans of $2.3 million, and the payment of debt issuance costs of $0.5 million.

Net cash provided by financing activities for the nine months ended September 28, 2014 was $153.3 million due to borrowings under term loans of $217.8 million, the issuance of common stock of $116.1 million from the public offering, net of underwriters discount and offering costs, and borrowings under the revolving credit facility of $22.1 million, which were partially offset by repayments under long-term debt of $158.0 million, repayments under the revolving credit facility of $32.1 million, payment of dividends of $8.1 million, and the payment of debt issuance costs of $4.5 million.

***Changes in Financial Position***

The discussion that follows highlights significant changes in our financial position and working capital from December 28, 2014 to September 27, 2015.

***Accounts Receivable.*** Accounts receivable increased $50.8 million from December 28, 2014 to September 27, 2015, which relates to $63.6 million of assets acquired in the nine month period ending September 27, 2015, which was partially offset by the timing of cash collections and lower same store revenue recognized in the 2015 nine month period compared to 2014.

***Inventory.*** Inventory increased $8.6 million from December 28, 2014 to September 27, 2015, which relates primarily to acquisitions during the first nine months of 2015.

***Prepaid Expenses.*** Prepaid expenses increased $4.4 million from December 28, 2014 to September 27, 2015, which primarily relates to acquisitions during the first nine months of 2015.

***Property, Plant, and Equipment.*** Property, plant, and equipment increased $154.5 million during the period from December 28, 2014 to September 27, 2015, of which $190.8 million relates to assets acquired and $6.4 million used for capital expenditures, which was partially offset by depreciation of $39.2 million and $3.5 million relates to assets sold or disposed of.

***Goodwill.*** Goodwill increased $43.5 million from December 28, 2014 to September 27, 2015, which relates to acquisitions during the first nine months of 2015.

***Intangible Assets.*** Intangible assets increased $187.0 million from December 28, 2014 to September 27, 2015, of which $199.7 million relates to acquisitions during the first nine months of 2015, which was offset by $12.1 million of amortization and $0.6 million due to disposition of intangible assets.

***Current Portion of Long-term Debt.*** Current portion of long-term debt increased $1.3 million from December 28, 2014 to September 27, 2015, due to the increase in current portion of long-term debt of $2.1 million resulting from an increase in total debt outstanding under the credit agreement which was partially offset by repayments under current portion of long-term debt of $0.8 million.

***Accounts Payable.*** Accounts payable increased $8.5 million from December 28, 2014 to September 27, 2015, of which $15.4 million relates to acquisitions during the first nine months of 2015, which was partially offset by the timing of vendor payments.

***Accrued Expenses.*** Accrued expenses increased $44.4 million from December 28, 2014 to September 27, 2015, of which $16.5 million primarily relates to acquisitions during the first nine months of 2015, an increase in the management fee and incentive fee of $10.3 million, an increase in accrued health insurance of $4.5 million, an increase in accrued payroll of $3.7 million due to timing of pay periods, an increase in accrued interest of $2.5 million due to the timing of interest payments and higher debt levels, and an increase in accrued vacation of $1.6 million.

***Deferred Revenue.*** Deferred revenue increased $30.7 million from December 28, 2014 to September 27, 2015, which relates primarily to acquisitions during the first nine months of 2015.

***Long-term Debt.*** Long-term debt increased $149.0 million from December 28, 2014 to September 27, 2015, due to borrowings under term loans of $122.9 million, which includes a $4.1 million original issue discount, borrowings under the revolving credit facility of $84.0 million, debt assumed from the Halifax Media Group acquisition of $18.0 million, and $1.6 million non-cash interest expense. These increases were offset by repayments under the revolving credit facility of $74.0 million, a $2.1 million reclassification from long-term debt to current portion of long-term debt, and repayments under long-term debt of $1.4 million.

***Long-term Liabilities, Less Current Portion.*** Long-term liabilities, less current portion increased $2.6 million from December 28, 2014 to September 27, 2015, of which $1.6 million relates to the long-term portion of workers compensation due to the increase in employees in 2015 and $1.1 million relates to the long-term portion of lease liabilities resulting from leases assumed with acquisitions in 2015.

