New Media Investment Group Inc.
Form 10-Q
July 30, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 28, 2015

OR

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

For the transition period from __________ to __________

Commission file number:001-36097

New Media Investment Group Inc.

(Exact name of registrant as specified in its charter)

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

Telephone: (212) 479-3160

(Registrant s telephone number, including area code)

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

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

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

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

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

As of July 28, 2015, 44,676,322 shares of the registrant s common stock were outstanding.

Item 1. Financial Statements

NEW MEDIA INVESTMENT GROUP INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(In thousands, except share data)

	June 28, 2015 (unaudited)	December 28, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 12,674	$ 123,709
Restricted cash	6,967	6,467
Accounts receivable, net of allowance for doubtful accounts of $4,304 and $3,462 at June 28, 2015 and December 28, 2014, respectively	136,787	80,151
Inventory	18,820	9,824
Prepaid expenses	15,180	9,129
Deferred income taxes	4,315	4,269
Other current assets	11,585	10,632
Total current assets	206,328	244,181
Property, plant, and equipment, net of accumulated depreciation of $65,139 and $40,172 at June 28, 2015 and December 28, 2014, respectively	451,793	283,786
Goodwill	175,147	134,042
Intangible assets, net of accumulated amortization of $15,625 and $7,709 at June 28, 2015 and December 28, 2014, respectively	345,665	156,742
Deferred financing costs, net	3,442	3,252
Other assets	3,050	3,092
Total assets	$ 1,185,425	$ 825,095
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Current portion of long-term liabilities	$ 632	$ 650
Current portion of long-term debt	3,509	2,250
Accounts payable	12,257	9,306
Accrued expenses	80,589	47,061
Deferred revenue	66,028	35,806
Total current liabilities	163,015	95,073
Long-term liabilities:		
Long-term debt	383,101	219,802
Long-term liabilities, less current portion	7,137	5,609
Deferred income taxes	7,435	7,090
Pension and other postretirement benefit obligations	12,709	13,394
Total liabilities	573,397	340,968

Stockholders equity:		
Common stock, $0.01 par value, 2,000,000,000 shares authorized at June 28, 2015 and December 28, 2014; 44,676,322 and 37,466,495 issued and outstanding at June 28, 2015 and December 28, 2014, respectively	445	375
Additional paid-in capital	606,876	484,220
Accumulated other comprehensive loss	(4,423)	(4,469)
Retained earnings	9,130	4,001
Total stockholders equity	612,028	484,127
Total liabilities and stockholders equity	$ 1,185,425	$ 825,095

See accompanying notes to unaudited condensed consolidated financial statements.

NEW MEDIA INVESTMENT GROUP INC. AND SUBSIDIARIES

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

(In thousands, except share and per share data)

	Three months ended June 28, 2015	Three months ended June 29, 2014	Six months ended June 28, 2015	Six months ended June 29, 2014
Revenues:				
Advertising	$ 177,019	$ 95,837	$ 320,814	$ 178,460
Circulation	91,763	46,102	172,814	90,471
Commercial printing and other	30,698	16,494	56,468	31,535
Total revenues	299,480	158,433	550,096	300,466
Operating costs and expenses:				
Operating costs	160,347	87,615	301,059	172,470
Selling, general, and administrative	99,667	52,235	188,797	102,251
Depreciation and amortization	17,387	10,109	33,088	19,918
Integration and reorganization costs	1,656	412	3,583	837
Loss on sale or disposal of assets	925	688	1,470	687
Operating income	19,498	7,374	22,099	4,303
Interest expense	7,458	3,827	14,233	7,632
Amortization of deferred financing costs	165	333	2,382	758
Loss on early extinguishment of debt		9,047		9,047
Other income	(19)	(83)	(18)	(107)
Income (loss) before income taxes	11,894	(5,750)	5,502	(13,027)
Income tax expense (benefit)	699	(2,481)	373	(3,067)
Net income (loss)	$ 11,195	$ (3,269)	$ 5,129	$ (9,960)
Income (loss) per share:				
Basic:				
Net income (loss)	$ 0.25	$ (0.11)	$ 0.12	$ (0.33)
Diluted:				
Net income (loss)	$ 0.25	$ (0.11)	$ 0.12	$ (0.33)
Dividends declared per share	$ 0.33	$	$ 0.63	$
Basic weighted average shares outstanding	44,676,322	30,000,000	43,762,848	30,000,000
Effect of dilutive securities	201,430		240,084	
Diluted weighted average shares outstanding	44,877,752	30,000,000	44,002,932	30,000,000
Comprehensive income (loss)	$ 11,218	$ (3,269)	$ 5,175	$ (9,960)

