Gannett Co., Inc.
Form 10-K
February 25, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 10-K
(Mark One)

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

For the fiscal year ended December 27, 2015

¨ 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 1-36874
GANNETT CO., INC.
(Exact name of registrant as specified in its charter)

Delaware	47-2390983
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
7950 Jones Branch Drive, McLean, Virginia	22107-0910
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (703) 854-6000
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value $0.01 per share	The New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No x

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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K (Check box if no delinquent filers). x

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	x	Accelerated filer ¨	Non-accelerated filer	¨	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
Yes ¨ No x
As of June 26, 2015 the last business day of the registrant's second fiscal quarter of 2015, the registrant's common stock was not held by any non-affiliates.
As of January 29, 2016, 116,082,033 shares of the registrant's Common Stock were outstanding.
DOCUMENTS INCORPORATED BY REFERENCE
The definitive proxy statement relating to the registrant's Annual Meeting of Shareholders to be held on May 10, 2016, is incorporated by reference in Part III to the extent described therein.

INDEX TO GANNETT CO., INC.
2015 FORM 10-K

Item No.		Page
	Part I	
1	Business	3
1A.	Risk Factors	13
1B.	Unresolved Staff Comments	19
2	Properties	20
3	Legal Proceedings	20
4	Mine Safety Disclosures	20
	Part II	
5	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	21
6	Selected Financial Data	22
7	Management's Discussion and Analysis of Financial Condition and Results of Operations	22
7A.	Quantitative and Qualitative Disclosures about Market Risk	33
8	Financial Statements and Supplementary Data	34
9	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	65
9A.	Controls and Procedures	65
	Part III	
10	Directors, Executive Officers and Corporate Governance	67
11	Executive Compensation	67
12	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	68
13	Certain Relationships and Related Transactions, and Director Independence	68
14	Principal Accountant Fees and Services	68
	Part IV	
15	Exhibits and Financial Statement Schedules	68

PART I

ITEM 1.BUSINESS

Overview

Gannett is a leading international, multi-platform news and information company that delivers high-quality, trusted content where and when consumers want to engage with it on virtually any device or platform. We are one of the largest, most geographically diverse local content providers in the U.S., operating in 33 states and Guam. We operate and report in a single segment.

On June 29, 2015, the separation of Gannett from our former parent was completed when our former parent distributed 98.5% of the outstanding shares of Gannett common stock (also referred to herein as the “spin-off” or “separation”) to its stockholders on a pro rata basis. Following the distribution, our former parent owns 1.5% of Gannett’s outstanding common stock and our former parent will continue to own our shares for a period of time not to exceed five years after the distribution.

Our operations comprise USA TODAY, 92 daily local publications in the U.S. and Guam, more than 400 non-daily publications in the U.S., and, through our Newsquest subsidiary, more than 150 local news brands online, mobile and in print in the U.K. USA TODAY’s national content, which has been a cornerstone of the national news landscape for more than three decades, is included in 36 of our local daily publications. USA TODAY is currently the nation’s No. 1 newspaper in consolidated print and digital circulation, according to the Alliance for Audited Media’s December 2015 Publisher’s Statement, with total daily circulation of 4.0 million and Sunday circulation of 3.9 million, which includes daily print, digital replica, digital non-replica, and branded editions.

Since its introduction in 1982, USA TODAY has developed a recognizable and respected brand that we leverage across various businesses. For example, USA TODAY Sports Media Group has used the USA TODAY brand name to successfully launch “For the Win” (ftw.usatoday.com) as a unique digital property that provides sports fans with social news and curated analysis. The USA TODAY brand immediately boosts the credibility of any affiliated property, enabling even the most tailored, niche content platforms to increase their audience. Recently, we combined our local media brands with USA TODAY under the USA TODAY NETWORK, to create the largest local to national media network in the country. The network is powered by an integrated and award-winning news organization with deep roots in all of our communities, USA TODAY, with more than 3,100 journalists has a combined reach of more than 100 million unique visitors monthly. USA TODAY print content is produced at facilities in McLean, VA, and transmitted digitally to printing facilities around the country.

In the U.K., our wholly-owned subsidiary, Newsquest, has a total average readership of approximately 6 million every week. The availability of our award-winning content to audiences whenever, wherever and however they choose makes it a go-to information source for consumers and preferred platform for advertisers in all industries, sizes and locations. Newsquest’s digital audience increased substantially during 2015, with audited average daily unique users rising by 24%. Newsquest contributed 14% of our total operating revenues for 2015, a decrease of less than 1% from 2014.

We are digitally focused and have a significant digital presence. Every month, approximately 100 million unique visitors access the USA TODAY NETWORK content through desktops, smartphones and tablets. There have been more than 22 million downloads of USA TODAY’s award-winning app on mobile devices and 3.7 million downloads of apps associated with our local publications. Newsquest is a digital leader in the U.K. where its network of web sites attracts nearly 24 million unique visitors monthly.

Our comprehensive operations also include commercial printing, marketing and data services. Certain of our businesses have strategic relationships with online businesses of our former parent, including CareerBuilder, Cars.com, and G/O Digital, a digital marketing services business.

We generate revenue primarily through both print and digital advertising and subscriptions to our publications. In addition to USA TODAY, our local publications and affiliated products operate through fully integrated shared support, sales and service platforms. Our diversified set of revenue streams ensures that the value of our financial, creative and human resources is maximized.

Our domestic local publishing circulation revenue is driven through our All Access Content Subscription Model. All subscriptions include access to content via multiple platforms, including websites, smartphones and tablet applications, e-newspapers and print editions with subscription prices that vary according to the frequency of delivery of the print edition. In addition to the subscription model, single-copy print editions continue to be sold at retail outlets and account for approximately 15% of daily and 23% of Sunday net paid and verified circulation volume.

In recent years, our operating results have been negatively impacted by declining revenues that reflect general trends in the print newspaper industry. As our core business continues to be impacted by declining print revenue trends, we are effectively managing our cost structure in relation to those trends.

We employ a multi-platform approach to advertising, which can be specifically tailored to the individual needs of many levels of advertisers, from small, locally-owned merchants to large, complex businesses. We offer our advertising clients multiple platforms and products including display advertising, desktop, mobile, tablet and other specialty publications.

We have a national advertising sales force focused on the largest national advertisers and accounts, and we have relationships with outside agencies that specialize in the sale of national ads. Our diverse sales force, unique industry scale and broad portfolio of print and digital products positions us to attract and serve a wide array of advertising partners.

Strategy

We are committed to a business strategy that drives returns for shareholders, delights audiences through a robust user experience and engages with consumers to strengthen the brands of advertising partners and drive revenue. Key elements of our strategy to achieve these objectives are as follows:

Supplement organic growth with selective acquisitions. We are well-positioned to pursue value-enhancing investments and acquisitions — and will be both opportunistic and disciplined in our acquisition strategy. We were virtually debt-free upon completion of the separation, and our balance sheet and cash flow generation are strong in comparison to peers, providing us with the financial flexibility to pursue opportunities arising in a consolidating industry. We are a strong operator, and our strengths in information gathering and reporting, coupled with our valuable integrated content sharing, advertising, sales and administrative platforms, will help drive innovative approaches to revenue generation as well as efficiency gains in acquired properties.

Maintain a strong, flexible balance sheet. Through proactive cost management and appropriate financial policies, we remain committed to maintaining financial flexibility in order to execute our organic growth strategies and be in position to make accretive acquisitions.

Capital Allocation. Our approach to capital allocation is a key source of financial strength in support of current initiatives and also provides flexibility for future opportunities. In July 2015, our Board of Directors authorized a three-year, $150 million share repurchase program. As of Dec. 27, 2015, no shares have been repurchased under this program.

In addition, our Board of Directors declared a cash dividend of $0.16 in each of the third and fourth quarters of 2015, an annualized dividend of $0.64, allowing us to maximize the allocation of capital to provide strong return to shareholders during our growth and expansion efforts.

Continue to enhance digital platforms. As the publishing industry has evolved and readers increasingly consume content on digital platforms, we have made and will continue to make significant investments in online and mobile offerings across both local and national markets. We will continue to develop compelling content and ensure that readers can access their trusted local and national news and information sources on every platform. The unparalleled credibility and trust of our news brands carries over to digital platforms, and differentiates our online products from digital competitors. We also will focus on continuing to develop a compelling mobile experience, including video content, across our network.

Expand the integration of national and local content. In 2015, we continued our transformation into one, integrated organization as we united our local and national media brands under the USA TODAY NETWORK, to create the largest local to national media network in the country. The network is powered by an integrated and award-winning news organization with deep roots in 92 local communities, plus USA TODAY, more than 3,100 journalists and a combined reach of more than 100 million unique browsers monthly. The network provides the opportunity for advertisers to scale their messages from hyper-local to national while reaching millions of consumers through a variety of platforms. Gannett will continue to invest in growing the USA TODAY NETWORK to include more local markets and new and engaging platforms. In 2014, we launched a pioneering project to enhance our local market coverage by leveraging our unique ability to generate and distribute national content. In 36 local publications, we now include a local edition of USA TODAY inside the print and e-Editions of our local publications. The USA TODAY local edition includes national News, Money and Lifestyle content, while USA TODAY's sports coverage is integrated into local sports sections. In addition, we have syndicated the local edition of USA TODAY into non-Gannett publications in several states, and have expanded the offerings in the local edition to include weekend Personal Finance and Sunday Life sections.

Focus on operational excellence. While maintaining a commitment to quality journalism, we will continue to maximize the efficiency of our print, sales, administrative, and distribution functions to increase profitability. In 2015, in addition to ongoing cost reductions related to declines in volumes, we initiated a $67 million cost reduction program focused on efficiency of back office operations production and distribution costs. We will continue to leverage our economies of scale to reduce supply chain costs, provide significant shared editorial content, and streamline our creative and design interactions with advertisers in print and online. We believe that these efforts will enable us to drive profitability and strengthen customer relationship.

Strategic Acquisitions

In June 2015, we completed the acquisition of the remaining 59.4% interest in the Texas-New Mexico Newspapers Partnership ("TNP") that we did not own. The deal was completed through the assignment of our interest in the California Newspapers Partnership ("CNP") and additional cash consideration, resulting in a pretax gain on our equity investment of $22 million. As a result, we own 100% of TNP and no longer have any ownership interest in CNP. The acquisition added one news organization in Texas, six in New Mexico, and four in Pennsylvania. Also, in late May 2015, we acquired the Romanes Media Group ("RMG"), located in the U.K. Romanes includes one daily and 28 weekly publications and their associated digital platforms. The transaction was completed by our subsidiary, Newsquest.

On Oct. 7, 2015 we entered into a merger agreement for the acquisition of Journal Media Group, Inc. ("JMG") for approximately $280 million. JMG is a media company with print and digital publishing operations serving 14 U.S. markets in nine states, including the Milwaukee Journal Sentinel, the Knoxville News Sentinel, and The Commercial Appeal in Memphis.

Our pending acquisition of JMG will create a portfolio of 106 local markets in the U.S., accelerating the growth of our unique digital domestic visitors each month. We also believe the acquisition will enable the combined company to realize significant operating efficiencies as the properties in JMG's markets benefit from the consolidated functions we have established over the last several years, and the regional proximity of some of the JMG markets enables us to further utilize joint printing and distribution assets.

General Company Information

We and our predecessor companies were founded by Frank E. Gannett and associates in 1906 and incorporated in 1923. We were separated from our former parent, TEGNA Inc., on June 29, 2015 through the issuance of 115 million common shares. We are listed on the New York Stock Exchange under the symbol GCI. We are headquartered in McLean, VA, near Washington, DC.

Operations

Audience reach: As we pursue our mission to meet consumers' news and information needs anytime, anywhere and in any form, we remain focused on an audience aggregation strategy. We consider the reach and coverage of our products across multiple platforms and measure the frequency with which consumers interact with each to ensure audiences remain highly engaged.

We gather and analyze aggregated audience data which allows advertising sales staff to provide detailed information to advertisers about how best to reach their potential customers through the most effective product combination and frequency. Our significant reach across the country results in the ability to deliver key demographic segments at scale to drive effectiveness for our advertising customers. Our ability to provide effective targeting for our clients to reach their best customers is enhanced with insights derived from first- and third-party data.

In addition to the audience-based initiative, we continue to measure customer attitudes, behaviors and opinions to better understand customers' digital use patterns and use qualitative research with audiences and advertisers to better determine their needs.

Advertising: We have experienced advertising departments that sell retail, classified and national advertising across multiple platforms including print, online, mobile and tablet, as well as niche publications. We have a national advertising sales force focused on the largest national advertisers and a separate sales organization to support classified employment sales - the Digital Employment Sales Center. We also have relationships with outside agencies that specialize in the sale of national ads.

We sell and track our advertising sales in three primary categories:

- Retail display advertising is associated with local merchants or locally owned businesses. Retail includes regional and national chains - such as department and grocery stores - that sell in the local market.
- National advertising is display advertising principally from advertisers who are promoting national products or brands. Examples are pharmaceuticals, travel, airlines, or packaged goods. Both retail and national ads also include preprints, typically stand-alone multiple page fliers that are inserted in the daily and Sunday print product.

Classified advertising includes the major categories of automotive, employment, legal and real estate/rentals.

- Advertising for classified segments is published in the classified sections or other sections within the publication, on affiliated digital platforms, and in niche magazines that specialize in the segment.

Local and national advertisers find it challenging to manage the complexity of their marketing investments, particularly digital solutions. They are seeking to reach an increasingly elusive audience and are struggling to influence attitudes and behavior at each stage of the purchase path. To help advertisers solve this problem, we created a refined approach to media planning to present advertisers with targeted, integrated solutions. The planning process leverages our considerable strength in data analysis and secondary research. The result is a tailored media/marketing plan where the individual elements work in concert to amplify and reinforce the advertiser's message.

Our consultative multi-media sales approach can be tailored to all levels of advertisers, from small, locally owned merchants to large, complex businesses. Along with this sales approach, we have intense sales and management training programs. Digital product integration, sales pipeline management and a five-step consultative sales process continue to be focus areas, with formal training being delivered in all company markets. Front-line sales managers in all markets participate in intensive training to help them coach their sales executives for top performance.

Online Operations: We continue to invest in a significant expansion of mobile offerings across local markets, including native applications for iPhone and Android smartphones and iPads and tablet-optimized web sites. The mobile audience at our U.S markets continued to grow in 2015, ultimately making up approximately 55% of total page views, with mobile web sites and the native phone applications leading the way.

We have made a clear commitment to provide consumers with the content they most want on the devices they use to access news and information about their local communities. Mobile page views increased 22% and mobile visitors increased 56% in 2015 on a year-over-year basis.

Social media continues to be an important element in our audience growth strategy. We implemented a social media content management software tool to allow our journalists and marketing and customer service teams to more effectively manage multiple social media profiles and significantly increase their responsiveness and engagement with consumers.

We continue to enjoy a long-standing relationship of trust in our local business communities. Our advertising sales staff delivers solutions for our customers. Our digital marketing services provide localized marketing solutions to national and small- to medium-sized businesses, helping them navigate the increasingly complex and diverse world of digital marketing.

The overriding objective of our digital strategy is to provide compelling content that best serves our customers. A key reason customers turn to a company digital platform is to find local news and information. The credibility of the local media organization, a known and trusted information source, includes its digital platforms (tablet, mobile applications and its web site) and differentiates these digital sources from competing digital products. This allows our local media organizations to compete successfully as information providers.

A second objective in our digital strategy is to leverage the natural synergies between the local media organizations and local digital platforms. The local content, customer relationships, news and advertising sales staff, and promotional capabilities are all competitive strengths for us. Our strategy is to use these strengths to create strong and timely content, sell packaged advertising products that meet the needs of advertisers, operate efficiently and leverage the known and trusted brand of the local media organization.

Circulation: We deliver content in print and online, via mobile devices and tablets. For local publications, our All Access Content Subscription Model has more than 1.5 million digitally activated subscribers, enabling them easy access to content-rich products. In a trend generally consistent with the domestic publishing industry, print circulation volume declined in 2015.

EZ Pay, a payment system which automatically deducts subscription payments from customers' credit cards or bank accounts, enhances the subscriber retention rate. At the end of 2015, EZ Pay was used by 63.7% of all subscribers at Gannett sites. For our local U.S. publications, single-copy sales to non-subscribers represent approximately 15% of daily and 23% of Sunday net paid circulation volume.

The single copy price of USA TODAY at newsstands and vending machines was $2.00 in 2015. Mail subscriptions are available nationwide and abroad, and home, hotel and office delivery is available in many markets. Approximately 81% of USA TODAY'S net paid circulation results are from single-copy sales at newsstands, vending machines or to hotels who provide them to their guests. The remainder is from home and office delivery, mail, educational and other sales.

Production and Distribution: Gannett Publishing Services (GPS) was formed to improve the efficiency and reduce the cost associated with the production and distribution of the Gannett printed products across all divisions in the U.S. GPS manages the production and circulation operations for all of our community newspapers and USA TODAY. GPS leverages our existing assets, including employee talent and experience, physical plants and equipment, and our vast national and local distribution networks. GPS is responsible for imaging, advertising production, internal and external printing and packaging, and internal and external distribution.