***Additional Paid-in Capital.*** Additional paid-in capital increased $121.7 million from December 28, 2014 to September 27, 2015, which resulted primarily from the issuance of common stock from the public offering of $150.1 million, net of underwriters discount and offering costs and $0.9 million from non-cash compensation expense, which was partially offset by dividends of $29.5 million.

***Retained Earnings.*** Retained earnings decreased $2.2 million from December 28, 2014 to September 27, 2015, due to the payment of dividends of $13.4 million which was offset by net income of $11.2 million.

**Summary Disclosure About Contractual Obligations and Commercial Commitments**

Since December 28, 2014, there have been several amendments to the New Media Credit Agreement as outlined below in Contractual Commitments. There have been no other significant changes to our contractual obligations previously reported in our Annual Report on Form 10-K for the year ended December 28, 2014.

***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***

On June 4, 2014, the New Media Borrower, a wholly owned indirect subsidiary of New Media Investment Group Inc., entered into the New Media Credit Agreement among the New Media Borrower, Holdings, 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 provides for (i) a $200 million Term Loan Facility and (ii) a $25 million Revolving Credit Facility, which may be used for the issuance of one or more letters of credit from time to time and one or more swing line loans from time to time. In addition, the New Media Borrower may request additional commitments under a $75 million Incremental Facility. On June 4, 2014, the New Media Borrower borrowed $200 million under the Initial Term Loans. The Term Loan Facility mature on June 4, 2020 and the maturity date for the Revolving Credit Facility is June 4, 2019. The New Media Credit Agreement was amended on July 17, 2014 to cure an omission. On November 20, 2014, the New Media Credit Agreement was amended to increase the amount of the Incremental Facility that may be requested after the date of the amendment to $225 million. On September 3, 2014, the New Media Credit Agreement was amended to provide for the 2014 Incremental Term Loan. On January 9, 2015, the New Media Credit Agreement was amended to provide for the 2015 Incremental Term Loan and the 2015 Incremental Revolver. On February 13, 2015, the New Media Credit Agreement was amended 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, 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 the May 2015 Incremental Term Loan.

The proceeds of the Initial Term Loans were used to repay in full all amounts outstanding under (i) the GateHouse First Lien Credit Facility dated as of November 26, 2013, among GMIH, the additional borrowers named therein, the guarantors named therein, PNC Bank, National Association, as administrative agent, Crystal Financial LLC, as term loan B agent, and the lenders and other parties thereto, (ii) the GateHouse Second Lien Credit Facility dated as of November 26, 2013, among GMIH, the guarantors named therein and Mutual Quest Fund as lender and (iii) the Credit Agreement dated as of September 3, 2013, among Local Media Group, Inc., Local Media Group Holdings LLC, the subsidiary borrowers named therein, Capital One Business Credit Corp. as administrative agent and collateral agent, and the lenders and other parties thereto, as amended by Amendment No. 1 on October 17, 2013 and by Amendment No. 2 on February 28, 2014.

Borrowings under the Term Loan Facility bear interest, at the New Media Borrower s option, at a rate equal to either (i) the Eurodollar Rate (as defined in the New Media Credit Agreement), plus an applicable margin equal to 6.25% per annum (subject to a Eurodollar Rate floor of 1.00%) or (ii) the Base Rate (as defined in the New Media Credit Agreement), plus an applicable margin equal to 5.25% per annum (subject to a Base Rate floor of 2.00%).

Borrowings under the Revolving Credit Facility bear interest, at the New Media Borrower s option, at a rate equal to either (i) the Eurodollar Rate, plus an applicable margin equal to 5.25% per annum or (ii) the 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 Senior Secured Credit Facilities are unconditionally guaranteed by Holdings and certain subsidiaries of the New Media Borrower (collectively, the Guarantors ) and is 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, including (a) a pledge of 100% of the equity interests of the New Media Borrower and the Guarantors (other than Holdings), (b) a mortgage lien on the New Media Borrower s material real property and that of the Guarantors and (c) all proceeds of the foregoing.