See accompanying notes to unaudited condensed consolidated financial statements.

NEW MEDIA INVESTMENT GROUP INC. AND SUBSIDIARIES

Unaudited Condensed Consolidated Statement of Stockholders Equity

(In thousands, except share data)

	Common stock			Accumulated other comprehensive		
	Shares	Amount	Additional paid-in capital	income (loss)	Retained earnings	Total
Balance at December 29, 2014	37,466,495	$ 375	$ 484,220	$ (4,469)	$ 4,001	$ 484,127
Net income					5,129	5,129
Net actuarial loss and prior service cost, net of income taxes of $0				46		46
Restricted share grants	209,827		225			225
Non-cash compensation expense			515			515
Issuance of common stock, net of underwriter s discount	7,000,000	70	150,059			150,129
Common stock cash dividend			(28,143)			(28,143)
Balance at June 28, 2015	44,676,322	$ 445	$ 606,876	$ (4,423)	$ 9,130	$ 612,028

See accompanying notes to unaudited condensed consolidated financial statements.

NEW MEDIA INVESTMENT GROUP INC. AND SUBSIDIARIES

Unaudited Condensed Consolidated Statements of Cash Flows

(In thousands)

	Six months ended June 28, 2015	Six months ended June 29, 2014
Cash flows from operating activities:		
Net income (loss)	$ 5,129	$ (9,960)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	33,088	19,918
Amortization of deferred financing costs	324	758
Gain on derivative instruments		(25)
Non-cash compensation expense	515	21
Non-cash interest expense	1,067	107
Non-cash loss on early extinguishment of debt		5,949
Deferred income taxes	299	
Loss on sale or disposal of assets	1,470	687
Pension and other postretirement benefit obligations	(657)	(669)
Changes in assets and liabilities:		
Accounts receivable, net	6,467	6,783
Inventory	713	392
Prepaid expenses	(172)	234
Other assets	(1,301)	(4,046)
Accounts payable	(12,237)	(5,667)
Accrued expenses	17,260	(12,106)
Deferred revenue	(2,111)	594
Other long-term liabilities	1,333	211
Net cash provided by operating activities	51,187	3,181
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(3,886)	(1,639)
Proceeds from sale of assets	717	311
Acquisitions, net of cash acquired	(425,534)	(8,028)
Net cash used in investing activities	(428,703)	(9,356)
Cash flows from financing activities:		
Payment of debt issuance costs	(525)	(4,565)
Borrowings under term loans	122,872	193,275
Borrowings under revolving credit facility	84,000	7,068
Repayments under term loans	(1,381)	(157,999)
Repayments under revolving credit facility	(60,000)	(32,068)
Payment of offering costs	(1,343)	

Issuance of common stock, net of underwriter s discount		150,866		
Payment of dividends		(28,008)		
Net cash provided by financing activities		266,481		5,711
Net decrease in cash and cash equivalents		(111,035)		(464)
Cash and cash equivalents at beginning of period		123,709		31,811
Cash and cash equivalents at end of period	$	12,674	$	31,347

See accompanying notes to unaudited condensed consolidated financial statements.

