

Newspaper Acquisitions

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Year-End 2015 Report

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Analyst

Did you know?

There are **207** independently owned dailies.

There are **383** dailies owned by a publicly traded company.

There are **403** dailies that publish in a market adjacent to markets where the daily newspaper is owned by the same company.



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Year in review: Deal volume sets new post-2008 record

The newspaper deal market set new post-recession highs in dollar volume and number of transactions involving daily newspapers as the year ended with a flurry of activity.

Driven by a large number of small-market transactions and a handful of significant group deals, the value of newspaper sales surpassed \$800 million for the first time since 2008.

The largest deals of the year included Gannett's agreement to buy Journal Media Group for \$280 million (expected to close in 2016), the sale of the Las Vegas (NV) Review-Journal, the earlier sale of Stephens Media (which included the Review-Journal) and the acquisition of U-T San Diego by Tribune Publishing.

A number of regional daily newspapers changed hands as well, such as the Fredericksburg (VA) Free Lance-Star, the Erie (PA) Times-News and the Portland (ME) Press Herald.

Nearly all of the buyers were existing newspaper owners, and public companies made their presence felt in a major way in the marketplace.

We expect the deal flow to remain strong through 2016.

By the Numbers

In total, 70 daily newspapers were sold last year in 27 transactions worth \$826.96 million. The dollar volume was just ahead of 2014 (\$760.20 million), and the number of dailies changing hands also beat out the number sold in 2014, which was 67.

The dollar volume eclipsed the previous post-

Continued page 4

4th Quarter Largest deals hit

More than half of the year's dollar volume occurred in the fourth quarter, with the largest transactions involving many of the largest newspapers to change hands in 2015.

The quarter opened with an announcement that Gannett had agreed to buy Journal Media Group for \$280 million. And it ended with the sales of three regional newspapers – the Las Vegas (NV) Review-Journal, the Erie (PA) Times-News and the Fredericksburg (VA) Free Lance-Star – in separate transactions.

In total, more than \$500 million in newspaper deals happened in announced or closed transactions during the final three months. The Journal Media Group acquisition is expected to close in 2016.

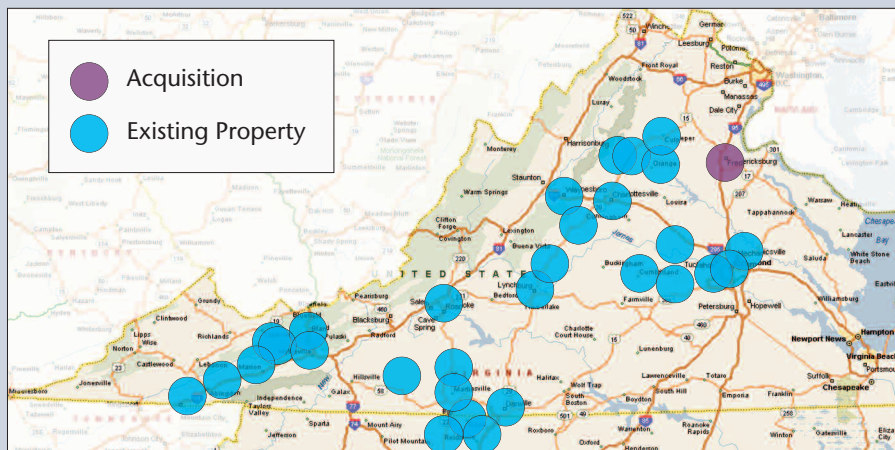
We Hardle Knew Ye

Just six months after launching as a new, newspaper-focused public company, Journal Media Group agreed to be acquired by Gannett. Journal Media, with its flagship Milwaukee Journal Sentinel, was created from the merger of E.W. Scripps and Journal Communications.

Gannett will pick up 15 daily newspapers and 18 weeklies in 14 local markets in nine states. In addition to the Milwaukee Journal Sentinel, the package includes the Memphis (TN) Commercial Appeal, the Naples (FL) Daily News, the Treasure Coast group in southeastern Florida and a number of dailies in Texas. Total circulation of

Continued next page

BH Media Strengthens in Virginia



Journal Media Group is approximately 675,000 daily and 950,000 on Sunday.