Repayments made under the Term Loans are equal to 1.00% 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 February 13, 2015, to which a 1.00% prepayment premium applies. The New Media Borrower is required to repay borrowings under the Senior Secured Credit Facilities (without payment of a premium) with (i) net cash proceeds of certain debt obligations (except as otherwise permitted under the New Media

Credit Agreement), (ii) net cash proceeds from non-ordinary course asset sales (subject to reinvestment rights and other exceptions), and (iii) commencing with the Company s fiscal year started December 30, 2013, 100% of Excess Cash Flow (as defined in the New Media Credit Agreement), subject to step-downs to 50%, 25% and 0% of Excess Cash Flow based on achievement of total leverage ratios of 3:00 to 1.00, 2:75 to 1.00 and 2.50 to 1.00, respectively.

The New Media Credit Agreement contains customary representations and warranties and customary affirmative and negative covenants applicable to Holdings, 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. The New Media Credit Agreement contains a financial covenant that requires Holdings, the New Media Borrower and the New Media Borrower s subsidiaries to maintain a maximum total leverage ratio of 3.25 to 1.00. The New Media Credit Agreement contains customary events of default. The foregoing descriptions of the Senior Secured Credit Facilities are qualified in their entirety by reference to the Senior Secured Credit Facilities.

On September 3, 2014, the New Media Borrower, Holdings and certain of Holdings subsidiaries entered into an amendment to the New Media Borrower s senior secured credit facilities (the 2014 Incremental Amendment ) with the several banks and other financial institutions or entities party thereto as the incremental term lenders (the 2014 Incremental Term Lenders ) and Citizens Bank of Pennsylvania, as administrative agent. By entering into the 2014 Incremental Amendment, the 2014 Incremental Term Lenders agreed to provide additional dollar-denominated term loans in an aggregate principal amount of $25 million (the 2014 Incremental Term Loan ), which was used to finance a portion of The Providence Journal acquisition. The 2014 Incremental Term Loan is on terms identical to the Initial Term Loans that were extended pursuant to the New Media Credit Agreement and will mature on June 4, 2020. In addition, the New Media Borrower is required to pay an upfront fee of 2.00% of the aggregate amount of the 2014 Incremental Term Loan as of the effective date of the 2014 Incremental Amendment.

On January 9, 2015, the New Media Credit Agreement was amended to provide for $102,000 in additional term loans and $50,000 in additional revolving commitments under the Incremental Facility and to make certain amendments to the Revolving Credit Facility in connection with the Halifax Media acquisition. The 2015 Incremental Term Loan is on terms identical to the term loans that were extended pursuant to the New Media Credit Agreement and will mature on June 4, 2020. In addition, the New Media Borrower was required to pay an upfront fee of 1.00% of the aggregate amount of the 2015 Incremental Term Loan and the 2015 Incremental Revolver as of the effective date of the 2015 Incremental Amendment. On January 20, 2015, the outstanding loans under the 2015 Incremental Revolver were repaid with the proceeds of a common stock offering by New Media and the 2015 Incremental Revolver commitments were terminated.

The New Media Credit Agreement was amended on February 13, 2015 to provide for the replacement of the existing term loans under the Term Loan Facility with a new class of replacement term loans on the same terms as the existing term loans except that the Replacement Term Loans are subject to 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.

The New Media Credit Agreement was further amended on March 6, 2015 to provide for $15 million in additional revolving commitments under the Incremental Facility.

The New Media Credit Agreement was further amended on May 29, 2015 to provide for $25 million in additional term loans under the Incremental Facility.

***Advantage Credit Agreements***

In connection with the purchase of the assets of Halifax Media, which closed on January 9, 2015, Advantage Borrowers agreed to assume all of the obligations of Halifax Media and its affiliates required to be performed after the closing date in respect to the Advantage Credit Agreements. In consideration therefore, the amount of cash payable by the Company to Halifax Media on the closing date was reduced by approximately $18 million, representing the aggregate principal amount outstanding plus the aggregate amount of accrued interest through the closing date under each of the Advantage Credit Agreements. On May 5, 2015, the Halifax Alabama Credit Agreement was amended to cure an omission.