NEW MEDIA INVESTMENT GROUP INC. AND SUBSIDIARIES

Notes to Unaudited Condensed Consolidated Financial Statements

(In thousands, except share and per share data)

(1) Unaudited Financial Statements

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

Management believes that the accompanying condensed consolidated financial statements contain all adjustments (which include normal recurring adjustments) that, in the opinion of management, are necessary to present fairly the Company s consolidated financial condition, results of operations and cash flows for the periods presented. The results of operations for interim periods are not necessarily indicative of the results that may be expected for the full year. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended December 28, 2014, included in the Company s Annual Report on Form 10-K.

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

New Media, formerly known as GateHouse Media, Inc. (GateHouse or Predecessor), was formed as a Delaware corporation on June 18, 2013. New Media was capitalized and issued 1,000 common shares to Newcastle Investment Corp. (Newcastle). Newcastle owned approximately 84.6% of New Media until February 13, 2014, upon which date Newcastle distributed the shares that it held in New Media to its shareholders on a pro rata basis. New Media had no operations until November 26, 2013, when it assumed control of GateHouse and Local Media Group Holdings LLC (Local Media Parent). The Predecessor and certain of its subsidiaries (collectively, the Debtors) filed voluntary petitions under Chapter 11 of title 11 of the U.S. Bankruptcy Code (the Bankruptcy Code), in the U.S. Bankruptcy Court for the District of Delaware (the Bankruptcy Court) on September 27, 2013. On November 6, 2013 (the Confirmation Date), the Bankruptcy Court confirmed the plan of reorganization (the Plan) and on November 26, 2013 (the Effective Date), the Debtors emerged from Chapter 11.

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

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

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

The newspaper industry, the Company and the Predecessor have experienced declining same store revenue and profitability over the past several years. As a result, the Company s Predecessor previously implemented, and the Company continues to implement, plans to reduce costs and preserve cash flow. This includes cost reduction programs and the sale of non-core assets. The Company believes these initiatives along with cash provided by operating activities will provide it with the financial resources necessary to invest in the business and provide sufficient cash flow to enable the Company to meet its commitments.

Equity

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

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

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

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

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

For the three and six months ended June 28, 2015, the Company excluded 1,362,479 and 1,362,479 common stock warrants and 700,000 and 0 stock options, respectively, from the computation of diluted income per share because their effect would have been antidilutive. For the three and six months ended June 29, 2014, the Company excluded 1,362,479 common stock warrants and 15,870 restricted stock grants from the computation of diluted income per share because their effect would have been antidilutive.

On April 30, 2015, the Company announced a first quarter 2015 cash dividend of $0.33 per share of Common Stock, par value $0.01 per share, of New Media. The dividend was paid on May 21, 2015, to shareholders of record as of the close of business on May 13, 2015.

Accumulated Other Comprehensive Income (Loss)

The changes in accumulated other comprehensive income (loss) by component for the six months ended June 28, 2015 and June 29, 2014 are outlined below.

	Net actuarial loss and prior service cost (1)	Total
For the six months ended June 29, 2014:		
Balance at December 29, 2013	$ 458	$ 458

Other comprehensive income before reclassifications				
Amounts reclassified from accumulated other comprehensive income				
Net current period other comprehensive income, net of taxes				
Balance at June 29, 2014	$	458	$	458
For the six months ended June 28, 2015:				
Balance at December 28, 2014	$	(4,469)	$	(4,469)
Other comprehensive income before reclassifications				
Amounts reclassified from accumulated other comprehensive income		46		46
Net current period other comprehensive income, net of taxes		46		46
Balance at June 28, 2015	$	(4,423)	$	(4,423)

(1) This accumulated other comprehensive income (loss) component is included in the computation of net periodic benefit cost and there was no amortization during the six months ended June 29, 2014 due to the impact of fresh start accounting. See Note 9.

The following table presents reclassifications out of accumulated other comprehensive income (loss) for the three and six months ended June 28, 2015 and June 29, 2014.