Almost all U.S. local publications and USA TODAY employees utilize a common content management system. The common content management system enables the communication and collaboration needed to share content and to build strong design remotely. Our five design studios provide design services to all our local publications, enhancing operating efficiencies and the design quality of our publications.

Newsquest operates its publishing activities around regional centers to maximize the use of management, finance, printing and personnel resources. This enables the group to offer readers and advertisers a range of attractive products across the market. The clustering of titles and, usually, the publication of a free print product alongside a paid-for print product, allows cross-selling of advertising serving the same or contiguous markets, satisfying the needs of its advertisers and audiences.

Newsquest produces free and paid-for print products with quality local editorial content. Newsquest also distributes advertising leaflets in the communities it serves. Most of Newsquest’s paid-for distribution is outsourced to wholesalers, although direct delivery is employed as well to maximize circulation sales opportunities.

Competition: Our publishing operations and affiliated digital platforms compete with other media and digital ventures for advertising. Publishing operations also compete for circulation and readership against other professional news and information operations and amateur content creators. Very few of our publishing operations have daily print competitors that are published in the same city. Most of our print products compete with other print products published in suburban areas, nearby cities and towns, free-distribution and paid-advertising publications (such as weeklies), and other media, including magazines, television, direct mail, cable television, radio, outdoor advertising, directories, e-mail marketing, web sites and mobile-device platforms. Newsquest's publishing operations are in competitive markets. Their principal competitors include other regional and national newspaper and magazine publishers, other advertising media such as broadcast and billboard, Internet-based news and other information and communication businesses.

Development of opportunities in, and competition from, digital media, including web site, tablet and mobile products, continues to increase. Through internal development, content distribution programs, acquisitions and partnerships, our efforts to explore new opportunities in the news, information and communications business and in audience generation will keep expanding.

We continue to seek more effective ways to engage with our local communities using all available media platforms and tools.

Environmental Regulation and Sustainability: We are committed to protecting the environment. Our goal is to ensure our facilities comply with federal, state, local and foreign environmental laws and incorporate appropriate environmental practices and standards in our operations. We are one of the industry leaders in the use of recycled newsprint. In 2015, we purchased 90,250 metric tons of newsprint containing recycled content. During 2015, 23% of our newsprint purchases contained recycled content, with an average recycled content of 48%.

Our operations use inks, solvents and fuels. The use, management and disposal of these substances are regulated by environmental agencies. We retain a corporate environmental consultant who, along with internal and outside counsel, oversees regulatory compliance and preventive measures. Some of our subsidiaries have been included among the potentially responsible parties in connection with sites that have been identified as possibly requiring environmental remediation.

We are committed to making smart decisions to protect the environment and manage our environmental impact responsibly. We have taken a number of steps to reduce our environmental impact and underscore our commitment to sustainability.

We have been an industry pioneer in switching to environmentally-friendly press products, such as low-VOC (Volatile Organic Compound) washes and fountain solutions and citrus-based press cleaners. All colored inks we use are soy-based rather than petroleum-based, and delivered in reusable containers. Our waste ink is recycled, either on-site or at the manufacturer's facility. We continue to minimize landfill usage by collecting used paper, plastics and other materials for recycling and have substantially reduced water usage by switching to dry methods of photo processing and plate processing.

We have reduced greenhouse emissions by using newsprint vendors who practice sustainability, switching to light-weight newsprint, and reducing the web width of the newspapers printed.

We are focused on energy efficiency. We have relocated many employees from older facilities to newer, more energy efficient offices. We have also installed more energy efficient systems and appliances in many of our buildings. For 2016, we have identified new projects to reduce power consumption further.

Raw Materials: Newsprint, which is the basic raw material used in print publication, has been and may continue to be subject to significant price changes from time to time. We purchase newsprint primarily from 13 domestic and global suppliers. During 2015, our total newsprint consumption was 316,168 metric tons, including consumption by USA TODAY, tonnage at non-Gannett print sites and Newsquest. Newsprint consumption was 16% less than in 2014.

We continue to moderate newsprint consumption and expense through the use of lighter basis weight paper. We believe that available sources of newsprint, together with present inventories, will continue to be adequate to supply the needs of our publishing operations.

Joint Operating Agencies: Our publishing subsidiary in Detroit participates in a joint operating agency ("JOA"). The JOA performs the production, sales and distribution functions for the subsidiary and another publishing company

under a joint operating agreement. Operating results for the Detroit JOA are fully consolidated along with a charge for the minority partner's share of profits.

Employees

We employed approximately 18,700 persons as of Dec. 27, 2015. Approximately 13% of those employed by us and our subsidiaries in the U.S. are represented by labor unions. They are represented by 42 local bargaining units, most of which are affiliated with one of seven international unions under collective bargaining agreements. These agreements conform generally with the pattern of labor agreements in the publishing industry. We do not engage in industry-wide or company-wide bargaining. Our U.K. subsidiaries bargain with two unions over working practices, wages and health and safety issues only.

Gannett Foundation

The Gannett Foundation supports non-profit activities in communities where we do business and contributes to a variety of charitable causes through its Community Grant Program. One of the Gannett Foundation's community action grant priorities is environmental conservation.

MARKETS WE SERVE
DAILY LOCAL MEDIA ORGANIZATIONS AND AFFILIATED DIGITAL PLATFORMS

State Territory	City	Local media organization/web site	Average 2015 Circulation - Print and Digital Replica and Non-Replica			Founded
			Morning	Afternoon	Sunday	
Alabama	Montgomery	Montgomery Advertiser www.montgomeryadvertiser.com	22,330		28,476	1829
Arizona	Phoenix	The Arizona Republic www.azcentral.com	211,414		496,390	1890
Arkansas	Mountain Home	The Baxter Bulletin www.baxterbulletin.com	7,939			1901
California	Palm Springs	The Desert Sun www.mydesert.com	30,555		34,114	1927
	Salinas	The Salinas Californian www.thecalifornian.com	6,207			1871
	Visalia	Visalia Times-Delta/Tulare Advance-Register www.visaliatimesdelta.com www.tulareadvanceregister.com	16,890			1859
Colorado	Fort Collins	Fort Collins Coloradoan www.coloradoan.com	20,131		24,857	1873
Delaware	Wilmington	The News Journal www.delawareonline.com	65,066		104,570	1871
Florida	Brevard County	FLORIDA TODAY www.floridatoday.com	42,634		80,656	1966
	Fort Myers	The News-Press www.news-press.com	47,565		67,185	1884
	Pensacola	Pensacola News Journal www.pnj.com	29,981		47,892	1889
	Tallahassee	Tallahassee Democrat www.tallahassee.com	29,317		43,587	1905
Guam	Hagatna	Pacific Daily News www.guampdn.com	11,954		10,392	1944
Indiana	Indianapolis	The Indianapolis Star www.indystar.com	127,064		259,341	1903
	Lafayette	Journal and Courier www.jconline.com	20,649		27,277	1829
	Muncie	The Star Press www.thestarpress.com	19,489		24,134	1899
	Richmond	Palladium-Item www.pal-item.com	9,279		13,299	1831
Iowa	Des Moines	The Des Moines Register www.desmoinesregister.com	84,305		174,208	1849
	Iowa City	Iowa City Press-Citizen www.press-citizen.com	9,939			1860
Kentucky	Louisville	The Courier-Journal www.courier-journal.com	106,871		202,164	1868
Louisiana	Alexandria	Alexandria Daily Town Talk www.thetowntalk.com	14,042		18,391	1883

	Lafayette	The Daily Advertiser www.theadvertiser.com	20,111	27,243	1865
	Monroe	The News-Star www.thenewsstar.com	17,306	20,988	1890
	Opelousas	Daily World www.dailyworld.com	3,778	4,813	1939
	Shreveport	The Times www.shreveporttimes.com	28,971	42,478	1871
Maryland	Salisbury	The Daily Times www.delmarvanow.com	12,338	16,008	1900

DAILY LOCAL MEDIA ORGANIZATIONS AND AFFILIATED DIGITAL PLATFORMS

State Territory	City	Local media organization/web site	Average 2015 Circulation - Print and Digital Replica and Non-Replica			
			Morning	Afternoon	Sunday	Founded
Michigan	Battle Creek	Battle Creek Enquirer www.battlecreekenquirer.com	10,647		15,171	1900
	Detroit	Detroit Free Press www.freep.com	160,213		886,376	1832
	Lansing	Lansing State Journal www.lansingstatejournal.com	33,588		44,819	1855
	Livingston County	Daily Press & Argus www.livingstondaily.com	8,163		11,572	1843
	Port Huron	Times Herald www.thetimesherald.com	14,095		20,843	1900
Minnesota	St. Cloud	St. Cloud Times www.sctimes.com	19,684		24,179	1861
Mississippi	Hattiesburg	Hattiesburg American www.hattiesburgamerican.com		7,202	9,675	1897
	Jackson	The Clarion-Ledger www.clarionledger.com	43,373		49,981	1837
Missouri	Springfield	Springfield News-Leader www.news-leader.com	27,905		49,889	1893
Montana	Great Falls	Great Falls Tribune www.greatfallstribune.com	21,684		23,104	1885
Nevada	Reno	Reno Gazette-Journal www.rgj.com	30,506		52,989	1870
New Jersey	Asbury Park	Asbury Park Press www.app.com	73,363		109,060	1879
	Bridgewater	Courier News www.mycentraljersey.com	8,938		11,610	1884
	Cherry Hill	Courier-Post www.courierpostonline.com	32,259		43,096	1875
	East Brunswick	Home News Tribune www.mycentraljersey.com	17,803		21,195	1879
	Morristown	Daily Record www.dailyrecord.com	12,582		14,952	1900
	Vineland	The Daily Journal www.thedailyjournal.com	9,983			1864
New Mexico	Alamogordo	Alamogordo Daily News www.alamogordonews.com	3,811		3,977	1898
	Carlsbad	Current-Argus www.currentargus.com	3,597		3,863	1889
	Deming	Deming Headlight www.demingheadlight.com	1,492			1880
	Farmington	Farmington Daily Times www.daily-times.com	9,012		9,532	1901
	Las Cruces	Las Cruces Sun-News www.lcsun-news.com	13,770		15,980	1881
	Silver City	Silver City Sun News	144			1896

		www.scsun-news.com			
New York	Binghamton	Press & Sun-Bulletin www.pressconnects.com	26,493	35,181	1904
	Elmira	Star-Gazette www.stargazette.com	11,917	18,375	1828
	Ithaca	The Ithaca Journal www.theithacajournal.com	8,934		1815
	Poughkeepsie	Poughkeepsie Journal www.poughkeepsiejournal.com	20,409	26,984	1785
	Rochester	Rochester Democrat and Chronicle www.democratandchronicle.com	88,815	131,456	1833
	Westchester County	The Journal News www.lohud.com	53,446	67,893	1829
North Carolina	Asheville	Asheville Citizen-Times www.citizen-times.com	28,269	43,096	1870

DAILY LOCAL MEDIA ORGANIZATIONS AND AFFILIATED DIGITAL PLATFORMS

State Territory	City	Local media organization/web site	Average 2015 Circulation - Print and Digital Replica and Non-Replica Morning	Afternoon	Sunday	Founded
Ohio	Bucyrus	Telegraph-Forum www.bucyrustelegraphforum.com	3,328			1923
	Chillicothe	Chillicothe Gazette www.chillicothegazette.com		7,300	8,656	1800
	Cincinnati	The Cincinnati Enquirer www.cincinnati.com	109,687		207,968	1841
	Coshocton	Coshocton Tribune www.coshoctontribune.com		3,199	3,909	1842
	Fremont	The News-Messenger www.thenews-messenger.com		4,872		1856
	Lancaster	Lancaster Eagle-Gazette www.lancastereaglegazette.com		7,091	8,503	1807
	Mansfield	News Journal www.mansfieldnewsjournal.com	15,258		20,471	1885
	Marion	The Marion Star www.marionstar.com	5,519		6,522	1880
	Newark	The Advocate www.newarkadvocate.com		11,249	12,663	1820
	Port Clinton	News Herald www.portclintonnewsherald.com		1,995		1864
	Zanesville	Times Recorder www.zanesvilletimesrecorder.com	10,017		11,087	1852
Oregon	Salem	Statesman Journal www.statesmanjournal.com	28,858		35,343	1851
Pennsylvania	Chambersburg	Public Opinion www.publicopiniononline.com	11,817		15,409	1869
	Hanover	The Evening Sun www.eveningsun.com	9,375		12,253	1915
	Lebanon	Lebanon Daily News www.ldnews.com	12,004		14,935	1872
	York	York Daily Record www.ydr.com	31,316		71,315	1915
South Carolina	Greenville	The Greenville News www.greenvilleonline.com	42,905		96,559	1874
South Dakota	Sioux Falls	Argus Leader www.argusleader.com	28,161		55,082	1881
Tennessee	Clarksville	The Leaf-Chronicle www.theleafchronicle.com	9,805		19,410	1808
	Jackson	The Jackson Sun www.jacksonsun.com	12,837		19,424	1848
	Murfreesboro	The Daily News Journal www.dnj.com	9,033		12,739	1848
	Nashville	The Tennessean www.tennessean.com	86,189		198,214	1812
Utah	St. George	The Spectrum www.thespectrum.com	12,505		14,545	1963

Texas	El Paso	El Paso Times www.elpasotimes.com	34,213		42,855	1881
Vermont	Burlington	The Burlington Free Press www.burlingtonfreepress.com	22,523		25,848	1827
Virginia	McLean	USA TODAY* www.usatoday.com	4,010,437		3,866,618	1982
	Staunton	The Daily News Leader www.newsleader.com	11,449		13,784	1904
Wisconsin	Appleton	The Post-Crescent www.postcrescent.com	33,039		49,302	1853
	Fond du Lac	The Reporter www.fdlreporter.com	8,613		11,114	1870
	Green Bay	Green Bay Press-Gazette www.greenbaypressgazette.com	37,537		58,460	1915
	Manitowoc	Herald Times Reporter www.htrnews.com	8,469		10,008	1898
	Marshfield	Marshfield News-Herald www.marshfieldnewsherald.com		6,630		1927
	Oshkosh	Oshkosh Northwestern www.thenorthwestern.com	10,968		15,192	1868
	Sheboygan	The Sheboygan Press www.sheboyganpress.com	12,590		15,483	1907

DAILY LOCAL MEDIA ORGANIZATIONS AND AFFILIATED DIGITAL PLATFORMS

State Territory	City	Local media organization/web site	Average 2015 Circulation - Print and Digital Replica and Non-Replica Morning	Afternoon	Sunday	Founded
	Stevens Point	Stevens Point Journal www.stevenspointjournal.com		6,468		1873
		Central Wisconsin Sunday			13,756	
	Wausau	Wausau Daily Herald www.wausaudailyherald.com		12,675	16,947	1903
	Wisconsin Rapids	The Daily Tribune www.wisconsinrapidstribune.com		6,920		1914

* USA TODAY morning and Sunday figure is the average print, digital replica, digital non-replica and branded editions according to the Alliance for Audited Media's December 2015 Quarterly Publisher's Statement.

DAILY PAID-FOR LOCAL MEDIA ORGANIZATIONS AND AFFILIATED DIGITAL PLATFORMS/NEWSQUEST PLC

City	Local media organization/web site	Circulation* Monday-Saturday	Founded
Basildon	Echo**: www.echo-news.co.uk	21,352	1969
Blackburn	Lancashire Telegraph: www.lancashiretelegraph.co.uk	13,304	1886
Bolton	The Bolton News: www.theboltonnews.co.uk	11,157	1867
Bournemouth	Daily Echo: www.bournemouthecho.co.uk	16,395	1900
Bradford	Telegraph & Argus: www.thetelegraphandargus.co.uk	16,737	1868
Brighton	The Argus: www.theargus.co.uk	12,736	1880
Colchester	The Gazette**: www.gazette-news.co.uk	11,058	1970
Darlington	The Northern Echo: www.thenorthernecho.co.uk	27,819	1870
Glasgow	Evening Times: www.eveningtimes.co.uk	29,951	1876
Glasgow	The Herald: www.heraldscotland.com	34,379	1783
Glasgow	The National: www.thenational.scot	***	2014
Greenock	Greenock Telegraph****: www.greenocktelegraph.co.uk	11,264	1857
Newport	South Wales Argus: www.southwalesargus.co.uk	12,110	1892
Oxford	Oxford Mail: www.oxfordmail.co.uk	11,770	1928
Southampton	Southern Daily Echo: www.dailyecho.co.uk	20,211	1888
Swindon	Swindon Advertiser: www.swindonadvertiser.co.uk	11,056	1854
Weymouth	Dorset Echo: www.dorsetecho.co.uk	12,131	1921
Worcester	Worcester News: www.worcesternews.co.uk	8,113	1937
York	The Press: www.yorkpress.co.uk	17,342	1882

* Circulation figures are according to ABC results for the period January - June 2015
** Publishes Monday-Friday
*** Founded in 2014. No certified circulation reported to date
**** Certificate per December 2014 whilst not owned by Newsquest
Non-daily publications: Essex, London, Midlands, North East, North West, Northern Ireland, Scotland, South Coast, South East, South and East Wales, South West, Yorkshire.