The Advantage Florida Debt is in the principal amount of $10 million and bears interest at the rate of 5.25% per annum, payable quarterly in arrears, maturing on December 31, 2016. The Advantage Alabama Debt 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 Debt is secured by a perfected second priority security interest in all the assets of the Borrowers and certain other subsidiaries of the Company, subject to the limitation that the maximum amount of secured obligations is $15 million. The Advantage Credit Facilities are unconditionally guaranteed by Holdings I and certain subsidiaries of the New Media Borrowers and are required to be guaranteed by all future material wholly-owned domestic subsidiaries, subject to certain exceptions The Advantage Debt is subordinated to the New Media Credit Facilities pursuant to an intercreditor agreement.

**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. It provides an indicator for management to determine if adjustments to current spending decisions are needed.

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 impairments 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 core 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 core business operating results. We consider the unrealized (gain) loss on derivative instruments and the 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 core 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.

The table below shows the reconciliation of loss from continuing operations to Adjusted EBITDA for the periods presented:

| | Three months ended September 27, 2015 | Three months ended September 28, 2014 | Nine months ended September 27, 2015 | Nine months ended September 28, 2014 |
|---|---|---|---|---|
| | (in thousands) | | | |
| Net income (loss) | $ 6,108 | $ (4,708) | $ 11,237 | $ (14,668) |
| Income tax expense | 710 | 4,770 | 1,083 | 1,703 |
| Loss on derivative instruments, included in other income | | | | 51 |
| Loss on early extinguishment of debt | | | | 9,047 |
| Amortization of deferred financing costs | 165 | 145 | 2,547 | 903 |
| Interest expense | 7,655 | 4,374 | 21,888 | 12,006 |
| Depreciation and amortization | 18,213 | 10,879 | 51,301 | 30,822 |
| Adjusted EBITDA from continuing operations | $ 32,851 [a] | $ 15,460 [b] | $ 88,056 [c] | $ 39,864 [d] |

(a) Adjusted EBITDA for the three months ended September 27, 2015 included net expenses of $7,229, related to transaction and project costs, non-cash compensation, and other expense of $3,655, integration and reorganization costs of $1,638 and a $1,936 loss on the sale of assets.

(b) Adjusted EBITDA for the three months ended September 28, 2014 included net expenses of $6,233, related to non-cash compensation, transaction and project costs and other expense of $4,714, integration and reorganization costs of $1,133 and a $386 loss on the sale of assets.

(c) Adjusted EBITDA for the nine months ended September 27, 2015 included net expenses of $19,688, related to transaction and project costs, non-cash compensation, and other expense of $11,060, integration and reorganization costs of $5,221 and a $3,407 loss on the sale of assets.

(d) Adjusted EBITDA for the nine months ended September 28, 2014 included net expenses of $15,218, related to non-cash compensation, transaction and project costs and other expense of $12,174, integration and reorganization costs of $1,970 and a $1,074 loss on the sale of assets.

## Item 3. Quantitative and Qualitative Disclosures About Market Risk

During the nine month period ended September 27, 2015, 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 28, 2014.

**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 March 6, 2015.

### 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, 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 Southeast, and the Midwest. During the nine months ended September 27, 2015, 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 Southeast: Florida and North Carolina. Also during the same period, approximately 18% of our total revenues were generated in two states in the Midwest: Illinois and Ohio. 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 27, 2015, New Media s outstanding indebtedness consists of the New Media Credit Agreement. The New Media Credit Agreement provides for (i) a $200 million senior secured term facility and (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. In addition, the New Media Borrower may request one or more new commitments for term loans or revolving loans from time to time up to an aggregate total of $75 million, 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 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. As of September 27, 2015, $15 million was drawn under the Revolving Credit Facility.

This 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.

***The New Media Credit Agreement 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 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 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 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 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 2015 cash dividend of $0.33 per share of Common Stock and have paid regularly 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.

Our Predecessor suspended the payments of dividends commencing with the second quarter of 2008. We own substantially all of our Predecessor s assets, and our Predecessor experienced revenue and cash flow declines in the past. In addition, 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 Propel, 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 key partnerships have been entered into to assist with our digital business, including Propel. We continue to believe that our digital businesses, including Propel, 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 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 Propel, 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 intend 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;
- 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 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.

Our Predecessor 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.

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 for the first nine months of 2015 was approximately $543 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.