	Amounts Reclassified from Accumulated Other Comprehensive Loss				
	Three months ended June 28, 2015	Three months ended June 29, 2014	Six months ended June 28, 2015	Six months ended June 29, 2014	Affected Line Item in the Consolidated Statements of Operations and Comprehensive Income (Loss)
Amortization of unrecognized loss	$ 23	$	$ 46	$	(1)
Amounts reclassified from accumulated other comprehensive loss	23		46		Income (loss) from continuing operations before income taxes
Income tax expense					Income tax expense (benefit)
Amounts reclassified from accumulated other comprehensive loss, net of taxes	$ 23	$	$ 46	$	Net income (loss)

(1) This accumulated other comprehensive income (loss) component is included in the computation of net periodic benefit cost. See Note 9.

Recently Issued Accounting Pronouncements

In April 2014, the FASB issued ASU No. 2014-08, Presentation of Financial Statements and Property, Plant, and Equipment: Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity . ASU 2014-08 changes the criteria for reporting discontinued operations while enhancing disclosures in this area and is effective for annual and interim periods beginning after December 15, 2014. The amendments in ASU No. 2014-08 did not have a material impact on the financial statements.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers. ASU 2014-09 will replace all current U.S. GAAP guidance on this topic and eliminate all industry-specific guidance. The new revenue recognition standard provides a unified model to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This guidance would have been effective for annual and interim reporting periods beginning after December 15, 2016. In July 2015, the FASB decided to defer for one year the effective date of the new revenue standard (ASU 2014-09) for public and non-public entities reporting under U.S. GAAP. The FASB also decided to permit entities to early adopt the standard. The Company is currently reviewing the amendments in ASU No. 2014-09, but does not expect them to have a material impact on the financial statements.

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

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

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

(2) Business Combinations

Stephens Media, LLC

On March 18, 2015, a wholly owned subsidiary of the Company completed its acquisition of the assets of Stephens Media, LLC (Stephens Media) for an aggregate purchase price, including estimated working capital, of $110,773. The Stephens Media acquisition was financed with cash on hand. The purchase price was allocated to the fair value of the net assets acquired and any excess value over the tangible and identifiable intangible assets was recorded as goodwill. The acquisition includes nine daily newspapers, 35 weekly publications and 15 shoppers serving communities throughout the United States with a combined average daily circulation of approximately 221 and 244 on Sunday. The acquisition was completed because of the attractive nature of the newspaper assets and cash flows as well as the cost saving opportunities.

The Company accounted for the material business combination of Stephens Media under the acquisition method of accounting. The net assets, including goodwill have been recorded in the consolidated balance sheet at their fair values in accordance with ASC 805. The fair value determination of the assets acquired and liabilities assumed are preliminary based upon all information available to us at the present time and are subject to working capital and other adjustments. The value assigned to property, plant and equipment, intangible assets and goodwill is preliminary and subject to the completion of valuations to determine the fair market value of the tangible and intangible assets. The final calculation of working capital and other adjustments and determination of fair values for tangible and intangible assets may result in different allocations among the various asset classes from those set forth below and any such differences could be material.

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

Current assets	$ 16,189
Property, plant and equipment	55,453
Licensing agreements	18,150
Advertiser relationships	8,090
Subscriber relationships	3,070
Customer relationships	610
Mastheads	8,890
Goodwill	9,530
Total assets	119,982
Current liabilities	9,209
Total liabilities	9,209
Net assets	$ 110,773

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

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

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

The Company recorded approximately $79 and $759 of selling, general and administrative expense for acquisition related costs for Stephens Media during the three and six months ended June 28, 2015.

From the date of acquisition through June 28, 2015, Stephens Media had revenues of $37,630 and net income of $4,373.

For tax purposes, the amount of goodwill that is expected to be deductible is $9,530 as of June 28, 2015.