Mobile and Tablet: We power more than 500 mobile and tablet products and partner with service providers to deliver news alerts and mobile marketing campaigns. We have also developed and deployed leading applications for iPad, iPhone, Kindle, Android, Windows and BlackBerry.

USA TODAY/USATODAY.com
Headquarters and editorial offices: McLean, VA
Print sites: Albuquerque, NM; Boston, MA; Cleveland, OH; Columbia, SC; Columbus, OH; Dallas, TX; Denver, CO; Des Moines, IA; Detroit, MI; Fort Lauderdale, FL; Houston, TX; Indianapolis, IN; Kansas City, MO; Las Vegas, NV; Los Angeles, CA; Louisville, KY; Milwaukee, WI; Minneapolis, MN; Mobile, AL; Nashville, TN; Oklahoma City, OK; Orlando, FL; Phoenix, AZ; Rochester, NY; Rockaway, NJ; St. Louis, MO; St. Petersburg, FL; Salt Lake City, UT; San Jose, CA; Seattle, WA; Springfield, MO; Springfield, VA; Wilmington, DE; Winston-Salem, NC
Advertising offices: Atlanta, GA; Chicago, IL; Dallas, TX; Detroit, MI; Los Angeles, CA; McLean, VA; New York, NY; San Francisco, CA
USA TODAY Sports Media Group: http://ftw.usatoday.com; www.thebiglead.com; www.spanningthesec.com; http://fantasy.usatoday.com/; www.hoopshype.com; http://usatodayhss.com; www.bnqt.com; www.thehuddle.com; www.baseballhq.com; http://sportswire.usatoday.com/; www.mmajunkie.com; http://boxingjunkie.com/; http://trainingjunkie.com/; www.thedraftwire.com; www.steelerswire.com; www.bearswire.com; www.broncoswire.com; www.thefieldsofgreen.com
Headquarters: Los Angeles
Advertising offices: Los Angeles, CA; McLean, VA; New York, NY
Reviewed.com: www.reviewed.com
Headquarters: Cambridge, MA
Gannett Media Technologies International: www.gmti.com
Headquarters: Chesapeake, VA
Regional office: Cincinnati, OH
Non-daily publications: Weekly, semi-weekly, monthly or bimonthly publications in Alabama, Arizona, Arkansas, California, Colorado, Delaware, Florida, Guam, Indiana, Iowa, Kentucky, Louisiana, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Wisconsin
Gannett Publishing Services: www.gannettpublishingservices.com
Headquarters: McLean, VA
Gannett Satellite Information Network: McLean, VA

GANNETT ON THE NET: News and information about us is available on our web site, www.gannett.com. In addition to news and other information about us, we provide access through this site to our annual report on Form 10-K, our quarterly reports on Form 10-Q, our current reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after we file or furnish them electronically to the Securities and Exchange Commission (SEC). Certifications by our Chief Executive Officer and Chief Financial Officer are included as exhibits to our SEC reports (including to this Form 10-K).

We also provide access on this web site to the charters of our Audit, Transformation, Executive Compensation and Nominating and Public Responsibility Committees and other important governance documents and policies, including our Ethics Policy, Principles of Corporate Governance and Related Person Transaction Policy. Copies of all of these corporate governance documents are available to any shareholder upon written request made to our Secretary at the headquarters address. We will disclose on this web site changes to, or waivers of, our corporate Ethics Policy.

ITEM 1A. RISK FACTORS

In addition to the other information contained or incorporated by reference into this Form 10-K, prospective investors should consider carefully the following risk factors before investing in our securities. The risks described below may not be the only risks we face. Additional risks that we do not yet perceive or that we currently believe are immaterial may adversely affect our business and the trading price of our securities.

Risks Relating to Our Business
Changes in economic conditions are expected to continue to affect advertising demand.
Our operating results depend on the relative strength of the economy as well as the strength or weakness of regional and national economic factors. Our operating revenues are sensitive to discretionary spending available to advertisers and subscribers in the markets we serve, as well as advertiser and subscriber perceptions of economic trends and uncertainty. Total advertising revenues have declined in recent years, reflecting general trends in the newspaper industry and soft economic conditions affecting advertising demand, particularly in the retail sector. A decline in the economic prospects of advertisers, subscribers or the economy in general could alter current or prospective advertisers' and subscribers' spending priorities. All of these factors may further materially and adversely impact our ability to grow or maintain our operating revenue.

Increasing popularity of digital media and the shift in newspaper readership demographics, consumer habits and advertising expenditures from traditional print to digital media have adversely affected and may continue to adversely affect our operating revenues and may require significant capital investments due to changes in technology.
Technology in the media industry continues to evolve rapidly. Advances in technology have led to an increasing number of methods for delivery of news and other content and have resulted in a wide variety of consumer demands and expectations, which are also rapidly evolving. If we are unable to exploit new and existing technologies to distinguish our products and services from those of our competitors or adapt to new distribution methods that provide optimal user experiences, our business and financial results may be adversely affected.
The increasing number of digital media options available online, through social networking tools and through mobile and other devices that distribute news and other content, is expanding consumer choice significantly. Faced with a multitude of media choices and a dramatic increase in accessible information, consumers may place greater value on when, where, how and at what price they consume content than they do on the source or reliability of such content. Further, as existing newspaper readers get older, younger generations may not develop similar readership habits. News aggregation websites and customized news feeds (often free to users) may reduce our traffic levels by creating a disincentive for the audience to visit our websites or use our digital applications. If traffic levels stagnate or decline, we may not be able to create sufficient advertiser interest in our digital businesses or to maintain or increase the advertising rates of the inventory on our digital platforms.

In addition, the range of advertising choices across digital products and platforms and the large inventory of available digital advertising space have historically resulted in significantly lower rates for digital advertising than for print advertising. Consequently, our digital advertising revenue may not be able to replace print advertising revenue lost as a result of the shift to digital consumption. Reduced demand for our offerings or a surplus of advertising inventory could lead to a reduction in pricing and advertising spending, which could have an adverse effect on our businesses and assets. Our ability to maintain and improve the performance of our customers' advertising on our digital properties may impact rates we achieve in the marketplace for our advertising inventory.

Stagnation or a decline in website traffic levels due to subscription models or other factors may materially and adversely affect our advertiser base and advertising rates and result in a decline in digital revenue.
Subscription models require users to pay for content after accessing a limited number of pages or news articles for free on our websites each month. Our ability to build a subscriber base on our digital platforms through subscription offers depends on market acceptance, consumer habits, pricing, an adequate online infrastructure and other factors. If our subscribers opt out of the subscription offers in greater numbers than anticipated, we may not generate expected

revenue. In addition, the subscription model may result in fewer page views or unique visitors to our websites if digital viewers are unwilling to pay to gain access to our content. Stagnation or a decline in website traffic levels may materially and adversely affect our advertiser base and advertising rates and result in a decline in digital revenue.

Our business operates in highly competitive markets with constant technological developments, and our ability to maintain market share and generate operating revenues depends on how effectively we compete with existing and new competition and on how technological developments affect our business.
Our business operates in highly competitive markets. Our brands compete for audiences and advertising revenue with newspapers and other media such as the Internet, magazines, broadcast, cable and satellite television, radio, direct mail, outdoor billboards and yellow pages. Some of our current and potential competitors have greater financial and other resources than we do.
Our publications generate significant percentages of their advertising revenue from a few categories, including automotive, employment and real estate classified advertising, and retail advertising. Websites dedicated to classified advertising have become significant competitors of our print editions and digital platforms. As a result, even in the absence of a recession or economic downturn, technological, industry or other changes specifically affecting these advertising sources could reduce advertising revenues and materially and adversely affect our financial condition and results of operations.

Our success depends on our ability to respond and adapt to changes in technology and consumer behavior.
Technology in the media industry continues to evolve rapidly. Advances in technology have led to an increasing number of methods for the delivery and consumption of news and other content. These developments are driving changes in consumer behavior as consumers seek more control over the ways in which they consume content. Unless we are able to use new and existing technologies to distinguish our products and services from those of our competitors and develop in a timely manner compelling new products and services that engage users across platforms, our business, financial condition and prospects may be adversely affected.
Changes in technology and consumer behavior pose a number of challenges that could adversely affect our revenues and competitive position. For example, among others:

- we may be unable to develop products for mobile devices or other digital platforms that consumers find engaging, that work with a variety of operating systems and networks or that achieve a high level of market acceptance;
- there may be changes in user sentiment about the quality or usefulness of our existing products;
- news aggregation websites and customized news feeds may reduce our traffic levels by creating a disincentive for users to visit our websites or use our digital products;
- failure to successfully manage changes in search engine optimization and social media traffic to increase our digital presence and visibility may reduce our traffic levels;
- technical or other problems could prevent us from delivering our products in a rapid and reliable manner or otherwise affect the user experience;
- new delivery platforms may lead to pricing restrictions, the loss of distribution control and the loss of a direct relationship with consumers;
- mobile devices, including smartphones and tablets, may present challenges for traditional display advertising; and
- technology developed to block the display of advertising on websites could proliferate.

Responding to these changes may require significant investment. We may be limited in our ability to invest funds and resources in digital products, services or opportunities, and we may incur research and development costs in building, maintaining and evolving our technology infrastructure.

We rely on revenue from the printing and distribution of publications for third parties that may be subject to many of the same business and industry risks facing us.
We generate a portion of our revenue from printing and distributing third-party publications, and our relationships with these third parties are generally pursuant to short-term contracts. As a result, if macroeconomic and industry trends, such as the sensitivity to perceived economic weakness of discretionary spending available to advertisers and subscribers, circulation declines, shifts in consumer habits and the increasing popularity of digital media affect those third parties, we may lose, in whole or in part, this source of revenue.

Newsprint prices may continue to be volatile.
Newsprint was one of our largest expenses during the year ended Dec. 27, 2015. The price of newsprint has historically been volatile, and may increase as a result of various factors, including declining newsprint supply as a result of paper mill closures and conversions to other grades of paper; and other factors that adversely impact supplier profitability, including increases in operating expenses caused by raw material and energy costs, and currency volatility. In addition, the consolidation of newsprint mills in the U.S. and Canada over the years has reduced the number of suppliers, which has led to increases in newsprint prices. Decreases in our current consumption levels, further supplier consolidation or the inability to maintain our existing relationships with our newsprint suppliers may materially and adversely impact newsprint prices in the future. In addition, we rely on suppliers for deliveries of newsprint. The availability of our newsprint supply may be affected by various factors, including labor unrest, transportation issues and other disruptions that may affect deliveries of newsprint. If newsprint prices increase significantly or we experience significant disruptions in the availability of our newsprint supply in the future, our operating results could be adversely affected.

14

The value of our assets or operations may be diminished if our information technology systems fail to perform adequately or if we are the subject of a significant data breach or cyber-attack.
Our information technology systems are critically important to operating our business efficiently and effectively. We rely on our information technology systems to manage our business data, communications, news and advertising content, digital products, order entry, fulfillment and other business processes. The failure of our information technology systems to perform as anticipated could disrupt our business and could result in transaction errors, processing inefficiencies, late or missed publications, and loss of sales and customers, causing our business and results of operations to be impacted.
Furthermore, attempts to compromise information technology systems occur regularly across many industries and sectors, and we may be vulnerable to security breaches beyond our control. We invest in security resources and technology to protect our data and business processes against risk of data security breaches and cyber-attack, but the techniques used to attempt attacks are constantly changing. A significant breach or successful attack could have a negative impact on our operations or business reputation. We maintain cyber risk insurance, but this insurance may not be sufficient to cover all losses from any future breaches of our systems.

Security breaches and other network and information systems disruptions could affect our ability to conduct our business effectively.
Our online systems store and process confidential subscriber, employee and other sensitive personal data, and therefore maintaining our network security is of critical importance. The security of these network and information systems and other technologies is important to our business activities. We use third-party technology and systems for a variety of operations, including encryption and authentication technology, employee email, domain name registration, content delivery to customers, back-office support and other functions. Our systems, and those of third parties upon which our business relies, may be vulnerable to interruption or damage that can result from natural disasters, fires, power outages, acts of terrorism or other similar events, or from deliberate attacks such as computer hacking, computer viruses, worms or other destructive or disruptive software, process breakdowns, denial of service attacks, malicious social engineering or other malicious activities, or any combination of the foregoing.
Despite the security measures we and our third-party service providers have taken, our computer systems, and those of our vendors, have been, and will likely continue to be, subject to attack. We have implemented controls and taken other preventative measures designed to strengthen our systems against attacks, including measures designed to reduce the impact of a security breach at our third-party vendors. Although the costs of the controls and other measures we have taken to date have not had a material effect on our financial condition, results of operations or liquidity, there can be no assurance as to the cost of additional controls and measures that we may conclude are necessary in the future.

There can also be no assurance that the actions, measures and controls we have implemented will be effective against future attacks or be sufficient to prevent a future security breach or other disruption to our network or information systems, or those of our third-party providers. Such an event could result in a disruption of our services or improper disclosure of personal data or confidential information, which could harm our reputation, require us to expend resources to remedy such a security breach or defend against further attacks, divert management’s attention and resources or subject us to liability under laws that protect personal data, resulting in increased operating costs or loss of revenue.

Foreign exchange variability could materially and adversely affect our consolidated operating results.
Newsquest operates in the U.K. and its operations are conducted in foreign currency, primarily the British pound sterling. Our financial statements are denominated in U.S. dollars. Newsquest results for 2015 were translated to U.S. dollars at the average rate of 1.53. Weakening of the British pound sterling to the U.S. dollar exchange rate could diminish Newsquest’s earnings contribution to our consolidated results of operations.

Changes in the regulatory environment could encumber or impede our efforts to improve operating results or the value of assets.

Our publishing operations are subject to government regulation in the jurisdictions in which we operate and our websites, which are accessible worldwide, may be subject to laws regarding the Internet even in jurisdictions where we do not do business. Changing regulations, the introduction of new laws and regulations, and penalties for any failure to comply may result in increased costs, reduced valuations or other impacts, all of which may adversely impact our future profitability.

Future strategic acquisitions, investments and partnerships could pose various risks, increase our leverage and significantly impact our ability to expand our overall profitability.
Acquisitions, including our pending acquisition of JMG for cash consideration of approximately $280 million, involve inherent risks, such as potentially increasing leverage and debt service requirements and combining company cultures and facilities, which could have a material adverse effect on our results of operations or cash flow and could strain our human resources. We may be unable to successfully implement effective cost controls, achieve expected synergies or increase revenues as a result of any future acquisition. Acquisitions may result in our assumption of unexpected liabilities and may result in the diversion of management's attention from the operation of our business. Strategic investments and partnerships with other companies expose us to the risk that we may not be able to control the operations of our investee or partnership, which could decrease the amount of benefits we realize from a particular relationship. We are also exposed to the risk that our partners in strategic investments and infrastructure may encounter financial difficulties which could lead to disruption of investee or partnership activities, or impairment of assets acquired, which would adversely affect future reported results of operations and stockholders' equity. In addition, we may be unable to obtain financing necessary to complete acquisitions on attractive terms or at all. The failure to obtain regulatory approvals may prevent us from completing or realizing the anticipated benefits of acquisitions. Furthermore, acquisitions may subject us to new or different regulations which could have an adverse effect on our operations.

The value of our existing intangible assets may become impaired, depending upon future operating results.
Goodwill and other intangible assets were approximately $576 million as of Dec. 27, 2015, representing approximately 24% of our total assets. We periodically evaluate our goodwill and other intangible assets to determine whether all or a portion of their carrying values may no longer be recoverable, in which case a charge to earnings may be necessary. Any future evaluations requiring an asset impairment charge for goodwill or other intangible assets would adversely affect future reported results of operations and stockholders' equity, although such charges would not affect our cash flow.

Adverse results from litigation or governmental investigations could impact our business practices and operating results.
From time to time, we are a party to litigation and regulatory, environmental and other proceedings with governmental authorities and administrative agencies. Adverse outcomes in lawsuits or investigations could result in significant monetary damages or injunctive relief that could adversely affect our operating results or financial condition as well as our ability to conduct our businesses as they are presently being conducted.

We may be unable to adequately protect our intellectual property and other proprietary rights that are material to our business, or to defend successfully against intellectual property infringement claims by third parties.
Our ability to compete effectively depends in part upon our intellectual property rights, including our trademarks, copyrights and proprietary technology. Our use of contractual provisions, confidentiality procedures and agreements, and trademark, copyright, patent, unfair competition, trade secret and other laws to protect our intellectual property rights and proprietary technology and the use of the rights and technology of others may not be adequate. Advancements in technology have made the unauthorized duplication and wide dissemination of content easier, making enforcement of intellectual property rights more challenging. Litigation may be necessary to enforce our intellectual property rights and to protect our proprietary technology, or to defend against claims by third parties that the conduct of our businesses or our use of intellectual property infringes upon such third party's intellectual property rights, including trademark, copyright and patent infringement. If we are unable to protect and enforce our intellectual property rights, we may not realize the full value of our intellectual property assets and our business and profitability may suffer. Furthermore, any intellectual property litigation or claims brought against us, whether or not meritorious, could result in substantial costs and diversion of our resources, and there can be no assurances that favorable final outcomes will be obtained in all cases. The terms of any settlement or judgment may require us to pay substantial amounts to the other party or cease exercising our rights in such intellectual property. In addition, we may have to seek a license to continue practices found to be in violation of a third party's rights, which may not be available on reasonable terms, or at all. Our business, financial condition or results of operations may be materially and adversely affected as a result.