Gannett said the \$280 million transaction will add \$450 million in revenue and \$60 million in adjusted EBITDA, including immediate synergies. Gannett also said it would add another \$25 million in operating synergies over the next two years.

The transaction is undergoing an antitrust review by the Department of Justice. However, both companies expect the deal to close in the first quarter of 2016.

BH Bags Fredericksburg

BH Media Group added to its holdings in Virginia with the addition of the 31,700-circulation Fredericksburg Free Lance-Star.



The Fredericksburg market is located north of the state capital in Richmond, where BH Media also owns the Times-Dispatch. The acquisition was the second in Virginia for BH Media in 2015. Earlier in the year it picked up the Martinsville Bulletin in southwest Virginia.

The Free Lance-Star transaction included a large printing facility opened in 2010.

The Free Lance-Star had been owned by the Rowe family since the early 1900s. Its lender, Sandton Capital Partners, acquired the assets of the newspaper operation in June

2014 during a bankruptcy proceeding.

The sale of the newspaper and its printing facility represented the final divestiture for Sandton. Earlier in 2015 it sold radio and tower operations it also acquired in the bankruptcy.

Erie Sets Sail

New Media Investment Group agreed to buy another regional daily with longtime family owners. In mid-December, the Mead family entered into an agreement to sell the 40,000-circulation Erie Times-News to the public company, with the closing set to occur in January.



The parent company of the newspaper, Times Publishing Co., has been owned in part or in total by members of the Mead family since it was founded 127 years ago. New Media, the holding company for GateHouse Media, owns 490 publications in 31 states.

In making the announcement to the newspaper staff, John Mead Flanagan, chairman of the Times Publishing board, said, "This is the right time to adapt to the new

environment and have the Erie Times-News and our digital business move into the future as part of a larger media organization."

Erie, located on Lake Erie in the northwest corner of Pennsylvania, is the fourth largest city in the state.

Spin the Wheel in Vegas

Also in December, New Media sold one of its largest newspapers, the Las Vegas Review-Journal, which it had acquired earlier in the year as part of its purchase of Stephens Media.

New Media completed the \$140 million sale to a new company, News + Media Capital Group LLC, which includes Michael Schroeder, owner of newspapers in Connecticut. The Las Vegas-based Adelson family provided the financing for the deal.

4th Quarter

Continued from page 2

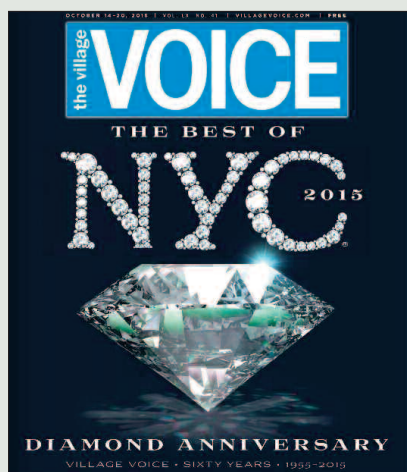
As part of the transaction, New Media will continue to manage the Review-Journal for the new owners.

The Review-Journal is Nevada's largest newspaper. The deal also included five weekly newspapers, Luxury Las Vegas magazine, Best of Las Vegas and the website lasvegas.com.

At the same time, New Media announced that it had agreed to buy the Business Information Division of Dolan LLC, which publishes 39 newspapers in the legal, financial, real estate and government affairs sectors.

Paging Normal Mailer

A member of a venerable newspaper family bought the iconic Village Voice in New York City with plans to



restore the journalistic greatness for which the newspaper was once known.

The Village Voice was acquired by a company controlled by Peter D. Barbey, president of the Reading (PA) Eagle and a member of the

family that has owned the eastern Pennsylvania newspaper since 1796.

Founded in 1955 by Norman Mailer and others, the Village Voice is America's first alternative newspaper. It has been a winner of Pulitzer Prizes and has published many famous writers in its history, including Allen Ginsberg, Ezra Pound, James Baldwin and Tom Stoppard. Underground cartoonists also have gotten their start in the newspaper, such as R. Crumb and Matt Groening.