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

Our Predecessor experienced declines in advertising revenue over the past few years, due primarily to the economic recession and advertisers shift from print to digital media. Advertising revenue decreased by $26.2 million, or 7.4%, in the year ended December 30, 2012, as compared to the year ended January 1, 2012. Advertising revenue decreased by $29.6 million, or 9.0%, in the year ended December 29, 2013, as compared to the year ended December 30, 2012 for total company excluding Local Media. Advertising revenue increased by $57.0 million, or 17.4%, in the year ended December 28, 2014, as compared to the year ended December 29, 2013, however, excluding acquisitions, there was a decrease in advertising revenue. 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. Further declines in advertising revenue could adversely affect our results of operations and financial condition.

***Our Predecessor had a history of losses and filed a voluntary petition to reorganize under Chapter 11 of the U.S. Bankruptcy Code in 2013.***

Our Predecessor experienced losses from continuing operations of approximately $27.5 million and $21.0 million in 2012 and 2011, respectively. On September 27, 2013, GateHouse filed a voluntary petition to reorganize under Chapter 11 of the U.S. Bankruptcy Code and emerged from Chapter 11 protection on November 26, 2013. We may not be able to maintain profitable operations in the future and our failure to achieve profitability in the future could adversely affect the trading price of our Common Stock and our ability to pay dividends and raise additional capital for growth.

***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 30, 2012, our Predecessor s circulation revenue decreased by $0.3 million, or 0.2%, as compared to the year ended January 1, 2012. There can be no assurance that our circulation revenue will not decline again in the future. Our Predecessor and us were 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. 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.***

As a result of the Restructuring, which was considered a triggering event for the non-amortizable intangibles, our Predecessor performed a valuation analysis to determine if an impairment existed as of September 29, 2013. The fair values of our Predecessor s reporting units for goodwill and newspaper mastheads were estimated using the expected present value of future cash flows, recent industry transaction multiples and using estimates, judgments and assumptions that management believed were appropriate in the circumstances and were consistent with the terms of the Plan. The estimates and judgments used in the assessment included multiples for revenue and EBITDA, the weighted average cost of capital and the terminal growth rate. Given the Restructuring, our Predecessor determined that discounted cash flows provided the best estimate of the fair value of its reporting units. The estimated fair value of the Large Daily reporting unit exceeded its carrying value and Step 2 of the analysis was not necessary. The Small Community reporting unit failed the Step 1 goodwill impairment analysis. Our Predecessor performed Step 2 of the analysis using consistent assumptions, as discussed above, and determined an impairment was not present for this reporting unit. The estimated fair value of each reporting unit s mastheads exceeded their carrying values, using consistent assumptions as discussed above. The masthead fair value was estimated using the relief from royalty valuation method. For further information on goodwill and intangible assets, see Note 5 to the unaudited condensed consolidated financial statements, Goodwill and Intangible Assets .

Due to reductions in our Predecessor s operating projections during the third quarter of 2013 in conjunction with the Restructuring, an impairment charge of $68.6 million was recognized for advertiser relationships within the Predecessor s Metro and Small Community reporting units, an impairment charge of $19.1 million was recognized for subscriber relationships within the Company s Metro and Small Community reporting units, an impairment charge of $2.1 million was recognized for customer relationships within the Company s Metro reporting unit and an impairment charge of $1.8 million was recognized for trade names and publication rights within the Directories business unit.

Given the recent revaluation of assets related to fresh start accounting, there is a relatively small amount of fair value excess for certain reporting units as of the second quarter 2015 annual impairment test. Specifically, the fair value of the Large Daily Newspapers and Ventures reporting units exceeded carrying value by less than 10%. In addition, the masthead fair value for Large Daily Newspapers and Metro Newspapers exceeded carrying value by less than 3%. Considering a relatively low headroom for these reporting units and mastheads and declining revenue and profitability in the newspaper industry over the past several years, these are considered to be at risk for a future impairment in the event of decline in general economic, market or business conditions or any significant unfavorable changes in the forecasted cash flows, weighted-average cost of capital and/or market transaction multiples.

At September 27, 2015 the carrying value of our goodwill is $177.6 million, mastheads is $96.7 million, and amortizable intangible assets is $247.0 million.

***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 Predecessor s 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.