Our ability to operate effectively could be impaired if we fail to attract and retain our senior management team.
Our success depends, in part, upon the continuing contributions of our senior management team. The loss of the services of any members of our senior management team or the failure to attract qualified persons to our senior management team may have a material adverse effect on our business or our business prospects.

Labor strikes, lockouts and protracted negotiations could lead to business interruptions and increased operating costs.
As of Dec. 27, 2015, union employees comprised approximately 13% of our workforce. We are required to negotiate collective bargaining agreements on an ongoing basis. Complications in labor negotiations can lead to work slowdowns or other business interruptions and greater overall employee costs. If we or our suppliers are unable to renew expiring collective bargaining agreements, it is possible that the affected unions or others could take action in the form of strikes or work stoppages. Such actions, higher costs in connection with these agreements or a significant labor dispute could materially and adversely affect our business by disrupting our ability to provide customers with our products or services. Depending on its duration, any lockout, strike or work stoppage may have an adverse effect on our operating revenues, cash flows or operating income, or the timing thereof.

Volatility in global financial markets directly affects the value of our pension plan assets and liabilities.
Our two largest retirement plans, which account for more than 95% of total pension plan assets, were underfunded as of Dec. 27, 2015 by $492 million on a U.S. GAAP basis. Various factors, including future investment returns, discount rates and potential pension legislative changes, impact the timing and amount of pension contributions we may be required to make in the future.

Risks Related to the Separation
We have limited operating history as a separate public company and may be unable to operate profitably as a stand-alone company.
We have limited operating history as a separate, stand-alone public company. We cannot be certain that, as a separate public company, operating results will continue at historical levels, or that we will be profitable. Additionally, prior to the separation, we relied on our former parent for various financial, administrative and managerial services in conducting our operations. Following the separation, we maintain our own credit and banking relationships and perform our own financial and investor relations functions. Prior to the separation, we shared economies of scope and scale in costs, employees, vendor relationships and customer relationships. We could experience some increased costs as a result of the absence of such economies of scale. Any such additional or increased costs may have a material adverse effect on our business, financial condition, or results of operations.

Our historical financial information may not be indicative of our future results as a separate public company.
The historical financial information we have included in this report for the period prior to the separation may not reflect what our results of operations, financial position and cash flows would have been had we been a separate public company during the periods presented or be indicative of what our results of operations, financial position and cash flows may be in the future as a separate public company. The historical financial information for the periods prior to the distribution does not reflect the increased costs associated with being a separate public company, including changes in our cost structure, personnel needs, financing, and operations of our business as a result of the distribution. Our historical financial information for the periods prior to the distribution reflects allocations for services historically provided by our former parent, and we expect these allocated costs to be different from the actual costs we will incur for these services in the future as a separate public company. In some instances, the costs incurred for these services as a separate public company may be higher than the share of expenses allocated to our business historically.

We may incur increased costs after or as a result of the separation from our former parent that may cause our profitability to decline.
Historically, prior to the separation our business operated as one of our former parent's segments, and our former parent performed many corporate functions for our operations, including managing financial and human resources systems, internal auditing, investor relations, treasury services, select accounting functions, finance and tax administration, benefits administration, legal, governmental relations and regulatory functions. Following the separation, our former parent has provided transitional support to us with respect to certain of these functions. We have been replicating certain systems, infrastructure and personnel to which we no longer have access from our former parent. However, we may misjudge our requirements for these services and systems on a stand-alone basis, and may incur greater than expected capital and other costs associated with developing and implementing our own support functions in these areas. These costs may exceed the costs we pay to our former parent during the transition period. In addition, there may be an adverse operational effect on our business as a result of the significant time our management and other employees and internal resources will need to dedicate to building these capabilities during the first few years following the separation that otherwise would be available for other business initiatives and opportunities. As we operate these functions independently, if we have not developed adequate systems and business functions, or obtained them from other providers, we may not be able to operate the company effectively and our profitability may decline.

We or our former parent may fail to perform under various transition services agreements and other agreements that were executed as part of the separation or we may fail to have necessary systems and services in place when certain of the transition services agreements expire.
In connection with the separation, we and our former parent entered into a separation agreement and various other agreements, including a transition services agreement, a tax matters agreement and an employee matters agreement. These agreements include any necessary indemnifications related to liabilities and obligations. The transition services agreement provided for the performance of certain services by each company for the benefit of the other for a limited period of time after the separation. If our former parent is unable to satisfy its obligations under these agreements, including its indemnification obligations, we could incur operational difficulties or losses. If we do not have agreements with other providers of these services once these agreements expire or terminate, we may not be able to operate our business effectively and our profitability may decline.

There could be significant liability if the distribution were determined to be a taxable transaction.
In connection with the distribution, our former parent received an opinion from outside tax counsel to the effect that the requirements for tax-free treatment under Section 355 of the Code would be satisfied. The opinion relied on certain facts, assumptions, representations and undertakings from our former parent and us regarding the past and future conduct of the companies' respective businesses and other matters. If any of these facts, assumptions, representations or undertakings were incorrect or not satisfied, we and our stockholders may not be able to rely on the opinion of tax counsel and could be subject to significant tax liabilities.

Notwithstanding the opinion of tax counsel, the IRS could determine upon audit that the separation is taxable if it determines that any of these facts, assumptions, representations or undertakings were incorrect or violated or if it disagrees with the conclusions in the opinion, or for other reasons, including as a result of certain significant changes in the share ownership of our company or our former parent after the separation. If the separation were determined to be taxable for U.S. federal income tax purposes, our former parent and its stockholders that are subject to U.S. federal income tax could incur significant U.S. federal income tax liabilities, and we could incur significant liabilities.

We may be unable to engage in certain corporate transactions because such transactions could jeopardize the tax-free status of the distribution.

Under the tax matters agreement that we entered into with our former parent, we are restricted from taking any action that prevents the distribution and related transactions from being tax-free for U.S. federal income tax purposes. Under the tax matters agreement, for the two-year period following the distribution, we are prohibited, except in certain circumstances, from:

- entering into any transaction resulting in the acquisition of 40% or more of our stock or substantially all of our assets, whether by merger or otherwise;
- merging, consolidating or liquidating;
- issuing equity securities beyond certain thresholds;
- repurchasing our capital stock beyond certain thresholds; and
- ceasing to actively conduct our business.

These restrictions may limit our ability to pursue certain strategic transactions or other transactions that we may believe to be in the best interests of our stockholders or that might increase the value of our business. In addition, under the tax matters agreement, we are required to indemnify our former parent against any such tax liabilities as a result of the acquisition of our stock or assets, even if we did not participate in or otherwise facilitate the acquisition.

We may not achieve some or all of the expected benefits of the separation, and the separation may materially and adversely affect our business.
We may be unable to achieve the full strategic and financial benefits expected to result from the separation, or such benefits may be delayed or not occur at all. The separation was expected to provide the following benefits, among others:

- a distinct investment identity allowing investors to evaluate the merits, strategy, performance and future prospects of our business separately from our former parent;
- more efficient allocation of capital for both our former parent and us;
- direct access by us to the capital markets;
- ability to pursue value-enhancing acquisitions with fewer regulatory obstacles in two consolidating industries; and
- facilitating incentive compensation arrangements for employees that are more directly tied to the performance of the relevant company's business, and enhancing employee hiring and retention by, among other things, improving the alignment of management and employee incentives with performance and growth objectives, while at the same time creating an independent equity structure that facilitates our ability to affect future acquisitions utilizing our common stock.

We may not achieve these and other anticipated benefits for a variety of reasons, including, among others: (a) following the separation, we may be more susceptible to market fluctuations and other adverse events than if we were still a part of our former parent; and (b) following the separation, our business will be less diversified than our former parent's business prior to the separation. If we fail to achieve some or all of the benefits expected to result from the separation, or if such benefits are delayed, our business, financial conditions and results of operations could be materially and adversely affected.

A portion of our advertising revenues is earned under affiliation agreements which may be terminated or amended to provide for less favorable terms following the separation.
In connection with the separation, we entered into a modified affiliation agreement with CareerBuilder, which is majority owned by our former parent, and Cars.com, which is wholly owned by our former parent. These modified affiliation agreements are intended to permit our publications to continue to earn advertising revenues from CareerBuilder and Cars.com for up to five years following the separation, although each may be terminated earlier in certain circumstances including, in the case of Cars.com, if we fail to achieve specified performance standards. We expect that the terms of the modified affiliate agreements will result in lower advertising revenue than was the case prior to the distribution. There can also be no assurance that our publications will be able to renew these new affiliation agreements at the end of the five-year term on similar terms, or at all, or continue to earn the same level of advertising revenues under such affiliation agreements.

If we cease to earn advertising revenues under the modified affiliation agreements with CareerBuilder and Cars.com or the amount of such revenues is materially reduced, our operating revenues, financial condition and results of operations could be materially and adversely affected.

Fulfilling our obligations incidental to being a public company, including with respect to the requirements of and related rules under the Sarbanes-Oxley Act of 2002, will place significant demands on our management, administrative and operational resources, including accounting and information technology resources.
Our financial results previously were included in the consolidated results of our former parent, and our reporting and control systems were appropriate for those of subsidiaries of a public company. Prior to the distribution, we were not directly subject to reporting and other requirements of the Securities Exchange Act of 1934, as amended (the

"Exchange Act"), and Section 404 of the Sarbanes-Oxley Act of 2002. As a result of the separation, we are now subject to such reporting and other requirements, which will require, among other things, annual management assessments of the effectiveness of our internal controls over financial reporting and a report by our independent registered public accounting firm addressing these assessments. These and other obligations will place significant demands on our management, administrative and operational resources, including accounting and information technology resources.

Risks Relating to our Debt Agreements

We have only a limited independent history of obtaining financing from banks or through public markets to satisfy capital requirements in operating our business.

Historically, our working capital requirements and capital for our general corporate purposes, including acquisitions and capital expenditures, were satisfied as part of the corporate-wide cash management policies of our former parent. We may need to obtain additional financing from banks, through public offerings or private placements of debt or equity securities, strategic relationships or other arrangements, which may or may not be available and may be more costly. In addition, the cost of capital for our business may be higher than our former parent's cost of capital prior to the separation.

Our debt agreements contain restrictions that may limit our flexibility in operating our business.

Our debt agreements contain various covenants that limit our flexibility in operating our businesses, including our ability to engage in specified types of transactions. Subject to certain exceptions, these covenants restrict our ability and the ability of our subsidiaries to, among other things:

- permit certain liens on current or future assets;
- enter into certain corporate transactions;
- incur additional indebtedness;
- make certain payments or declare certain dividends or distributions;
- dispose of certain property;
- prepay or amend the terms of other indebtedness; and
- enter into certain transactions with affiliates.

Risks Relating to our Stock

We cannot guarantee the timing, amount or payment of dividends on our common stock.

The timing, declaration, amount and payment of future dividends to stockholders will fall within the discretion of our board of directors. The board's decisions regarding the payment of dividends will depend on many factors, such as our financial condition, earnings, capital requirements, any future debt service obligations, covenants associated with any of our future debt service obligations, industry practice, legal requirements, regulatory constraints and other factors that the board deems relevant. Our ability to pay dividends will depend on our ongoing ability to generate cash from operations and on our access to the capital markets.

Certain provisions of our certificate of incorporation, by-laws, tax matters agreement, separation and distribution agreement, employee matters agreement, transition services agreement, and Delaware law may discourage takeovers and limit our ability to use, acquire, or develop certain competing businesses.

Our amended and restated certificate of incorporation and amended and restated by-laws contain certain provisions that may discourage, delay or prevent a change in our management or control over us. For example, our amended and restated certificate of incorporation and amended and restated by-laws, collectively:

- authorize the issuance of preferred stock that could be issued by our Board of Directors to thwart a takeover attempt;
- provide that vacancies on our Board of Directors, including vacancies resulting from an enlargement of our Board of Directors, may be filled only by a majority vote of directors then in office;
- place limits on which stockholders may call special meetings of stockholders, and limit the actions that may be taken at such stockholder-called special meetings;
- prohibit stockholder action by written consent; and
- establish advance notice requirements for nominations of candidates for elections as directors or to bring other business before an annual meeting of our stockholders.

These provisions could discourage potential acquisition proposals and could delay or prevent a change in control, even though a majority of stockholders may consider such proposal, if effected, desirable. Such provisions could also make it more difficult for third parties to remove and replace the members of the Board of Directors. Moreover, these provisions may inhibit increases in the trading price of our common stock that may result from takeover attempts or speculation.

Under the tax matters agreement entered into at the time of the separation, we agreed to indemnify our former parent for certain tax related matters, and we may be unable to take certain actions as a result. We are unable to take certain actions because such actions could jeopardize the tax-free status of the distribution. Such restrictions could be significant, in addition, the separation and distribution agreement, the tax matters agreement, the employee matters agreement and the transition services agreement cover specified indemnification and other matters that may arise after the distribution. The separation and distribution agreement, the tax matters agreement, the employee matters agreement and the transition services agreement may have the effect of discouraging or preventing an acquisition of us or a disposition of our business. In addition, to the extent these agreements contain exclusivity or non-compete provisions, they may restrict our ability to use a competing service or to compete with our counterparty, which could have the effect of restricting our ability to maximize our performance in the provision of services, such as digital marketing services, online career services or online automobile sales services,.

Our amended and restated certificate of incorporation designates the state courts of the State of Delaware, or, if no state court located in the State of Delaware has jurisdiction, the federal court for the District of Delaware, as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could discourage lawsuits against us and our directors and officers.

Our amended and restated certificate of incorporation provides that unless the board of directors otherwise determines, the state courts of the State of Delaware, or, if no state court located in the state of Delaware has jurisdiction, the federal court for the District of Delaware will be the sole and exclusive forum for any derivative action or proceeding brought on behalf of us, any action asserting a claim of breach of a fiduciary duty owed by any of our directors or

officers to us or our stockholders, creditors or other constituents, any action asserting a claim against us or any of our directors or officers arising pursuant to any provision of the Delaware General Corporation Law, or the DGCL, or our amended and restated certificate of incorporation or bylaws, or any action asserting a claim against us or any our directors or officers governed by the internal affairs doctrine. This exclusive forum provision may limit the ability of our stockholders to bring a claim in a judicial forum that such stockholders find favorable for disputes with us or our directors or officers, which may discourage such lawsuits against us and our directors and officers. Alternatively, if a court outside of Delaware were to find this exclusive forum provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings described above, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition or results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our facilities occupy approximately 11.3 million square feet in the aggregate, of which approximately 3.5 million square feet is leased from third parties. Our corporate headquarters are in McLean, VA, where we lease approximately 190,000 square feet. The lease provides for an initial term of 15 years with two five-year renewal options. Many of our local media organizations have outside news bureaus, sales offices and distribution centers that are leased from third parties.

A listing of publishing centers and key properties may be found in the "Markets We Serve" section of Item 1. Business. We own many of the plants that house most aspects of the publication process but in certain locations have outsourced printing or combined the printing of multiple publications. We also own a data and network operations center in Silver Spring, MD. During 2015, we continued our efforts to consolidate certain of our U.S. publishing facilities to achieve ongoing savings and greater efficiencies.

Newsquest, our subsidiary headquartered in London, owns several plants in the U.K. where its publications are produced (including five printing facilities that print for both Newsquest and other third-party publishers) and also leases other facilities.

We believe that our current facilities, including the terms and conditions of the relevant lease agreements, are adequate to operate our businesses as currently conducted.

ITEM 3. LEGAL PROCEEDINGS

Information regarding legal proceedings may be found in Note 12 of the notes to consolidated and combined financial statements.

Environmental

From time to time, some of our current and former subsidiaries have been included among potentially responsible parties in connection with sites that have been identified as possibly requiring environmental remediation. These environmental proceedings are highly complex, and require a variety of issues to be resolved, including the extent of contamination, the nature and extent of investigation and remedial action that may ultimately be required, and the number of parties that will be required to contribute to such investigation and remediation costs, before our liability for them, if any, will be known.

In March 2011, the Advertiser Company, a subsidiary that publishes the Montgomery Advertiser, was notified by the U.S. EPA that it had been identified as a potentially responsible party ("PRP") for the investigation and remediation of groundwater contamination in downtown Montgomery, Alabama. The Advertiser is a member of the Downtown Environmental Alliance, which has agreed to jointly fund and conduct all required investigation and remediation. The U.S. EPA has approved the work plan for the investigation and remediation, and has transferred responsibility for oversight of this work to the Alabama Department of Environmental Management. The investigation and remediation are underway. In the third quarter of 2015, the Advertiser and other members of the Downtown Environmental Alliance also reached a settlement with the U.S. EPA regarding the costs that U.S. EPA spent to investigate the site. The Advertiser's final costs cannot be determined until the cleanup work is completed and contributions from other PRPs are finalized.