In making the acquisition, Barbey said, "The Village Voice continues to be one of America's great newspaper stories, and, to me, the Voice belongs to New York much more than it belongs to any individual owner. The Voice deserves to be the best it can be. We plan to expand resources, coverage and reach, in print and online."

A group of former Village Voice Media executives acquired the Village Voice and 10 other publications in 2013 and formed Voice Media Group. VMG also has divested holdings in Minneapolis and St. Louis.

See page six for an interview with Peter Barbey.

Taking Aim in Indiana

Jeremy Halbreich's AIM group expanded into Indiana with the acquisition of family-owned Home News Enterprises. Home News owns community daily newspapers in Columbus, Greenfield, Franklin and Seymour, as well as a number of weekly and monthly publications in the state.

The new company, AIM Media Indiana, is an affiliate of Halbreich's AIM Media Texas, which acquired Texas newspapers from Freedom Communications in 2012. Halbreich is the former chairman and CEO of the Sun-Times Media Group in Chicago and founder of American Consolidated Media in Texas.

The Brown family had owned newspapers in Indiana since 1872, when Isaac T. Brown founded the Columbus Republican. Home News Enterprises was formed in 1962 to make additional newspaper acquisitions.

Sample Goes West

Trib Total Media, owner of newspapers in the greater Pittsburgh area, sold two of its dailies and associated weekly newspapers east of the city to an affiliate of Sample Media Group.

Sample picked up the Kittanning Leader Times and the Connellsville Daily Courier, along with weekly titles generally clustered southeast of Pittsburgh. Sample's existing holdings include the daily in nearby Latrobe.

Separately, Trib Total Media said it would close its daily newspapers in McKeesport and Monessen, south of Pittsburgh, after failing to find buyers for these two. Trib Total Media has been in the process of refocusing its business in the region following the death of its founder, Richard Mellon Scaife.

Trib Total Media will publish three editions of its flagship newspaper based in Greensburg: Tribune-Review Westmoreland edition, Tribune-Review Pittsburgh edition and Tribune-Review Valley News Dispatch edition

Adams Takes Two

Adams Publishing Group continued to grow with the addition of newspapers in Idaho and Ohio in separate deals. In Idaho, Adams acquired the daily Idaho Falls Post Register and three weekly newspapers from the Brady family. The Brady family had owned the Post Register since 1925.

In Ohio, Adams added the daily Defiance Crescent-News from Dix Communications. Dix had owned the Defiance newspaper since 1951.

Adams, owner of outdoor advertising, radio and other businesses, began to build its newspaper company in 2014 with the acquisition of assets in Ohio, Maryland,

Continued page 4

Year in Review

Continued from page 1

recession high of \$788.75 million set in 2011, which was driven largely by the sales of the Omaha World Herald Co., Journal Register Co. and the New York Times regional newspaper group.

The number of transactions in 2015 squeaked past the mark of 25 deals set in 2012, a year that saw divestitures by Media General and Freedom Communications and a number of other lender-driven sales.

Big and Small

The public companies dominated the high end of the market. Gannett and Journal Media Group emerged as new, newspaper-focused public companies in 2015 – Gannett separated from its broadcast and digital properties, and Journal Media Group spun off from the merger of E.W. Scripps and Journal Communications.

Gannett, however, proved to be the aggressor. It acquired full ownership of 11 daily newspapers in Texas, New Mexico and Pennsylvania from its majority partner Digital First Media.

And early in the fourth quarter, Gannett agreed to buy Journal Media Group, owner of 15 dailies, for \$280 million. The announced purchase price is equal to the amount paid by New Media Investment Group for Halifax Media Group at year-end 2014. These represent the two largest transactions by dollar volume since 2008.

New Media, meanwhile, remained busy in 2015 as well, buying or agreeing to buy 11 daily newspapers. Early in the year, it paid \$102.5 million for Stephens Media, whose eight daily

newspapers included the Las Vegas Review-Journal. At year-end, New Media sold just the Las Vegas daily for \$140 million to local interests.

Among other public companies, BH Media Group (a unit of Berkshire Hathaway) acquired two dailies, and Tribune Publishing bought U-T San Diego.

There also was a fair amount of activity at the smaller end of the market. Community newspaper buyers included Adams Publishing Group (six dailies), Sample News Group (four dailies) and Boone Newspapers (three dailies).