Halifax Media Group

On January 9, 2015, the Company completed its acquisition of substantially all of the assets from Halifax Media Group for an aggregate purchase price, including estimated working capital and net of assumed debt, of $285,478. Of the purchase price, $17,000 is being held in an escrow account, to be available for application against indemnification and certain other obligations of the sellers arising during the first twelve months following the closing, with the remainder not so applied or subject to claims being delivered to the sellers after such twelve months. The acquisition includes twenty-four daily publications, thirteen weekly publications, and five shoppers serving areas of Alabama, Florida, Louisiana, Massachusetts, North Carolina, and South Carolina with a daily circulation of approximately 635 and 752 on Sunday. The acquisition was completed because of the attractive nature of the newspaper assets and cash flows as well as the cost saving opportunities.

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

The Company accounted for the material business combination of Halifax Media Group under the acquisition method of accounting. The net assets, including goodwill have been recorded in the consolidated balance sheet at their fair values in accordance with ASC 805. The fair value determination of the assets acquired and liabilities assumed are preliminary based upon all information available to us at the present time and are subject to working capital and other adjustments. The value assigned to property, plant and equipment, intangible assets and goodwill is preliminary and subject to the completion of valuations to determine the fair market value of the tangible and intangible assets. The final calculation of working capital and other adjustments and determination of fair values for tangible and intangible assets may result in different allocations among the various asset classes from those set forth below and any such differences could be material.

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

Current assets	$ 42,119
Property, plant and equipment	95,369
Advertiser relationships	74,300
Subscriber relationships	36,200
Customer relationships	11,800
Mastheads	32,900
Goodwill	31,546
Total assets	324,234
Liabilities	38,756
Debt assumed	18,000
Total liabilities	56,756
Net assets	$ 267,478

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

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

Trade accounts receivable, having an estimated fair value of $34,216, were included in the acquired assets. The gross contractual amount of these receivables was $36,274 and the contractual cash flows not expected to be collected were estimated at $2,058 as of the acquisition date.

The Company recorded approximately $156 and $1,645 of selling, general and administrative expense for acquisition related costs for Halifax Media Group during the three and six months ended June 28, 2015.

From the date of acquisition through June 28, 2015, Halifax Media Group had revenues of $163,497 and net income of $16,656.

For tax purposes, the amount of goodwill that is expected to be deductible is $31,546 as of June 28, 2015.

The Providence Journal

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

The Company accounted for the material acquisition of The Providence Journal under the acquisition method of accounting. The net assets, including goodwill have been recorded in the consolidated balance sheet at their fair values in accordance with ASC 805. The Providence Journal acquisition was financed with $9,000 of revolving debt, $25,000 of additional term debt under the New Media Credit Agreement, and the remaining amount from operating cash. The Providence Journal consists of one daily and one weekly publications serving areas of Rhode Island. The results of operations for The Providence Journal were included in the Company s consolidated financial statements from September 3, 2014.

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

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

Net assets	$ 48,666

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

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

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

For tax purposes, the amount of goodwill that is expected to be deductible is $3,653 as of June 28, 2015.

2015 Other Acquisitions

The Company acquired substantially all the assets, properties and business of publishing/operating certain newspapers on June 15, 2015 (2015 Other Acquisitions), which included one daily and twenty-seven weekly publications serving the Central Ohio area for an aggregate purchase price of $47,000. This acquisition was financed with $25,000 of additional term debt under the New Media Credit Agreement and the remaining amount from operating cash. The rationale for the acquisition was primarily due to the attractive nature of the newspaper assets and cash flows combined with cost saving opportunities available by clustering with the Company s nearby newspapers.

The fair value determination of the assets acquired and liabilities assumed are preliminary based upon all information available to us at the present time. The Company obtained a preliminary third party independent valuation to assist in the determination of the fair values of certain assets acquired and liabilities assumed.

The Company has accounted for this transaction under the acquisition method of accounting. The net assets, including goodwill have been recorded in the consolidated balance sheet at their preliminary fair values in accordance with ASC 805.

The Company recorded approximately $152 of selling, general and administrative expense for acquisition related costs during the three and six months ended June 28, 2015.