Other Matters

On Jan. 2, 2014, a class action lawsuit was filed against Gannett in the U.S. District Court for the District of New Jersey (Casagrand et al v. Gannett Co., Inc., et al). The suit claims various violations of the Telephone Consumer Protection Act ("TCPA") arising from allegedly improper telemarketing calls made to consumers by one of our vendors. The plaintiffs seek to certify a class that would include all telemarketing calls made by the vendor or us. The TCPA provides for statutory damages of $500 per violation ($1,500 for willful violations). The ultimate outcome of this proceeding is uncertain, but may be material to our results of operations and cash flows. We are vigorously defending the case and have asserted cross-claims against the vendor.

ITEM 4. MINE SAFETY DISCLOSURES
Not applicable.

PART II

ITEM 5.MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our shares are traded on the New York Stock Exchange with the symbol GCI.
Information regarding outstanding shares, shareholders and dividends may be found in Item 1. Business and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of this Form 10-K.

Gannett common stock prices
"When issued" trading of our common stock commenced on the NYSE on June 23, 2015. "Regular-way" trading began on June 29, 2015, the day of the separation. The following table sets forth the high and low intra-day trading prices of our common stock as reported on the NYSE each quarter since our separation from our former parent.

Year	Quarter	Low	High
2015	Second	$13.35	$15.05
	Third	$10.75	$14.75
	Fourth	$13.76	$17.91
2016	First*	$13.27	$16.77

*Through Feb. 22, 2016.

Purchases of Equity Securities
In July 2015, we announced that our Board of Directors approved a share repurchase program authorizing us to repurchase shares with an aggregate value of up to $150 million over a three-year period. Shares may be repurchased at management's discretion, either in the open market or in privately negotiated block transactions. Management's decision to repurchase shares will depend on share price and other corporate liquidity requirements. We expect that share repurchases may occur from time to time over the three years. As of Dec. 27, 2015, no shares have been repurchased under this program.

Comparison of shareholder return – 2015

The following graph compares the performance of our common stock from the date of our separation from our former parent company on June 29, 2015 to Dec. 27, 2015 compared to the S&P 500 Index and an index made up of peer companies.

Our peer group includes A.H. Belo Corporation, Lee Enterprises, Inc., The McClatchy Company, Meredith Corporation, New Media Investment Group, Inc., The New York Times Company, News Corporation, Time, Inc., Tribune Publishing Company, Angie's List, Inc., Constant Contact, Inc., ReachLocal, Inc., Yelp Inc., and Harte-Hanks, Inc. (collectively, the "Peer Group").

The S&P 500 Index includes 500 U.S. companies in the industrial, utilities and financial sectors and is weighted by market capitalization. The total returns of the Peer Group also are weighted by market capitalization.

The graph depicts representative results of investing $100 in our common stock, the S&P 500 Index and Peer Group index at closing on June 29, 2015. It assumes that dividends were reinvested monthly with respect to our common stock, daily with respect to the S&P 500 Index and monthly with respect to each Peer Group company.

	June 2015	Sept. 2015	Dec. 2015
Gannett Co., Inc.	$100.00	$105.51	$117.16
S&P 500 Index	$100.00	$93.82	$101.23
Peer Group	$100.00	$80.51	$88.43

ITEM 6. SELECTED FINANCIAL DATA

Selected financial data for the years 2011 through 2015 is contained under the heading "Selected Financial Data" after the notes to our consolidated and combined financial statements and is derived from our audited financial statements for those years.

The information contained in the "Selected Financial Data" is not necessarily indicative of the results of operations to be expected for future years, and should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Item 7 and the consolidated and combined financial statements and related notes thereto included in Item 8 of this Form 10-K.

ITEM 7.MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Certain factors affecting forward-looking statements

Certain statements in this Annual Report on Form 10-K contain certain forward-looking statements regarding business strategies, market potential, future financial performance and other matters. The words "believe," "expect," "estimate," "could," "should," "intend," "may," "plan," "seek," "anticipate," "project" and similar expressions, among others, generally ide "forward-looking statements," which speak only as of the date the statements were made. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results and events to differ materially from those anticipated in the forward-looking statements. We are not responsible for updating or revising any forward-looking statements, whether the result of new information, future events or otherwise, except as required by law.

Potential risks and uncertainties which could adversely affect our results include, without limitation, the following factors:

- competitive pressures in the markets in which we operate;
- increased consolidation among major retailers or other events which may adversely affect business operations of major customers and depress the level of local and national advertising;
- macroeconomic trends and conditions;
- economic downturns leading to a continuing or accelerated decrease in circulation or local, national or classified advertising;

- potential disruption or interruption of our operations due to accidents, extraordinary weather events, civil unrest, political events, terrorism or cyber security attacks;
- an accelerated decline in general print readership and/or advertiser patterns as a result of competitive alternative media or other factors;
- an inability to adapt to technological changes or grow our online business;
- an increase in newsprint costs over the levels anticipated;
- labor relations, including, but not limited to, labor disputes which may cause revenue declines or increased labor costs;
- risks and uncertainties related to the proposed merger with JMG, including uncertainty of regulatory approvals, our and JMG's ability to satisfy the merger agreement conditions and consummate the transaction on a timely basis, and our ability to successfully integrate JMG's operations and employees with our existing business;

- an inability to realize benefits or synergies from acquisitions of new businesses or dispositions of existing businesses or to operate businesses effectively following acquisitions or divestitures;
- our ability to attract and retain employees;
- rapid technological changes and frequent new product introductions prevalent in electronic publishing and digital businesses;
- an increase in interest rates;
- a weakening in the British pound to U.S. dollar exchange rate;
- volatility in financial and credit markets which could affect the value of retirement plan assets and our ability to raise funds through debt or equity issuances and otherwise affect our ability to access the credit and capital markets at the times and in the amounts needed and on acceptable terms;
- changes in the regulatory environment which could encumber or impede our efforts to improve operating results or the value of assets;
- credit rating downgrades, which could affect the availability and cost of future financing;
- adverse outcomes in litigation proceedings with governmental authorities or administrative agencies;
- an other than temporary decline in operating results and enterprise value that could lead to non-cash goodwill, other intangible asset, investment or property, plant and equipment impairment charges;
- our dependence on our former parent and other third parties to perform important services for us following the separation;
- our inability to engage in certain corporate transactions following the separation;
- any failure to realize expected benefits from, or the possibility that we may be required to incur unexpected costs as a result of, the separation; and
- other uncertainties relating to general economic, political, business, industry, regulatory and market conditions.

We continue to monitor the uneven economic recovery in the U.S. and U.K., as well as new and developing competition and technological change, to evaluate whether any indicators of impairment exist, particularly for those reporting units where fair value is closer to carrying value.

Executive Summary

Our operations comprise 112 daily publications and digital platforms in the U.S. and the U.K., more than 400 non-daily publications in the U.S., and more than 150 such titles in the U.K. Our 93 U.S. daily publications include USA TODAY, which is currently the nation's number one newspaper in consolidated print and digital circulation. Together with 19 daily paid-for publications our Newsquest division operates in the U.K., the total average daily print and digital circulation of our 112 domestic and U.K. daily publications was approximately 7 million for 2015. In the markets we serve, we also operate desktop, smartphone and tablet products which are tightly integrated with publishing operations. Our operations also include commercial printing, marketing and data services operations.

Separation from Parent

On June 29, 2015, the separation of Gannett from our former parent was completed when our former parent distributed 98.5% of the outstanding shares of Gannett common stock (also referred to herein as the "spin-off" or "separation") to its stockholders on a pro rata basis. Our former parent structured the distribution to be tax free to its U.S. shareholders for U.S. federal income tax purposes.

Following the distribution, our former parent owns 1.5% of Gannett's outstanding common stock, and our former parent will continue to own our shares for a period of time not to exceed five years after the distribution.

Prior to the spin-off, we did not prepare separate financial statements. The accompanying consolidated and combined financial statements for periods prior to the spin-off were derived from the consolidated and combined financial statements and accounting records of our former parent, and present our combined financial position, results of operations and cash flows as of and for the periods presented as if we were a separate entity.

Through the date of the spin-off, in preparing these consolidated and combined financial statements, management has made certain assumptions or implemented methodologies to allocate various expenses from our former parent to us and from us back to our former parent in the form of cost recoveries. These allocations represent services provided between the two entities and are more fully detailed in Note 14 — Relationship with our former parent. We believe the assumptions and methodologies used in these allocations are reasonable; however, such allocated costs, net of cost recoveries, may not be indicative of the actual level of expense that would have been incurred had we been operating on a stand-alone basis, and, accordingly, may not necessarily reflect our combined financial position, results of operations and cash flows had we operated as a stand-alone entity during the periods presented.

We intend for the discussion of financial condition and results of operations for periods prior to the separation to provide information that will assist in understanding our financial statements, the changes in certain key items in those statements from period to period and the primary factors that accounted for those changes as well as how certain accounting principles, policies and estimates affect our financial statements.

Basis of reporting

Following is a discussion of the key factors that have affected our accounting for or reporting on the business over the last three fiscal years. This commentary should be read in conjunction with our financial statements, selected financial data and the remainder of this Form 10-K.

Fiscal year: Our fiscal year ends on the last Sunday of the calendar year. Our 2015 fiscal year ended on Dec. 27, 2015, and encompassed a 52-week period. Our 2014 and 2013 fiscal years encompassed 52-week periods.

Foreign currency translation impacts: The average exchange rate used to translate U.K. results was 1.53 for 2015, 1.65 for 2014, and 1.56 for 2013. Translation fluctuations impact our U.K. revenue, expense and operating income results.

Certain Matters Affecting Current and Future Operating Results
The following developments during 2015 affect period-over-period comparisons from 2014 and will affect period-over-period comparisons for future results:

- Acquisition of Texas-New Mexico Newspaper Partnership ("TNP") and Romanes Media Group ("RMG") – During 2015, we acquired two businesses which we expect to be accretive to earnings in future periods, contributing approximately $100 million in revenues in fiscal 2016.

On June 1, 2015, we completed the acquisition of the remaining 59.4% interest in the TNP that we did not own from Digital First Media. We completed the acquisition through the assignment of our 19.5% interest in the California Newspapers Partnership ("CNP") and additional cash consideration. As a result, we own 100% of TNP and no longer have any ownership interest in CNP. Our results reflect an increase in total revenues of $47 million as a result of consolidating TNP and a decrease in "Equity income in unconsolidated investees, net" of $7 million in 2015.
On May 26, 2015, Newsquest acquired RMG, one of the leading regional media groups in the U.K. RMG publishes local newspapers in Scotland, Berkshire and Northern Ireland and its portfolio comprises one daily newspaper and 28 weekly newspapers and their associated websites. Our results reflect an increase in total revenues of $16 million in 2015 as a result of the acquisition.

- Facility Consolidation and Asset Impairment Charges - We evaluated the carrying values of property, plant and equipment at certain sites because of facility consolidation efforts. We revised the useful lives of certain assets to reflect the use of those assets over a shortened period as a result. We recorded pre-tax charges for facility consolidations and asset impairments of $34 million and $35 million in 2015 and 2014, respectively.
- Severance-related Expenses – We initiated various cost reducing actions that are severance-related.

In March 2015, we announced an Early Retirement Opportunity Program ("EROP") for our USA TODAY employees. We recorded severance-related expenses of $8 million in 2015.
In August 2015, we announced an EROP for employees in certain corporate departments and publishing sites. We recorded severance-related expenses of $34 million in 2015.
We also had other employee termination actions associated with our facility consolidation and other cost reduction efforts. We recorded severance-related expenses of $30 million and $20 million for 2015 and 2014, respectively.

- New Digital Agreements – Beginning in the third quarter of 2015 and in conjunction with the execution of new agreements with businesses owned by our former parent following the separation (principally Cars.com and CareerBuilder), we began reporting wholesale fees associated with sales of certain third party digital advertising products and services on a net basis, as a reduction of the associated digital advertising revenues, rather than in operating expenses, in our Consolidated and Combined Statements of Income. There is no impact on operating income, operating cash flows, net income or earnings per share. For the second half of 2015 revenue comparisons to the same period in the prior year were negatively impacted by $33 million.
- Shutdown of USA Weekend – USA Weekend ceased operating in December 2014. For 2015, revenue comparisons to prior year were negatively impacted by $36 million.

- Foreign Currency – Our U.K. publishing operations are conducted through our Newsquest subsidiary. Our U.K. earnings are translated at the average British pound-to-U.S. dollar exchange rate. Therefore, a strengthening in that exchange rate will improve our U.K. revenue and earnings contributions to consolidated results. A weakening of that exchange rate (i.e., a stronger U.S. dollar) will have a negative impact. Results for 2015 were translated from the British pound to U.S. dollars at an average rate of 1.53 compared to 1.65 last year. This 7% decline in the exchange rate unfavorably impacted 2015 revenue comparisons by approximately $33 million.

Operating results summary: Operating revenues were $2.9 billion in 2015, a decrease of 9% from $3.2 billion in 2014, reflecting a 12% decline in advertising revenues and 5% decline in circulation revenue.
Total operating expenses decreased by 7% to $2.7 billion for 2015. In 2015, there were severance-related charges of $72 million, facility consolidation and asset impairment charges of $34 million and other transformation costs of $8 million. In 2014, there were severance -related charges of $20 million, facility consolidation and asset impairment charges of $35 million and other transformation costs of $44 million. Operating expenses decreased primarily due to lower volume-related expenses and continued cost efficiency efforts company-wide. Newsprint expense was 28%

lower than in 2014 due to a decline in consumption and prices.
We reported operating income for 2015 of $169 million compared to $262 million in 2014, a 35% decrease.
Our net equity income in unconsolidated investees for 2015 was $12 million, a decrease of $4 million over 2014, reflecting primarily our acquisition in June 2015 of the remaining interest in TNP and the assignment of our interest in CNP.
Other non-operating items totaled $13 million in 2015, an increase of $12 million over 2014, primarily reflecting the $21.8 million gain recognized upon completing the acquisition of our remaining interest in TNP and the assignment of our interest in CNP.
During 2015, we paid out $18 million in dividends. There were no share repurchases in 2015.
Outlook for 2016: We intend to drive growth opportunities by capitalizing on our national brand equity to increase the integration of local and national content, enhance our position as a trusted provider of local news and information through expanded digital offerings and leverage our expertise to provide integrated solutions to advertisers. While we expect traditional advertising and circulation revenues to remain challenged due to market pressures, some of that decline will be offset by growth in digital marketing services and other digital revenues. We will continue to focus on operational excellence by maximizing the efficiency of our print, sales, administrative and distribution functions to reduce costs and increase profitability.
Total operating expenses are expected to decrease in comparison to 2015 reflecting lower spending due to cost reductions and efficiency gains on initiatives as well as lower newsprint expense, as consumption continues to decline.
Selective acquisitions or dispositions, leveraging our revenue innovations, digital opportunities and expense discipline, will supplement our organic growth and leverage our economies of scale to drive strong operating results.
On Oct. 7, 2015 we entered into a merger agreement for the acquisition of Journal Media Group, Inc. (“JMG”) for approximately $280 million. We will finance the transaction through a combination of cash on hand and borrowings under our $500 million credit facility.

RESULTS OF OPERATIONS

Consolidated summary

Consolidated results, in millions of dollars except per share amounts

	2015(a)	Change	2014(a)	Change	2013(a)
Operating revenues:					
Advertising	$1,611	(12%)	$1,840	(7%)	$1,971
Circulation	1,060	(5%)	1,110	(1%)	1,117
Other	213	(4%)	222	(6%)	236
Total operating revenues	2,885	(9%)	3,172	(5%)	3,325
Operating expenses:					
Operating expenses	2,574	(7%)	2,763	(3%)	2,863
Depreciation	96	(1%)	97	1%	96
Amortization	12	(14%)	14	—%	14
Facility consolidation and asset impairment charges	34	(3%)	35	30%	27
Total operating expenses	2,716	(7%)	2,910	(3%)	3,000
Operating income	169	(35%)	262	(19%)	325
Non-operating income (expense), net	25	54%	16	(24%)	21
Provision for income taxes	48	(30%)	68	(4%)	71
Net income	$146	(31%)	$211	(23%)	$274
Per share - basic	$1.27	(31%)	$1.83	(23%)	$2.39
Per share - diluted	$1.25	(32%)	$1.83	(23%)	$2.39

(a) Numbers do not sum due to rounding.

Operating revenues

Operating revenues are derived principally from advertising sales which accounted for 56% of total revenues in 2015, and circulation sales which accounted for 37% of total revenues in 2015.

Advertising revenues include those derived from advertising placed with print products as well as digital-related Internet desktop, smartphone and tablet applications. These include revenue in the classified, retail and national advertising categories.

Circulation revenues include those derived from distributing our publications on our digital platforms, from home delivery and from single copy sales of our publications.

Other revenues are mainly from commercial printing.

Revenue comparisons 2015-2014:

Net operating revenues: Net operating revenues for 2015 declined by $287 million or 9.0% from 2014 with decreases primarily focused in advertising revenues.

The table below presents the principal components of advertising revenues for the last three years. These amounts include advertising revenue from printed publications as well as digital advertising revenue from desktop, smartphone and tablets affiliated with the publications.