For nearly all of the deals involving daily newspapers, the buyer was an existing newspaper owner. The biggest exception was Las Vegas, sold to a group led by casino owner Sheldon Adelson. Home News Enterprises was sold to a newly formed company, AIM Media Indiana. However, the head of the new company, Jeremy Halbreich, has a separate newspaper company based in Texas.

Outlook

Over the past five years, annual newspaper transaction volume has been in a fairly tight range between \$642 million and \$826 million. We do not expect any major deviation from that range in 2016.

We expect the flow of newspaper deals, particularly for smaller-market newspapers, to be steady in 2016 and consistent with the past 12 months.

Valuations strengthened in the second half of 2015. Looking forward we believe those valuations will hold through the year. ■

4th Quarter

Continued from page 3

Minnesota and Wisconsin from American Consolidated Media.

Swift on the Slopes

Swift Communications added another ski resort market to its portfolio with the acquisition of the twice-weekly Park City (UT) Record from Digital First Media.

The Park City Record had been acquired by its current publishers Andy Bernhard and Dean Singleton in 1986, before being folded into Singleton's MediaNews Group and ultimately Digital First.

Swift owns 27 newspapers in five states, including those in the resort markets of Snowmass, Aspen, Summit and Vail in Colorado, and Tahoe in California.

Other News

An affiliate of Boone Newspapers bought the central

Kentucky newspapers owned by Schurz Communications, including small-market dailies in Danville and Winchester. Earlier in 2015, Boone acquired the Frankfort State Journal nearby.

The Fairbanks (AK) News-Miner and Kodiak (AK) Daily Mirror were sold to the Helen E. Snedden Foundation, which was created by the late wife of former News-Miner publisher Charles Snedden. Dean Singleton bought the Fairbanks newspaper from the Snedden family in 1992.

Peter Arundel, owner of the Loudon Times-Mirror in northern Virginia, acquired the assets of two competing newspapers in Leesburg and Ashburn. The Leesburg and Ashburn newspapers were sold to Texas-based HPR Hemlock LLC in 2012 as part of a larger transaction.

Separately, HPR Hemlock sold its Middleburg Life monthly in northern Virginia to satellite communications mogul and winery owner David Greenhill. ■

Daily newspapers sold in 2015

Newspaper	Daily Circ.	Buyer	Seller
Augusta (ME) Kennebec Journal	8,300	Reade Brower	Maine Values LLC
Clearfield (PA) Progress	8,600	Community Media Group	Ulerich family
Columbus (OH) Dispatch	134,800	New Media Investment Group	Wolfe family
Connellsville (PA) Daily Courier	7,500	Sample Media Group	Trib Total Media
Danville (KY) Advocate-Messenger	8,200	Boone Newspapers	Schurz Communications
Defiance (OH) Crescent-News	14,800	Adams Publishing Group	Dix Communications
Imperial Valley (CA) Press	6,900	Imperial Valley News Media	Schurz Communications
Erie (PA) Times-News	39,900	New Media Investment Group	Mead family
Fairbanks (AK) Daily News-Miner	13,700	Helen E. Snedden Foundation	Dean Singleton
Frankfort (KY) State Journal	6,300	Boone Newspapers	Dix Communications
Fredericksburg (VA) Free Lance-Star	31,800	BH Media Group	Sandton Capital
Harrison (AR) Daily Times	6,300	Phillips Media Group	Community Publishers Inc.
Home News Enterprises (4 dailies)	43,700	AIM Media Indiana	Brown family
Idaho Falls (ID) Post-Register	22,900	Adams Publishing Group	Brady family
Journal Media Group (15 dailies)	675,000	Gannett	Journal Media Group
Kittanning (PA) Leader Times	6,100	Sample Media Group	Trib Total Media
Kodiak (AK) Daily Mirror	2,800	Helen E. Snedden Foundation	Dean Singleton
Las Vegas (NV) Review-Journal	127,650	News + Media Capital Group	New Media Investment Group
Lodi (CA) News-Sentinel	10,600	Central Valley News-Sentinel	Weybret family
Martinsville (VA) Bulletin	12,250	BH Media Group	Haskell family
Mayfield (KY) Messenger	3,700	Paxton Media Group	Haskell family
Monroe (MI) News	14,000	New Media Investment Group	Monroe Publishing Co.
Portland (ME) Press Herald	38,900	Reade Brower	Maine Values LLC
Rome (GA) News-Tribune	13,200	Times-Journal Inc.	News Publishing Co.
Shamokin (PA) News-Item	7,600	Sample Media Group	Times-Shamrock Communications
Stephens Media (8 dailies)	220,100	New Media Investment Group	Stephens Media
Texas-New Mexico Partnership (11 dailies)	206,100	Gannett	Digital First Media
Towanda (PA) Daily Review	7,300	Sample Media Group	Times-Shamrock Communications
U-T San Diego	210,900	Tribune Publishing	MLIM Holdings
Waterville (ME) Central Maine Sentinel	10,600	Reade Brower	Maine Values LLC
West Plains (MO) Daily Quill	6,500	Phillips Media Group	Martin family
Winchester (KY) Sun	6,000	Boone Newspapers	Schurz Communications
Wyoming Newspaper Group (4 dailies)	26,400	Adams Publishing Group	McCracken family