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 and our Predecessor 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 $13.5 million at December 28, 2014. Our pension plan invests in a variety of equity and debt securities, many of which were affected by the disruptions in the credit and capital markets in 2009 and 2010. Future volatility and disruption in the stock markets could cause further 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 our Predecessor 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 27, 2015, we employed 10,117 employees, of whom 1,257 (or approximately 12%) were represented by 35 unions. 94% of the unionized employees are in four states: Ohio, Rhode Island, Illinois and Massachusetts and represent 38%, 22%, 17% and 17% of all our union employees, respectively. Most of our unionized employees work under collective bargaining agreements that expire in 2017.

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.

***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 and our Predecessor 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.

***Our financial results were affected by the adoption of fresh start reporting and may not reflect historical trends.***

Pursuant to the Plan, we acquired substantially all of the assets of our Predecessor. The Restructuring resulted in us becoming a new reporting entity and adopting fresh start accounting. As required by fresh start accounting, our Predecessor s assets and liabilities were adjusted to estimated fair value, and we recognized certain assets and liabilities not previously recognized in our Predecessor s financial statements. Accordingly, our financial condition and results of operations from and after the Effective Date are not comparable to the financial condition and results of operations reflected in our Predecessor s historical consolidated financial statements, including those presented herein.

## 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.

***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) 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. Fortress had approximately $74.3 billion of assets under management as of September 30, 2015. 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 generally does not limit or restrict our Manager or its affiliates from engaging in any business or managing other pooled investment vehicles that invest in investments that meet our 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 that could 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 will be automatically renewed for one-year terms unless terminated (i) by a majority vote of at least two-thirds of our independent directors, or by a vote of the holders of a simple majority of the outstanding shares of our common stock, that there has been unsatisfactory performance by our Manager that is materially detrimental to us or (ii) a determination by a simple majority of our independent directors that the management fee payable to our Manager is not fair, subject to our Manager s right to prevent such a termination by continuing to provide the services under the Management Agreement at a fee that a simple majority of our independent directors have reasonably determined to be fair. Our Manager will be provided 60 days prior notice of any termination and will be paid a termination fee equal to the amount of the management fee earned by the Manager during the 12-month period 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 will not assume any responsibility other than to render the services called for thereunder in good faith and will 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, sub-advisers, 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, sub-advisers 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 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. 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 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 may 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 as of the Effective Date (calculated prior to dilution from shares of New Media Common Stock issued pursuant to Newcastle s contribution of Local Media Parent 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 the Effective Date. 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 will grant our Manager options equal to 10% of the number of shares being sold in the offering, with an exercise price equal to the offering price per share paid by the public or other ultimate purchaser. The Board of Directors of New Media approved the Incentive Plan, which provides for the grant of equity and equity-based awards, including restricted stock, stock options, stock appreciation rights, performance awards, restricted stock units, 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 and 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 2015, the number of shares reserved for issuance under the Incentive Plan was increased by 746,649, representing 10% of the shares of Common Stock newly issued in fiscal year 2014.

***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 (provided, however, that for so long as Newcastle and certain other affiliates of Fortress and permitted transferees (collectively, the Fortress Stockholders ) beneficially own at least 20% of our issued and outstanding Common Stock, such provisions may be amended with the affirmative vote of a majority of the voting interest of stockholders entitled to vote or by a majority of the entire Board of Directors);

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 (provided, however, that for so long as the Fortress Stockholders beneficially own at least 20% of our issued and outstanding Common Stock, directors may be removed with or without cause with the affirmative vote of a majority of the voting interest of stockholders entitled to vote);

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 (provided, however, that for so long as the Fortress Stockholders beneficially own at least 20% of our issued and outstanding Common Stock, Fortress Stockholders may call 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 (provided, however, that for so long as the Fortress Stockholders beneficially own at least 20% of our issued and outstanding Common Stock, our stockholders may act without a meeting by written consent of a majority of the voting interest of stockholders entitled to vote).

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.

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

Not applicable

## 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.

**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 29, 2015

/s/ Gregory W. Freiberg
Gregory W. Freiberg
Chief Financial Officer
(Principal Financial and Accounting Officer)

| Exhibit No. | Description |
|---|---|
| * 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.