Advertising revenues, in millions of dollars

	2015	Change	2014	Change	2013
Retail	$811	(9%)	$891	(6%)	$947
National	226	(21%)	286	(16%)	339
Classified	574	(14%)	663	(3%)	685
Total advertising revenue	$1,611	(12%)	$1,840	(7%)	$1,971

Advertising Revenue: Advertising revenues for 2015 decreased $229 million or 12.4%. This decrease reflects lower advertising demand due to general trends in the publishing industry and the absence of $35 million of revenues primarily associated with USA Weekend, as well as a year-over-year decline in the U.K. exchange rate, which represented $22 million of the decline, partially offset by the revenues associated with the acquisitions of TNP and

RMG of $42 million.

Digital advertising revenues, which comprise retail, national and classified advertising, were $424 million in 2015 and $447 million in 2014, a 5% decrease on the prior year. The decrease in digital advertising revenues was driven by the reporting of sales of certain third party (principally Cars.com and CareerBuilder) digital advertising products on a net basis and unfavorable post-spin changes to the affiliate agreement with CareerBuilder. Beginning in the third quarter of 2015 and in conjunction with the execution of new agreements (principally Cars.com and CareerBuilder), we began reporting wholesale fees associated with sales of certain third party digital advertising products and services on a net basis, as a reduction of the associated digital advertising revenues, rather than in operating expenses, in our Consolidated and Combined Statements of Income. There is no impact on operating income, operating cash flows, net income or earnings per share. 2015 revenue comparisons to 2014 were negatively impacted by $33 million.

The table below presents the percentage change for the retail, national, and classified categories for 2015 compared to 2014.

Advertising Revenue Year-Over-Year Comparisons

	U.S. Publishing	Newsquest (in pounds)	Total
Retail	(9%)	1%	(9%)
National	(23%)	4%	(21%)
Classified	(13%)	(7%)	(14%)
Total	(13%)	(3%)	(12%)

Retail advertising revenues were down $80 million or 9% in 2015. In the U.S., revenues were down in all major categories. Retail advertising revenues, in local currency, increased 1% in the U.K. but were adversely impacted by foreign currency rates that resulted in a 6% decline.

National advertising revenues were down $60 million or 21% in 2015, primarily due to soft advertising demand and the absence of revenues associated with USA Weekend.

The table below presents the percentage change in classified categories for 2015 compared to 2014.

Classified Revenue Year-Over-Year Comparisons

	U.S. Publishing	Newsquest (in pounds)	Total
Automotive	(20%)	(8%)	(19%)
Employment	(17%)	(10%)	(17%)
Real Estate	(13%)	(13%)	(16%)
Other	(6%)	1%	(6%)
Total	(13%)	(7%)	(14%)

Classified advertising revenues declined 13% in the U.S. and 7% in the U.K in 2015. Domestically and in the U.K., all classified advertising categories decreased as a result of general trends in the publishing industry.

Circulation Revenue: Circulation revenues decreased by $50 million or 4.5%. This change was driven by a reduction in volume, reflecting general industry trends, partially offset by the impact of price increases in the prior year. Price increases contributed positively to circulation revenues by approximately $44 million in 2015, while foreign currency negatively affected circulation revenues by $8 million. Circulation revenues for our domestic publishing business decreased 4% in 2015. Circulation revenues at USA TODAY were 11% lower in 2015 due to anticipated volume losses. In the U.K., circulation revenues were 9% lower in 2015, reflecting the impact of foreign currency rates and lower sales.

For local publishing operations in the U.S. and U.K., morning circulation accounted for approximately 96% of total daily volume, while evening circulation accounted for 4%.

Local publishing circulation volume is summarized in the table below.

Total average circulation volume, print and digital, replica and non-replica in thousands

	2015	Change	2014	Change	2013
Local Publications					
Morning	2,704	—%	2,715	(8%)	2,967
Evening	104	(28%)	144	(11%)	161
Total daily	2,808	(2%)	2,859	(9%)	3,128
Sunday	4,658	2%	4,569	(3%)	4,729

Other Revenue: Commercial printing and other publishing revenues decreased 4% to $213 million in 2015, reflecting the sale of a print business. Commercial printing revenues accounted for nearly 7% of total other revenues in 2015. Commercial delivery services also contribute to total other revenues.

Revenue comparisons 2014-2013:

Operating Revenues: Net operating revenues declined by $153 million or 5% from 2013 with decreases primarily focused in advertising and other revenues.

Advertising Revenue: Advertising revenues for 2014 decreased $131 million or 7% from 2013. The decrease reflects generally soft advertising demand due to ongoing pressures relating to general industry trends, including, among others, a shift from print to digital consumption with a reduced average rate. Digital advertising revenues which are included in the categories below were $359 million in 2014 and $332 million in 2013.

In March 2014, Classified Ventures, an entity in which Parent owned a noncontrolling interest, agreed to sell Apartments.com. This transaction closed on April 1, 2014. Prior to the sale, our former parent was party to an affiliation agreement in which our newspapers earned advertising revenue of approximately $4 million in 2014, through the date of sale, and approximately $15 million in 2013.

Retail advertising revenues were down $56 million or 6% in 2014. The total decline in retail advertising revenue was 7% on a constant currency basis. Revenues were down in all major categories in the U.S. Retail advertising revenues, in local currency, were down 2% in the U.K.

National advertising revenues were down $48 million or 14% in 2014, primarily due to lower advertising sales within entertainment, technology and telecommunications categories.

Classified advertising revenues declined 4% in the U.S. and 3% in the U.K. Domestically, automotive advertising was down 2% for the year while employment declined 3%. In the U.K., while most classified advertising categories were lower, employment advertising improved 7% in local currency, reflecting the recovery in the U.K. economy.

Circulation Revenue: Total circulation revenues in 2014 decreased by $7 million, or 1%, from 2013. These revenues were driven by a $131 million reduction in volume that was a result of general industry trends as well as unfavorable comparisons related to prior year price increases. Price increases contributed positively to circulation revenues by $117 million in the current year with foreign currency also positively affecting circulation revenues by $6 million. Circulation revenues decreased 1% in 2014 at USCP reflecting an increase in home delivery revenue offset by a decrease in single copy revenue. Home delivery revenue was boosted by the pricing impact of placing the USA TODAY local editions in 35 of our local domestic publishing units and the strength of our All Access Content Subscription Model, adding engaging content which allowed us to deploy strategic pricing initiatives. This pricing impact resulted in revenue increases of approximately $75 million offset by declines in circulation volumes at USCP

of $81 million. Circulation revenues were 1% lower in local currency in the U.K., due to declines in print circulation volumes, partially offset by cover price increases implemented in 2013. Circulation revenues were 4% lower at USA TODAY.

Revenue comparisons reflect generally lower circulation volumes more than offset by price increases. Daily average print and digital, replica and non-replica circulation, excluding USA TODAY, declined 9%, while Sunday circulation declined 3%.

Other Revenue: Commercial printing and other publishing revenues were down 6% in 2014 and totaled $222 million, reflecting the sale of a print business in the second quarter of 2014 and declines in commercial printing volumes which is consistent with industry trends. Commercial printing revenues accounted for approximately 62% of total other revenues. Commercial delivery services also contribute to total other revenues.

Consolidated operating expenses

Total reported operating expenses decreased 7% to $2.7 billion in 2015, primarily due to continued cost efficiency efforts company-wide as well as lower newsprint expense. The decrease was also driven by the reporting of sales of certain third party (principally Cars.com and CareerBuilder) digital advertising products on a net basis. Beginning in the third quarter of 2015 and in conjunction with the execution of new agreements (principally Cars.com and CareerBuilder), we began reporting wholesale fees associated with sales of certain third party digital advertising products and services on a net basis, as a reduction of the associated digital advertising revenues, rather than in operating expenses, in our Consolidated and Combined Statements of Income.

Overall cost of sales decreased $131 million, or 7%, from 2014. Included in cost of sales in 2015 were payroll and employee benefits expenses of approximately $689 million, compared with approximately $744 million in 2014, or a 7% decrease from 2014. Resource optimization efforts to improve the overall cost structure while achieving greater efficiencies drove the decrease from 2014. Also included in cost of sales in 2015 were newsprint costs of approximately $170 million compared with approximately $230 million in 2014, or a 26% decrease from 2014. The decrease represents lower prices for newsprint as well as lower volume. The remaining decrease in cost of sales reflects the overall decline in circulation volumes and other revenues.

Total selling, general and administrative costs decreased by $58 million year over year. Included in sales, general and administrative expenses were payroll and employee benefit costs of approximately $515 million compared with approximately $526 million in 2014, or a 2% decrease from 2014. Other costs decreased by approximately $47 million, primarily due to lower information technology costs and the absence of future promotional payments associated with USA Weekend.

Included in cost of sales and selling, general and administrative expense were severance-related charges of $72 million and $20 million in 2015 and 2014, respectively. In addition, there were other transformation costs of $8 million and $44 million in 2015 and 2014, respectively. Severance-related charges and transformation expenses primarily relate to incremental expenses we have incurred to consolidate or outsource production processes and centralize other functions. Severance-related charges include payroll and related benefit costs. The severance-related charges for all years are more fully discussed in Note 4 to the consolidated and combined financial statements. Transformation costs primarily include incremental expenses associated with optimizing our real estate portfolio as well as charges related to our partial withdrawal from certain multi-employer pension plans.

Depreciation expense was 1% lower in 2015. Amortization expense decreased by 14% as a result of older intangible assets that became fully amortized in 2015, partially offset by the effect of 2015 acquisitions.

Our space consolidation initiative continued during 2015, resulting in sales of older, underutilized buildings; relocating to more efficient, flexible, digitally-oriented office space; reconfiguring spaces to take advantage of leasing and subleasing opportunities and combining operations where possible. There were facility consolidation and asset impairment charges of $34 million and $35 million in 2015 and 2014, respectively. The non-cash facility consolidation and asset impairment charges for all years are more fully discussed in Note 4 to the consolidated and combined financial statements.

Payroll and benefits and newsprint costs (along with certain other production material costs), the largest elements of our normal operating expenses, are presented below, expressed as a percentage of total pre-tax operating expenses.

	2015	2014	2013
Payroll and employee benefits	46.8%	43.6%	45.0%
Newsprint and other production material	6.6%	7.9%	8.4%

Operating expense comparisons 2014-2013: Total reported operating expense decreased 3% to $2.9 billion in 2014, due to continued cost reductions and efficiency efforts, lower print volumes, and decreases in pension and other postretirement benefit costs for our current and former production employees. These were partially offset by $20 million in severance related charges and $75 million of strategic initiative investments made throughout the year. Depreciation charges increased by approximately $1 million, or 1%, from 2013, primarily reflecting the impact of foreign currency on depreciation expense recorded at Newsquest. Amortization expense remained relatively flat year over year.

Non-operating income and expense

Equity earnings: This income statement category reflects results from unconsolidated investments in which we hold noncontrolling interests, representing our equity share of operating results from our publishing partnerships, including the Tucson joint operating agency, the California Newspapers Partnership and the Texas-New Mexico Newspapers Partnership, as well as from our investment in Homefinder.com.

Our net equity income in unconsolidated investees for 2015 was $12 million, a decrease of $4 million over 2014. This decrease reflects our acquisition in June 2015 of the remaining interest in TNP and the assignment of our interest in CNP.

Our net equity income in unconsolidated investees for 2014 was $16 million, a decrease of $7 million from 2013. This decrease reflects lower earnings from CNP and the TNP with the prior year.

Other non-operating items: We reported a net gain of $13 million for other non-operating items in 2015, primarily reflecting the $22 million gain recognized upon completing the acquisition of our remaining interest in TNP and the assignment of our interest in CNP.

Other non-operating items totaled a net loss of less than $1 million in 2014. We reported a net loss of $2 million in 2013.

Provision for income taxes

We reported pre-tax income of $194 million and $278 million, and the effective tax rate on pre-tax income is 24.7% and 24.3% for 2015 and 2014, respectively.

The tax rate for 2015 was slightly higher compared to 2014 due to the U.K. tax authorities announcing a reduction in the statutory tax rates for future years resulting in the company immediately recognizing a reduction in the value of certain U.K. deferred tax assets of approximately $4 million or 2.0%

As described in our basis of reporting section above, prior to the spin our operations were included in Parent's state and federal income tax returns. For purposes of the 2014, consolidated and combined financial statements, we computed our income taxes as if we were filing separate returns. Current income taxes payable are settled with Parent through "Former parent's investment, net." The effective tax rate on pre-tax income was 24.3% compared with 20.6% in 2013. The higher effective tax rate for 2014 compared to 2013 is primarily due to a decrease in the release of certain tax reserves in 2014 as compared to 2013 which we deemed no longer necessary due to statute of limitations expirations. Further information concerning income tax matters is contained in Note 10 to the consolidated and combined financial statements.

FINANCIAL POSITION

Liquidity and capital resources
Details of our cash flows are included in the table below:
In millions of dollars

	2015	2014	2013 (a)
Net cash flow from operating activities	$231	$346	$255
Net cash flow used for investing activities	(43)	(32)	(8)
Net cash flow used for financing activities	(63)	(321)	(302)
Effect of currency exchange rate change	—	—	—
Net increase (decrease) in cash	$125	$(7)	$(56)

(a) Numbers do not sum due to rounding.

Fiscal 2015 versus Fiscal 2014
Our net cash flow from operating activities was $231 million for 2015, compared to $346 million of net cash flow from operating activities for 2014. The decrease in net cash flow from operating activities was primarily the result of a decrease in net income from 2014 to 2015 as well as pension and other postretirement contributions in 2015 exceeding pension and other postretirement contributions in 2014 by $51 million. In addition, other receivables increased due to the establishment of receivables from our former parent related to the tax matters agreement.
Cash flows used by investing activities totaled $43 million for 2015 primarily driven by the acquisitions of TNP and RMG for $29 million, as well as capital expenditures of $54 million, offset by proceeds from sales of certain assets of $30 million and other investments of $12 million. Cash flows used by investing activities totaled $32 million for 2014 primarily due to $72 million of capital expenditures, offset by proceeds from sales of certain assets of $25 million and other investments of $19 million.
Cash flows used for financing activities totaled $63 million for the 2015, compared to $321 million for 2014. Prior to the separation, cash used for financing activities was primarily due to transactions with our former parent with nominal impact from cash outflows relating to contingent consideration arrangements. Our former parent historically utilized a centralized approach to cash management and the financing of its operations. Under this centralized cash management program, we provided funds to our former parent and vice versa. Accordingly, the net cash flow between us and our former parent is presented as a financing activity. Subsequent to the spin-off, there are borrowings and repayments under our revolving credit facility. However, there was no outstanding balance on our revolving credit facility as of Dec. 27, 2015.

Fiscal 2014 versus Fiscal 2013
Cash flow generated by operating activities is our primary source of liquidity. Net cash flow from operating activities was $346 million in 2014, versus $255 million in 2013. This increase is primarily the result of pension contributions in 2013 which exceeded pension contributions in 2014 by approximately $25 million and additional cash generated in 2014 by changes in working capital. Late in 2014, we exited one of our publishing businesses and incurred shutdown costs associated with future contractual obligations. These costs were accrued on our balance sheet at the end of 2014 and increased our accounts payable and other noncurrent liabilities as they will be paid in 2015 and beyond. On the Combined Statement of Cash Flows, these costs were sources of cash in both the accounts payable and other assets and liabilities line items. Declining revenues resulted in lower trade receivable balances. Cash collections outpaced revenues recorded during the period resulting in net inflow from trade receivables. The change in the net outflow relating to

taxes payable is a result of the increase in current tax expense over the prior year due to the reversal of certain unrecognized tax benefits in the prior year. The reversal of certain unrecognized tax benefits is described in Note 10 of the Combined Financial Statements.
Net cash used for investing activities totaled $32 million in 2014 compared with $8 million in 2013. This reflects increased capital spending in 2014 for digital development and platform expansion as well as nearly $27 million on

real estate optimization efforts.
Net cash used in financing activities totaled $321 million in 2014 and $302 million in 2013. Prior to the separation, cash used for financing activities was primarily due to transactions with our former parent with nominal impact from cash outflows relating to contingent consideration arrangements. Our former parent historically utilized a centralized approach to cash management and the financing of its operations. Under this centralized cash management program, we provided funds to our former parent and vice versa. Accordingly, the net cash flow between us and our former parent is presented as a financing activity

Revolving credit facility
On June 29, 2015, we entered into a new five-year secured revolving credit facility in an aggregate principal amount of $500 million ("Credit Facility"). Under the Credit Facility, we may borrow at an applicable margin above the Eurodollar base rate ("LIBOR loan") or the higher of the Prime Rate, the Federal Funds Effective Rate plus 0.50% or the one month LIBOR rate plus 1.00% ("ABR loan"). The applicable margin is determined based on our total leverage ratio but differs between LIBOR loans and ABR loans. For LIBOR-based borrowing, the margin varies from 2.00% to 2.50%. For ABR-based borrowing, the margin will vary from 1.00% to 1.50%.
Customary fees are payable related to the Credit Facility, including commitment fees on the undrawn commitments of between 0.30% and 0.40% per annum, payable quarterly in arrears, based on our total leverage ratio. Borrowings under the Credit Facility are guaranteed by a majority of our wholly-owned material domestic subsidiaries. All obligations of Gannett and each subsidiary guarantor under the Credit Facility are or will be secured by first priority security interests in our equipment, inventory, accounts receivable, fixtures, general intangibles and other personal property, mortgages on certain material real property and pledges of the capital stock of each subsidiary guarantor. Pursuant to the Credit Facility, we are obligated, on or after Sept. 30, 2015, to not permit our consolidated interest coverage ratio to be less than 3.00:1.00 and our total leverage ratio to exceed 3.00:1.00, in each case as of the last day of the test period consisting of four consecutive fiscal quarters.
The Credit Facility also contains a number of covenants that, among other things, limit or restrict our ability, subject to certain exceptions described in the Credit Facility, to (i) permit certain liens on current or future assets; (ii) enter into certain corporate transactions; (iii) incur additional indebtedness; (iv) make certain payments or declare certain dividends or distributions; (v) dispose of certain property; (vi) make certain investments; (vii) prepay or amend the terms of other indebtedness; or (viii) enter into certain transactions with our affiliates. We were in compliance with all of these covenants as of Dec. 27, 2015.
As of Dec. 27, 2015, we had no outstanding borrowings under the Credit Facility. Up to $50 million of the Credit Facility is available for issuance of letters of credit. As of Dec. 27, 2015, we had $16 million of letters of credit outstanding and $484 million of availability remaining.