Pennsylvania Publisher Takes on the Big Apple



Peter D. Barbey

In October, Peter D. Barbey, president and CEO of the Reading Eagle Co., acquired the Village Voice through his personal investment company. Barbey's family has owned and operated newspapers in the Reading, Pennsylvania, area for eight generations, since 1796. His great-grandfather, John Barbey, established what is today the VF Corporation, a publicly traded apparel company in which Barbey owns a significant interest. The Reading Eagle Co. owns the daily Reading Eagle as well as the South Schuylkill News, WEEU Radio, REP Commercial Printing and Pretzel City Productions.

Founded in 1868 as the daily English companion to the Reading Adler, the family's German language weekly newspaper, the Reading Eagle provides local and regional news coverage to Berks County and surrounding communities. In March 2015, the Reading Eagle was awarded top honors for the third straight year in the Pennsylvania News Media Association's Keystone Press Awards.

DV&M recently asked Barbey about his decision to buy the Village Voice, regarded as the first alternative newspaper in the country.

After years of running a traditional daily newspaper in eastern Pennsylvania, why the Village Voice?

It would not be overstating things to say that in New York, and for generations of readers in other places as well, the Village Voice has an iconic journalistic brand. It has had a well-defined community role in the New York community, the arts and cultural community and the progressive community. I think we do community well. As a reader, I have had a long history with the paper and want it to thrive.

In addition to returning the Village Voice to journalistic excellence, how do you plan to make it a business success?

As we did with the Reading Eagle, I plan to revitalize the Voice to its traditional position as an essential part and partner of the communities it serves.

Is there a specific advertising niche that alternative newspapers can serve?

Community advertising, promotion and branding opportunities that match the demographic and the point of view of the paper, among other niches.

Alternatively is there a paid content model for the Village Voice?

Possibly. I don't see that opportunity emerging yet,

however.

Is the future of the Village Voice in print or online?

Both. It will continue to be distributed free in print in the New York City area. I upped the circulation in the first

week and that worked well. We plan to increase it to over 100,000 copies. The majority of the web traffic is from out of the tri-city area. The Voice has a national and international audience. Print and digital serve the Voice very well.

Would you consider additional acquisitions in the New York market?

Possibly. But I am concentrating on the Voice for now. How will you divide your time between Reading and New York?

How will you divide your time between Reading and New York?

As needed. The two are quite close.



Mets or Yankees?