Our operations have historically generated strong positive cash flow which, along with our program of maintaining bank revolving credit availability, has provided adequate liquidity to meet our requirements, including those for investments, strategic acquisitions, expected dividends, and expected share repurchases.

Operating results non-GAAP information

Presentation of non-GAAP information: We use non-GAAP financial performance and liquidity measures to supplement the financial information presented on a GAAP basis. These non-GAAP financial measures should not be considered in isolation from or as a substitute for the related GAAP measures, and should be read together with financial information presented on a GAAP basis.

We discuss in this report non-GAAP financial performance measures that exclude from our reported GAAP results the impact of special items consisting of:

- Severance-related charges;
- Transformation costs; and
- Non-cash asset impairment charges.

We believe that such expenses, charges and credits are not indicative of normal, ongoing operations and their inclusion in results makes for more difficult comparisons between years and with peer group companies. We discuss adjusted EBITDA, a non-GAAP financial performance measure that we believe offers a useful view of the overall operation of our businesses. Adjusted EBITDA is defined as net income before (1) income taxes, (2) interest expense, (3) equity income, (4) other non-operating items, (5) severance-related charges, (6) facility consolidation costs, (7) asset impairment charges, (8) depreciation and (9) amortization. When adjusted EBITDA is discussed, the most directly comparable GAAP financial measure is Net income.

Adjusted diluted earnings per share ("EPS") is a non-GAAP financial performance measure that we believe offers a useful view of the overall operation of our business. We consider adjusted EPS, which may not be comparable to a similarly titled measure reported by other companies, to be defined as EPS before tax-affected (1) severance-related charges, (2) other transformation items, (3) asset impairment charges and (4) acquisition-related expenses. The tax impact on these non-GAAP tax deductible adjustments is based on the estimated statutory tax rates for the U.K. of 20.0% and the U.S. of 38.7%. When adjusted EPS is discussed, the most directly comparable GAAP financial measure is diluted EPS.

We also discuss in this report free cash flow, a non-GAAP liquidity measure that adjusts our reported GAAP results for items that we believe are critical to the ongoing success of our business, which results in a free cash flow figure available for use in operations, additional investment and return to shareholders. We define free cash flow as cash flow from operating activities less capital expenditures.

We use non-GAAP financial performance measures for purposes of evaluating our performance. Therefore, we believe that each of the non-GAAP measures presented provides useful information to investors by allowing them to view our businesses through the eyes of our management and Board of Directors, facilitating comparison of results across historical periods, and providing a focus on the underlying ongoing operating performance of our businesses. Many of our peer group companies present similar non-GAAP measures to better facilitate industry comparisons.

Discussion of special charges and credits affecting reported results: We recorded severance related charges, including early retirement programs, totaling $72 million ($46 million after-tax) in 2015, $20 million ($13 million after-tax) in 2014 and $34 million ($21 million after-tax) in 2013. These charges were taken in connection with workforce reductions related to facility consolidation and outsourcing efforts and as part of a general program to fundamentally change our cost structure.

Company-wide transformation plans led us to recognize charges in all interim and annual periods presented associated with revising the useful lives of certain assets over a shortened period, as well as shutdown costs and charges to reduce the carrying value of assets held for sale to fair value less costs to sell. Total charges for these matters were $42 million ($27 million after-tax) in 2015, $79 million ($49 million after-tax) in 2014 and $34 million ($21 million after-tax) in 2013.

We performed impairment tests on certain assets including intangible assets and investments accounted for under the equity method that resulted in the recognition of impairment charges as well as recognizing accelerated depreciation on certain assets to be disposed of. These non-cash charges are detailed in Note 4 to the consolidated and combined financial statements.

Consolidated and Combined Summary - Non-GAAP

The following is a discussion of our as adjusted non-GAAP financial results. All as adjusted (non-GAAP basis) measures are labeled as such or “adjusted.”

Reconciliations of adjusted EBITDA from net income presented in accordance with GAAP on our Consolidated and Combined Statements of Income are presented below:

In millions of dollars

	2015[(a)]	Change	2014[(a)]	Change	2013[(a)]
Net income (GAAP basis)	$146	(31%)	$211	(23%)	$274
Provision for income taxes	48	(29%)	68	(4%)	71
Equity income in unconsolidated investees, net	(12)	(25%)	(16)	(30%)	(23)
Other non-operating items	(13)	***	—	***	2
Operating income (GAAP basis)	$169	(35%)	$262	(19%)	$325
Early retirement program	42	***	—	(100%)	13
Severance related charges	30	50%	20	(5%)	21
Other transformation items	13	(83%)	75	***	31
Asset impairment charges	29	***	4	100%	2
Adjusted operating income (non-GAAP basis)	$283	(22%)	$361	(8%)	$392
Depreciation	96	(1%)	97	1%	96
Amortization	12	(14%)	14	—%	14
Adjusted EBITDA (non-GAAP basis)	$392	(17%)	$472	(6%)	$502

(a) Numbers do not sum due to rounding.

Adjusted EBITDA decreased 17% from 2014 to 2015 and decreased 6% from 2013 to 2014 as a result of lower successive adjusted (non-GAAP basis) operating income in each period.

Reconciliations of Adjusted diluted earnings per share from net income presented in accordance with GAAP on our Combined Statements of Income are presented below:
In millions of dollars, except share and per share data

	2015[a]	Change	2014[a]	Change	2013
Early retirement program	$43	***	$—	(100%)	$13
Severance-related charges	30	50%	20	(5%)	21
Other transformation items	12	(84%)	75	***	32
Asset impairment charges	30	***	4	100%	2
Acquisition related expenses	(18)	***	—	—%	—
Pretax impact	98	(1%)	99	46%	68
Income tax impact of above items	(35)	(3%)	(36)	38%	(26)
Impact of items affecting comparability on net income	$63	—%	$63	50%	$42
Net income	$146	(31%)	$211	(23%)	$274
Impact of items affecting comparability on net income	63	—%	63	50%	42
Adjusted net income	$209	(23%)	$273	(14%)	$316
Earnings per share - diluted	$1.25	(32%)	$1.83	(23%)	$2.39
Impact of items affecting comparability on net income	0.54	(2%)	0.55	53%	0.36
Adjusted earnings per share - diluted	$1.79	(25%)	$2.38	(13%)	$2.75
Diluted weighted average number of common shares outstanding	116,695	2%	114,959	—%	114,959

(a) Numbers do not sum due to rounding.

Earnings per share for 2015, on a fully diluted basis, were $1.25 which includes $97 million of pre-tax severance, acquisition related and other charges. Before the impact of these charges and adjusted for taxes, adjusted earnings per share on a fully diluted basis would have been $1.79 for 2015 compared to $2.38 in 2014 and $2.75 in 2013. The decline in 2015 adjusted earnings per share on a fully diluted basis was primarily due to reduced contributions resulting from the new Cars.com and CareerBuilder affiliate agreements, unfavorable foreign exchange rate changes as well as ongoing reductions in print advertising revenues partially offset by cost reductions and efficiency gains in operating expenses as well as increases in digital revenues and two full quarters of operating results from businesses acquired during the second quarter of 2015.
Fully diluted earnings per share reflect a diluted share count of 116.7 million shares, approximately 1.7 million higher than the prior years due to the addition of the dilutive effect of stock based compensation, principally resulting from compensatory awards made by our former parent that were converted into Gannett awards as a result of the separation.

Reconciliations of Free Cash Flow from net cash flow from operating activities presented in accordance with GAAP on our Consolidated and Combined Statements of Cash Flow are presented below:
In millions, except share data

	2015	2014	Change
Net cash flow from operating activities	$231	$346	$(115)
Capital expenditures	(54)	(72)	18
Free cash flow	$177	$274	$(97)

Net cash flow from operating activities was $231 million in 2015 down $115 million compared to prior year primarily due to significantly higher pension and other postretirement contributions in 2015. Offsetting this decrease in operating cash flows are lower cash outflows for capital expenditures of $18 million during 2015 compared to the prior year. The net decrease to free cash flow was $97 million in 2015.

During 2014, we invested significantly in digital development and platform expansion as well as investing in real estate optimization efforts. While we continue to invest in our digital assets, we slowed our optimization efforts in real estate during 2015 compared with 2014. Free cash flow generated in the current year provides us with the opportunity for additional investment as well as return to shareholders via quarterly dividends. Refer to the "Liquidity and Capital Resources" section of this Item for additional details.

Contractual obligations and commitments

The following table summarizes the expected cash outflows resulting from financial contracts and commitments as of the end of 2015:

	Payments due by period				
In millions of dollars	Total	2016	2017-2018	2019-2020	Thereafter
Operating leases [1]	$381	$45	$79	$64	$193
Purchase obligations [2]	66	48	16	2	—
Other noncurrent liabilities [3]	195	43	40	36	76
Gannett Retirement Plan contributions [4]	140	25	50	50	15
Total	$782	$161	$185	$152	$284

(1) See Note 12 to the consolidated and combined financial statements.

(2) Includes purchase obligations related to wire services, interactive marketing agreements, professional services, paper distribution agreements, printing contracts, and other legally binding commitments. Amounts which we are liable for under purchase orders outstanding at Dec. 27, 2015, are reflected in the Consolidated and Combined Balance Sheets as accounts payable and accrued liabilities and are excluded from the table above.

(3) Other noncurrent liabilities primarily consist of unfunded and under-funded postretirement benefit plans excluding the Gannett Retirement Plan. Unfunded plans include the Gannett 2015 Supplemental Retirement Plan and the Gannett Retiree Welfare Plan. Required employer contributions equal the future expected benefit payments and are reflected in the table over the next ten-year period. Our under-funded plans include the Newsquest Pension Scheme, and the Detroit Free Press, Inc. Newspaper Guild of Detroit Pension Plan. Expected employer contributions for these plans are included for the following fiscal year only, including $17 million for the Newsquest Pension Scheme. Contributions beyond the next fiscal year are excluded due to uncertainties regarding significant assumptions involved in estimating these contributions, such as interest rate levels as well as the amount and timing of invested asset returns.

(4) Expected employer contributions for the Gannett Retirement Plan are included through 2021. Contributions beyond 2021 are excluded due to uncertainties regarding significant assumptions involved in estimating these contributions, such as interest rate levels as well as the amount and timing of invested asset returns.

Due to uncertainty with respect to the timing of future cash flows associated with unrecognized tax benefits at Dec. 27, 2015, we are unable to make reasonably reliable estimates of the period of cash settlement. Therefore, $17 million of unrecognized tax benefits have been excluded from the contractual obligations table above. See Note 9 to the consolidated and combined financial statements for a further discussion of income taxes.
In 2014, we shut down one of our businesses and incurred $21 million of shutdown costs associated with future contractual promotional payments. These costs were recorded on our Consolidated and Combined Balance Sheet, and approximately $4 million remain as of Dec. 27, 2015, the majority of which will be paid in 2016. They have been excluded from the contractual obligations above.

Capital stock

In July 2015, we announced that our Board of Directors approved a share repurchase program authorizing us to repurchase shares with an aggregate value of up to $150 million over a three-year period. Shares may be repurchased at management's discretion, either in the open market or in privately negotiated block transactions. Management's decision to repurchase shares will depend on share price and other corporate liquidity requirements. We expect that share repurchases may occur from time to time over the three years. As of Dec. 27, 2015 no shares have been repurchased under this program.
The Gannett Co., Inc. 401(k) Savings Plan, our principal defined contribution plan, includes a company matching contribution in the form of our stock. We fund the match by buying our stock in the open market and depositing it in the participant's account.
Our common stock outstanding at Dec. 27, 2015, totaled 115.7 million shares, compared with 115.0 million shares at June 29, 2015. As of Feb. 16, 2016, our shares were held by 6,636 holders of record.

Dividends

Dividends declared on common stock amounted to $37 million in 2015.

Cash dividends		Payment date	Per share
2015	4th Quarter	Jan. 4, 2016	$0.16
	3rd Quarter	Oct. 1, 2015	$0.16

On Feb. 23, 2016, the Board of Directors declared a dividend of $0.16 per share, payable on April 1, 2016, to shareholders of record as of the close of business March 11, 2016.
We expect to continue to pay regular quarterly cash dividends on our common stock. Future cash dividends will be at the discretion of our Board of Directors, and the amount of cash dividends per share will depend upon, among other things, our future earnings, financial condition, results of operations, level of indebtedness, capital requirements and surplus, contractual restrictions, the number of shares of common stock outstanding, as well as the legal requirements, regulatory constraints and other factors that our Board of Directors deems relevant. Our ability to pay cash dividends on our common stock is subject to our continued compliance with the terms of our Credit Facility, including compliance with all financial and other covenants.

Critical accounting policies and the use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions about future events that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ significantly from those estimates. We believe the following discussion addresses our most critical accounting policies, which are those that are important to the presentation of our financial condition and results of operations and require management's most subjective and complex judgments.
Business Combinations: We allocate the fair value of purchase consideration to the tangible assets acquired, liabilities assumed and intangible assets acquired, based on their estimated fair values. The excess of the fair value of purchase consideration over the values of these identifiable assets and liabilities is recorded as goodwill. When determining the fair value of assets acquired and liabilities assumed, management makes significant estimates and assumptions,

especially with respect to intangible assets.
Critical estimates in valuing certain identifiable assets include but are not limited to expected long-term market growth; future expected operating expenses; cost of capital; and appropriate discount rates. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates.
Goodwill: As of Dec. 27, 2015, we had $576 million of goodwill, which represented approximately 24% of our total assets. Goodwill represents the excess of acquisition cost over the fair value of assets acquired, including identifiable intangible assets, net of liabilities assumed. Goodwill is tested for impairment on an annual basis (first day of fourth quarter) or between annual tests if events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.
Before performing the annual two-step goodwill impairment test, we are first permitted to perform a qualitative assessment to determine if the two-step quantitative test must be completed. The qualitative assessment considers events and circumstances such as macroeconomic conditions, industry and market conditions, cost factors and overall financial performance, as well as company and specific reporting unit specifications. If after performing this assessment, we conclude it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then we are required to perform a two-step quantitative test. Otherwise, the two-step test is not required. In the first step of the quantitative test, we are required to determine the fair value of each reporting unit and compare it to the carrying amount of the reporting unit. Fair value of the reporting unit is determined using various techniques, including multiple of earnings and discounted cash flow valuation.
Determining the fair value of the reporting units is judgmental in nature and involves the use of significant estimates and assumptions. These estimates and assumptions include changes in revenue and operating margins used to project future cash flows, discount rates, valuation multiples of entities engaged in the same or similar lines of business and future economic and market conditions. If the carrying amount of the reporting unit exceeds the fair value of the reporting unit, we perform the second step of the impairment test, as this is an indication that the reporting unit goodwill may be impaired. In the second step of the impairment test, we determine the implied fair value of the reporting unit's goodwill. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, then an impairment of goodwill has occurred and we must recognize an impairment loss for the difference between the carrying amount and the implied fair value of goodwill.

There are three major reporting units that comprise our goodwill balance. These consist of Domestic Publishing (including Gannett Publishing Services), Newsquest and USA TODAY group (which includes USA TODAY brand properties). For Domestic Publishing, USA TODAY group and Newsquest, the estimated fair value of each of these reporting units exceeded the carrying value at the most recent test.

Fair value of the reporting units depends on several factors, including the future strength of the economy in our principal markets. Generally uneven recoveries in the U.S. and U.K. markets have had an adverse effect on most of our reporting units in recent years. The differences between fair value and carrying value have narrowed. New and developing competition as well as technological change could also adversely affect future fair value estimates. Any one or a combination of these factors could lead to declines in reporting unit fair values and result in goodwill impairment charges. In order for the reporting unit with the least amount of headroom to fail step one of the quantitative goodwill impairment test, the estimated value of the reporting unit would have to decline by amounts ranging from approximately 20% to 140%.