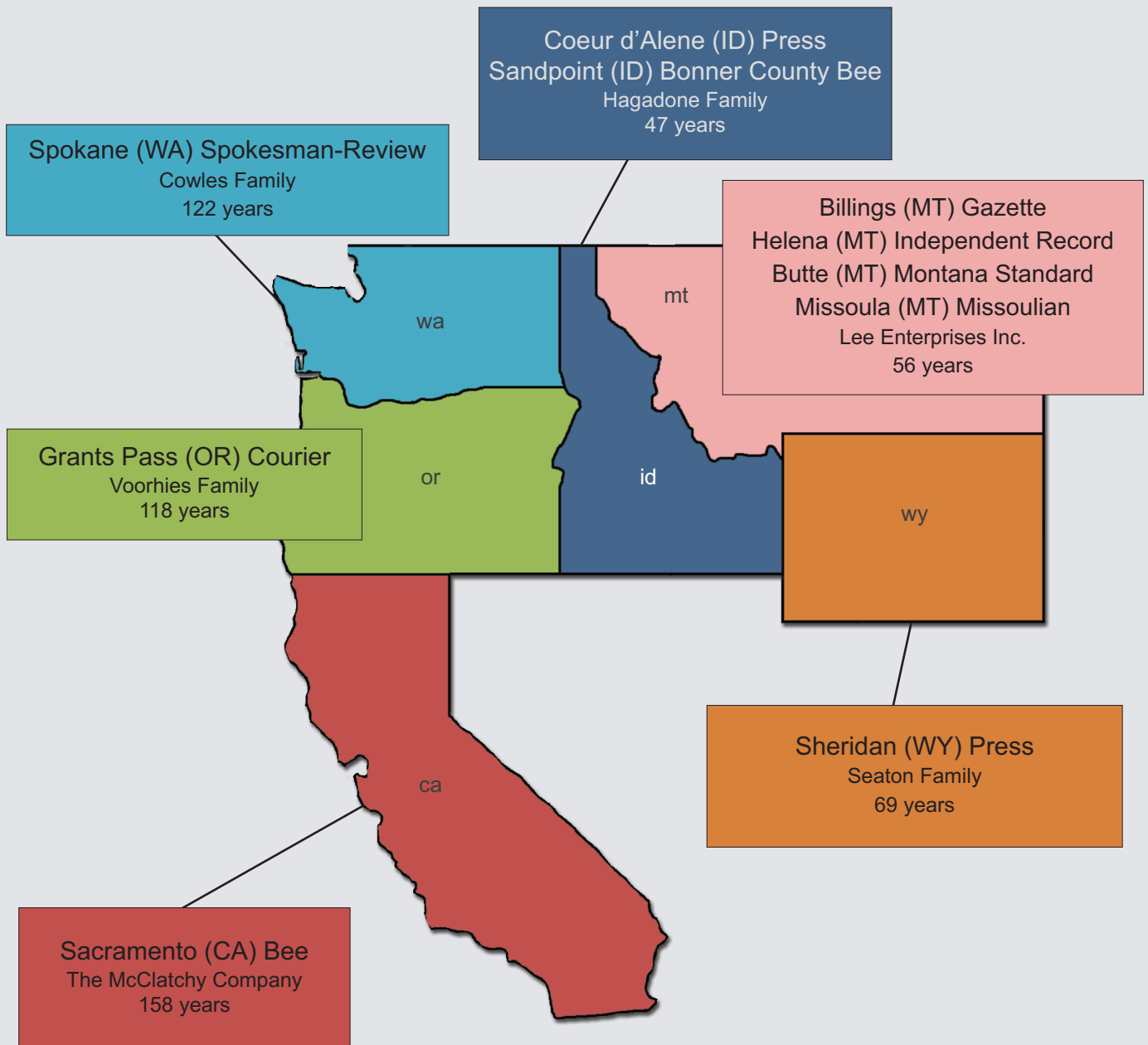
Yankees. I was born and raised in Boston, raised as a Red Sox fan, and I had the usual obsession with Yankees versus Red Sox games. But, as we all know, obsession so very often evolves into fascination and admiration, heck, even a kind of love.

Longest-Owned Newspapers: West Region

Family owners and a four-way tie

We ventured west in this sixth and final installment of our series examining the industry's longest-owned newspapers by state. Family owners have been a common theme throughout this feature, and they prevail in the West as well. The longest-owned papers in four of the six states in this region are owned by families, including the Cowles family in Washington and the Voorhies family in Oregon.

The West is also home to the longest-owned daily newspaper under public ownership, the Sacramento Bee in California, which was founded by The McClatchy Company 158 years ago. Public company Lee Enterprises also makes this list with a unique four-way tie for the longest-owned daily in Montana.