Indefinite Lived Intangibles: This asset grouping consists of mastheads and trade names.

Local mastheads (publishing periodical titles and web site domain names) and other trade names are not subject to amortization and as a result they are tested for impairment annually (first day of the fourth quarter), or more frequently if events or changes in circumstances suggest that the asset might be impaired. The quantitative impairment test consists of a comparison of the fair value of each masthead/domain name or trade name with its carrying amount. We use a “relief from royalty” approach which utilizes a discounted cash flow model to determine the fair value of each masthead/domain name or trade name. Management’s judgments and estimates of future operating results in determining the reporting unit fair values are consistently applied to each underlying business in determining the fair value of each intangible asset. In 2015, following this testing, we recognized impairment charges of $0.9 million. These charges were to bring the recorded indefinite lived intangibles equal to implied fair value based on future projections.

Other Long-Lived Assets (Property, Plant and Equipment and Amortizable Intangible Assets): Property, plant and equipment are recorded at cost and depreciated on a straight-line method over the estimated useful lives of such assets. Changes in circumstances, such as technological advances or changes to our business model or capital strategy, could result in actual useful lives differing from our estimates. In cases where we determine the useful life of buildings and equipment should be shortened, we would, after evaluating for impairment, depreciate the asset over its revised remaining useful life thereby increasing depreciation expense.

Accelerated depreciation was recorded in all periods presented for certain property, plant and equipment, reflecting specific decisions to consolidate production and other business services.

We review our property, plant and equipment assets for potential impairment at the asset group level (generally at the local business level) by comparing the carrying value of such assets with the expected undiscounted cash flows to be generated by those asset groups/local business units. In 2015, we recognized $4 million of impairment charges following such reviews. Additionally, we recognized $2 million of impairment charges related to assets held for sale as the fair value of these assets did not exceed the carrying value.

Our amortizable intangible assets consist mainly of customer relationships. These asset values are amortized systematically over their estimated useful lives. An assessment of our definite lived intangibles was performed using the “excess earnings method” as well as the “relief from royalty” method for our amortizable

masthead. The “excess earnings method” approach utilizes the present value of projected cash flows that are expected to be generated by the intangibles, less charges representing the contribution of other assets to those cash flows. The “relief from royalty” approach utilizes a discounted cash flow model to determine the fair value of each masthead/domain name or trade name. In 2015, following this testing, we recognized impairment charges of $19 million. These charges were to bring the recorded definite lived intangibles equal to implied fair value based on future projections.

Pension Accounting: We, along with our subsidiaries, have various defined benefit retirement plans, under which substantially all of the benefits have been frozen in previous years.

We account for our pension plans in accordance with the applicable accounting guidance, which requires us to include the funded status of our pension plans in our balance sheets, and to recognize, as a component of other comprehensive

income (loss), the gains or losses that arise during the period, but are not recognized in pension expense. Pension expense is reported on the Consolidated and Combined Statements of Income as “Cost of sales and operating expenses,” or “Selling, general and administrative expenses”.

The determination of pension plan obligations and expense is dependent upon a number of assumptions regarding future events, the most important of which are the discount rate applied to pension plan obligations and the expected long-term rate of return on plan assets. The discount rate assumption is based on investment yields available at year-end on corporate bonds rated AA and above with a maturity to match the expected benefit payment stream. A decrease in discount rates would increase pension obligations.

We establish the expected long-term rate of return by developing a forward-looking, long-term return assumption for each pension fund asset class, taking into account factors such as the expected real return for the specific asset class and inflation. A single, long-term rate of return is then calculated as the weighted average of the target asset allocation percentages and the long-term return assumption for each asset class. We apply the expected long-term rate of return to the fair value of the pension assets in determining the dollar amount of the expected return. Changes in the expected long-term return on plan assets would increase or decrease pension plan expense. The effects of actual results differing from these assumptions are accumulated as unamortized gains and losses. A corridor approach is used in the amortization of these gains and losses, by amortizing the balance exceeding the greater of 10% of the beginning balances of the projected benefit obligation or the fair value of the plan assets. The amortization period is based on the average life expectancy of plan participants, which is currently estimated to be approximately 21 years for our principal retirement plan.

For 2015, the assumption used for the discount rate was 4.45% for our principal retirement plan obligations. As an indication of the sensitivity of pension liabilities to the discount rate assumption, a 50 basis point reduction in the discount rate at the end of 2015 would have increased plan obligations by approximately $99 million. A 50 basis point change in the discount rate used to calculate 2015 expense would have changed total pension plan expense for 2015 by approximately $1 million. We assumed a rate of 8.00% for our long-term expected return on pension assets used for our principal retirement plan. As an indication of the sensitivity of pension expense to the long-term rate of return assumption, a 50 basis point decrease in the expected rate of return on pension assets would have increased estimated pension plan expense for 2015 by approximately $9 million.

Income Taxes: We are subject to income taxes in the U.S. and various foreign jurisdictions in which we operate and record our tax provision for the anticipated tax consequences in our reported results of operations. Tax laws are complex and subject to different interpretations by the taxpayer and respective government taxing authorities. Significant judgment is required in determining our tax expense and in evaluating our tax positions including evaluating uncertainties as promulgated under ASC 740 Income Taxes.

Our annual tax rate is based on our income, statutory tax regulations and rates, and tax planning opportunities available in the various jurisdictions in which we operate. Significant management judgment is required in determining our provision for income taxes, deferred tax assets and liabilities and the valuation allowance recorded against our net deferred tax assets, if any. In assessing the likelihood of realization of deferred tax assets, management considers estimates of the amount and character of future taxable income.

Our actual effective tax rate and income tax expense could vary from estimated amounts due to the future impacts of various items, including changes in income tax laws, tax planning and our forecasted financial condition, and results of operations in future periods. Although we believe current estimates are reasonable, actual results could differ from these estimates.

In connection with the spin-off, we entered into a tax matters agreement with our former parent which states each company’s rights and responsibilities with respect to payment of taxes, tax return filings, and control of tax examinations. We are generally responsible for taxes allocable to periods (or portions of periods) beginning after the spin-off. Although we may be entitled to seek indemnification from our former parent under the tax matters agreement for additional income tax liabilities which related to periods prior to the spin-off, these items may impact our effective tax rate in the future.

Prior to the spin-off our operations were included in our parent’s state and federal income tax returns. For purposes of the Combined Financial Statements in periods prior to the spin-off we computed our income taxes as if we were filing separate returns. Current income taxes payable for these periods were settled with our former parent through “Former parent’s investment, net.”

We recognize tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the Financial Statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Significant management judgment is required to determine whether the recognition threshold has been met and, if so, the appropriate amount of unrecognized tax benefits to be recorded in the consolidated and combined financial statements. Management re-evaluates tax positions each period in which new information about recognition or measurement becomes available. Our policy is to recognize, when applicable, interest and penalties on unrecognized income tax benefits as part of “Provision for income taxes”.

The effect of a 1% change in the effective tax rate for 2015 would have resulted in a change of $2 million in the provision for income taxes and net income.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We believe that our market risk from financial instruments, such as accounts receivable, accounts payable and debt, is not material. We are exposed to foreign exchange rate risk on a limited basis primarily due to our operations in the U.K., for which the British pound is the functional currency. Translation gains or losses affecting the Consolidated and Combined Statements of Income have not been significant in the past.

Our cumulative foreign currency translation adjustment reported as part of our equity totaled $385 million at Dec. 27, 2015, $404 million at Dec. 28, 2014 and $432 million at Dec. 29, 2013. Newsquest’s assets and liabilities were translated from British pounds to U.S. dollars at the Dec. 27, 2015 exchange rate of 1.49, at the Dec. 28, 2014 exchange rate of 1.56 and at the Dec. 29, 2013 exchange rate of 1.65. Newsquest’s financial results were translated at an average rate of 1.53 for 2015, 1.65 for 2014 and 1.56 for 2013.

If the price of the British pound against the U.S. dollar had been 10% more or less than the actual price, operating income would have increased or decreased approximately 5% in 2015.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

	Page
FINANCIAL STATEMENTS	
Report of Independent Registered Public Accounting Firm	35
Consolidated and Combined Balance Sheets at Dec. 27, 2015 and Dec. 28, 2014	36
Consolidated and Combined Statements of Income for each of the three fiscal years in the period ended Dec. 27, 2015	37
Consolidated and Combined Statements of Comprehensive Income (Loss) for each of the three fiscal years in the period ended Dec. 27, 2015	38
Consolidated and Combined Statements of Cash Flows for each of the three fiscal years in the period ended Dec. 27, 2015	39
Consolidated and Combined Statements of Equity for each of the three fiscal years in the period ended Dec. 27, 2015	40
Notes to Consolidated and Combined Financial Statements	41
OTHER INFORMATION	
Selected Financial Data	63
SUPPLEMENTARY DATA	
Quarterly Statements of Income (Unaudited)	64

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders of Gannett Co., Inc.:

We have audited the accompanying consolidated and combined balance sheets of Gannett Co., Inc. as of December 27, 2015 and December 28, 2014, and the related consolidated and combined statements of income, comprehensive income (loss), shareholders' equity and cash flows for each of the three fiscal years in the period ended December 27, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated and combined financial position of Gannett Co., Inc. at December 27, 2015 and December 28, 2014, and the consolidated and combined results of its operations and its cash flows for each of the three fiscal years in the period ended December 27, 2015, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Gannett Co., Inc.'s internal control over financial reporting as of December 27, 2015, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 25, 2016, included in Item 9A, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

McLean, Virginia
February 25, 2016

GANNETT CO., INC.
CONSOLIDATED AND COMBINED BALANCE SHEETS
In thousands of dollars

Assets	Dec. 27, 2015	Dec. 28, 2014
Current assets		
Cash and cash equivalents	$196,696	$71,947
Accounts receivable, less allowance for doubtful accounts of $8,836 and $5,788, respectively	330,473	357,523
Other receivables	36,114	16,339
Inventories	25,777	38,944
Assets held for sale	12,288	18,434
Prepaid expenses and other current assets	28,188	27,883
Total current assets	629,536	531,070
Property, plant and equipment, net	896,585	934,483
Goodwill	575,685	544,345
Intangible assets, net	59,713	50,115
Deferred income taxes	201,991	261,322
Investments and other assets	64,289	63,125
Total assets	$2,427,799	$2,384,460
Liabilities and equity		
Current liabilities		
Accounts payable and accrued liabilities	$393,026	$318,785
Dividends payable	18,501	—
Income taxes	—	13,675
Deferred income	78,967	77,123
Total current liabilities	490,494	409,583
Income taxes	22,221	11,991
Postretirement medical and life insurance liabilities	87,594	93,474
Pension liabilities	612,443	770,041
Other noncurrent liabilities	156,471	161,899
Total noncurrent liabilities	878,729	1,037,405
Total liabilities	1,369,223	1,446,988
Commitments and contingent liabilities (see Note 12)		
Equity		
Preferred stock of $0.01 par value per share, 5,000,000 shares authorized, none issued	—	—
Common stock of $0.01 par value per share, 500,000,000 shares authorized, 115,668,957 shares issued	1,156	—
Additional paid-in capital	1,708,291	—
Retained earnings	22,553	—
Former parent’s investment, net	—	1,615,584
Accumulated other comprehensive loss	(673,424)	(678,112)
Total equity	1,058,576	937,472
Total liabilities and equity	$2,427,799	$2,384,460

The accompanying notes are an integral part of these consolidated and combined financial statements.

GANNETT CO., INC.
CONSOLIDATED AND COMBINED STATEMENTS OF INCOME
In thousands, except per share amounts

Fiscal year ended	Dec. 27, 2015	Dec. 28, 2014	Dec. 29, 2013
Operating revenues:			
Advertising	$1,611,445	$1,840,067	$1,971,046
Circulation	1,060,118	1,109,729	1,117,491
Other	213,449	222,082	236,402
Total operating revenues	2,885,012	3,171,878	3,324,939
Operating expenses:			
Cost of sales and operating expenses	1,866,729	1,997,803	2,089,748
Selling, general and administrative expenses	707,022	765,465	773,409
Depreciation	95,916	97,178	95,979
Amortization	11,636	13,885	14,119
Facility consolidation and asset impairment charges	34,278	35,216	26,611
Total operating expenses	2,715,581	2,909,547	2,999,866
Operating income	169,431	262,331	325,073
Non-operating income (expense):			
Equity income in unconsolidated investees, net	11,981	15,857	22,768
Other non-operating items, net	12,563	77	(2,078)
Total non-operating income	24,544	15,934	20,690
Income before income taxes	193,975	278,265	345,763
Provision for income taxes	47,884	67,560	71,302
Net income	$146,091	$210,705	$274,461
Net income per share—basic	$1.27	$1.83	$2.39
Net income per share—diluted	$1.25	$1.83	$2.39

The accompanying notes are an integral part of these consolidated and combined financial statements.

37

GANNETT CO., INC.
CONSOLIDATED AND COMBINED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
In thousands of dollars

Fiscal year ended	Dec. 27, 2015	Dec. 28, 2014	Dec. 29, 2013
Net income	$146,091	$210,705	$274,461
Other comprehensive income (loss), before tax:			
Foreign currency translation adjustments	(19,390)	(27,414)	7,516
Pension and other postretirement benefit items:			
Actuarial (loss) gain:			
Actuarial (loss) gain arising during the period	(54,142)	(429,402)	258,220
Amortization of actuarial loss	58,148	42,446	57,940
Prior service credit:			
Change in prior service credit	—	36,873	303
Amortization of prior service credit	(2,722)	(4,454)	(2,039)
Settlement charge	1,254	—	1,721
Transfer from Separation	24,180	—	—
Other	15,544	23,634	(9,448)
Pension and other postretirement benefit items	42,262	(330,903)	306,697
Other comprehensive income (loss) before tax	22,872	(358,317)	314,213
Income tax effect related to components of other comprehensive (loss) income	(18,184)	122,186	(131,121)
Other comprehensive income (loss), net of tax	4,688	(236,131)	183,092
Comprehensive income (loss)	$150,779	$(25,426)	$457,553

The accompanying notes are an integral part of these consolidated and combined financial statements.

GANNETT CO., INC.
CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS
In thousands of dollars

Fiscal year ended	Dec. 27, 2015	Dec. 28, 2014	Dec. 29, 2013
Cash flows from operating activities			
Net income	$146,091	$210,705	$274,461
Adjustments to reconcile net income to operating cash flows:			
Gain on acquisition	(21,799)	—	—
Depreciation	95,916	97,178	95,979
Amortization	11,636	13,885	14,119
Facility consolidation and asset impairment charges (see Notes 4 and 5)	34,278	35,216	26,611
Stock-based compensation — equity awards	20,623	17,099	16,201
Provision for deferred income taxes	47,380	48,943	66,621
Pension and other postretirement expense, net of contributions	(134,907)	(100,984)	(99,683)
Equity income in unconsolidated investees, net (see Notes 4 and 6)	(11,981)	(15,857)	(22,768)
Decrease in accounts receivable	33,376	30,753	2,943
(Increase) decrease in other receivables	(24,961)	(4,988)	65
Decrease (increase) in inventories	14,023	9,577	5,028
Increase (decrease) in accounts payable	16,844	23,298	(25,086)
Decrease in interest and taxes payable	(9,349)	(30,871)	(48,120)
Increase (decrease) in accrued expenses	44,787	(21,544)	(34,473)
Decrease in deferred income	(2,894)	(1,471)	(3,783)
Other, net	(28,043)	35,199	(13,580)
Net cash flows from operating activities	231,020	346,138	254,535
Cash flows from investing activities			
Purchase of property, plant and equipment	(53,979)	(72,307)	(53,619)
Payments for acquisitions, net of cash acquired	(28,668)	(113)	(922)
Payments for investments	(2,750)	(2,500)	—
Proceeds from investments	12,402	18,629	26,806
Proceeds from sale of certain assets	29,683	24,519	19,983
Net cash used for investing activities	(43,312)	(31,772)	(7,752)
Cash flows from financing activities			
Dividends paid	(18,462)	—	—
Proceeds from issuance of common stock upon settlement of stock awards	6,615	—	—
Transactions with former parent, net	(49,701)	(319,422)	(300,805)
Deferred payments for acquisitions	(1,218)	(1,313)	(1,314)
Net cash used for financing activities	(62,766)	(320,735)	(302,119)
Effect of currency exchange rate change	(193)	(280)	(164)
Increase (decrease) in cash and cash equivalents	124,749	(6,649)	(55,500)
Balance of cash and cash equivalents at beginning of year	71,947	78,596	134,096
Balance of cash and cash equivalents at end of year	$196,696	$71,947	$78,596
Supplemental cash flow information:			
Cash paid for taxes, net of refunds	$38,707	$—	$—
Cash paid for interest	$2,995	$—	$—

The accompanying notes are an integral part of these consolidated and combined financial statements.

GANNETT CO., INC.
CONSOLIDATED AND COMBINED STATEMENTS OF EQUITY

In thousands of dollars	Common stock $0.01 par value	Additional paid-in capital	Retained earnings	Accumulated other comprehensive (loss) income	Former parent's investment, net	Total
Balance: Dec. 30, 2012	$					