We Deliver

In 2015, Dirks, Van Essen & Murray assisted in the sale of more than 40 publications in 18 transactions.







Our clients include independent owners and both large and small groups. Our services include sell-side and buy-side advisory, consulting and appraisals.


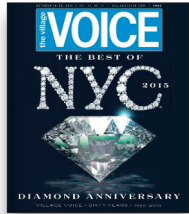
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Fourth Quarter 2015 - DV&M Deals

	
	<p>SANDTON CAPITAL PARTNERS HAS SOLD</p> <p>FREDERICKSBURG (VA) FREE LANCE-STAR 31,700 daily circulation 34,000 Sunday circulation</p>  <p>TO BH MEDIA GROUP a subsidiary of Berkshire Hathaway</p> <p>We are pleased to have represented Sandton Capital Partners in this transaction.</p>
<p>Dirks, Van Essen & Murray Santa Fe, NM t: 505.820.2700 www.dirksvanessen.com</p>	

	
	<p>TIMES PUBLISHING COMPANY HAS AGREED TO SELL</p> <p>ERIE (PA) TIMES-NEWS 40,000 daily circulation 50,000 Sunday circulation</p>  <p>TO NEW MEDIA INVESTMENT GROUP INC.</p> <p>We are pleased to have represented Times Publishing Company in this transaction.</p>
<p>Dirks, Van Essen & Murray Santa Fe, NM t: 505.820.2700 www.dirksvanessen.com</p>	

	
	<p>VOICE MEDIA GROUP HAS SOLD</p> <p>VILLAGE VOICE 70,000 weekly distribution</p>  <p>TO BLACK WALNUT HOLDINGS LLC</p> <p>We are pleased to have advised Voice Media Group in this transaction.</p>
<p>Dirks, Van Essen & Murray Santa Fe, NM t: 505.820.2700 www.dirksvanessen.com</p>	

	
	<p>HPR HEMLOCK HAS SOLD</p> <p>MIDDLEBURG LIFE 16,000 monthly distribution</p>  <p>TO DAVID GREENHILL</p> <p>We are pleased to have represented HPR Hemlock in this transaction.</p>
<p>Dirks, Van Essen & Murray Santa Fe, NM t: 505.820.2700 www.dirksvanessen.com</p>	

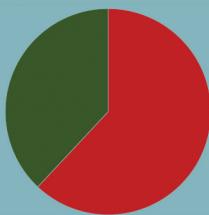
	
	<p>HPR HEMLOCK HAS SOLD</p> <p>LEESBURG (VA) TODAY ASHBURN (VA) TODAY</p>  <p>TO LOUDOUN TIMES-MIRROR</p> <p>We are pleased to have advised HPR Hemlock in this transaction.</p>
<p>Dirks, Van Essen & Murray Santa Fe, NM t: 505.820.2700 www.dirksvanessen.com</p>	

Increase User Engagement - Increase Revenues - Decrease Costs

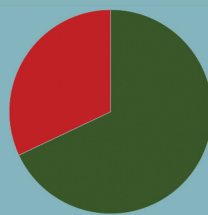
Same technology as Netflix & Ebay - Infinitely scalable

Personalize content to millions of users at the same time.
Content - Emails - Video - Mobile - Sponsored Content - Ads

Glacier Media Bounce Rates



Before Campaign
62% Bounce Rate



Current
32% Bounce Rate

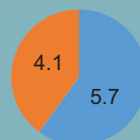
Youneeq has provided Glacier Media's digital publishing operations with an effective, automated and low cost method to engage our audience, increase organic web traffic and improve overall ad and content performance across our BC network.

Chris Johnson - Glacier Media

Block Communications Results at a Glance

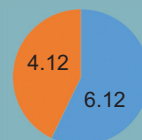
41% increase in page views per user
29% increase in session times
17% decrease in bounce rates

Average Page Views per User



Younnee User

Average Session Time



Site User

Other client results speak for themselves.

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- + Revenue increased with eCPM improvements of 5.62% and 8.38% respectively
- + Revenue increase attributed to Younnee pages on average range between 5%-20%
- +Younnee delivered an average of 13% additional page views at an approximate value of \$7/m/pvs at a cost of \$4.67/m/pvs

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