2014 Other Acquisitions

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

The fair value determination of the assets acquired and liabilities assumed are preliminary for the December 1, 2014 acquisition based upon all information available to us at the present time and are subject to working capital adjustments for some acquisitions. The final calculation of working capital may result in different allocations among the various asset classes from those set forth below and any such differences could be material.

The Company has accounted for these transactions under the acquisition method of accounting. The net assets, including goodwill have been recorded in the consolidated balance sheet at their preliminary fair values in accordance with ASC 805.

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

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

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

For tax purposes, the amount of goodwill that is expected to be deductible is $4,490 as of June 28, 2015.

Pro-Forma Results

The unaudited pro forma condensed consolidated statement of operations information for 2015 and 2014, set forth below, presents the results of operations as if the consolidation of the newspapers from The Providence Journal, Halifax Media Group, and Stephens Media had occurred on December 31, 2013. These amounts are not necessarily indicative of future results or actual results that would have been achieved had the acquisitions occurred as of the beginning of such period. There are no pro-forma adjustments needed for the three months ended June 28, 2015.

	Three months ended	Six months ended	Six months ended

	June 29, 2014	June 28, 2015	June 29, 2014
Revenues	$ 306,969	$ 583,772	$ 596,904
Income (loss) from continuing operations	$ 1,792	$ 4,756	$ (833)
Income (loss) from continuing operations per common share:			
Basic	$ 0.06	$ 0.11	$ (0.03)
Diluted	$ 0.06	$ 0.11	$ (0.03)

(3) Share-Based Compensation

The Company recognized compensation cost for share-based payments of $374, $18, $515 and $21 during the three and six months ended June 28, 2015 and June 29, 2014, respectively. The total compensation cost not yet recognized related to non-vested awards as of June 28, 2015 was $3,949, which is expected to be recognized over a weighted average period of 2.63 years through February 2018.

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

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

As of June 28, 2015 and June 29, 2014, there were 210,673 and 15,870 RSGs, respectively, issued and outstanding with a weighted average grant date fair value of $22.50 and $14.18, respectively. As of June 28, 2015, the aggregate intrinsic value of unvested RSGs was $3,841. During the six months ended June 28, 2015, the aggregate fair value of vested RSGs was $129.

RSG activity during the six months ended June 28, 2015 was as follows:

	Number of RSGs	**Weighted-Average Grant Date Fair Value**
Unvested at December 28, 2014	15,870	$ 14.18
Granted	200,092	22.94
Vested	(5,289)	14.18
Unvested at June 28, 2015	210,673	$ 22.50

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

(4) Restructuring

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

Information related to restructuring program activity for the six months ended June 28, 2015 is outlined below.

	Severance and Related Costs	Other Costs [1]	Total
Balance at December 28, 2014	$ 1,679	$	$ 1,679
Restructuring provision included in Integration and Reorganization	3,563	20	3,583
Cash payments	(3,246)	(20)	(3,266)
Balance at June 28, 2015	$ 1,996	$	$ 1,996

[1] Other costs primarily included costs to consolidate operations.

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

The following table summarizes the costs incurred and cash paid in connection with these restructuring programs for the three and six months ended June 28, 2015 and June 29, 2014.

	Three Months Ended June 28, 2015	Three Months Ended June 29, 2014	Six Months Ended June 28, 2015	Six Months Ended June 29, 2014
Severance and related costs	$ 1,638	$ 1,040	$ 3,563	$ 1,465
Reversals of prior accruals		(628)		(628)
Other costs	18		20	
Cash payments	(2,090)	(812)	(3,266)	(1,616)

(5) Goodwill and Intangible Assets

Goodwill and intangible assets consisted of the following:

	June 28, 2015		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Amortized intangible assets:			
Licensing agreements	$ 18,150	$ 180	$ 17,970
Advertiser relationships	147,308	8,986	138,322
Customer relationships	20,265	1,074	19,191
Subscriber relationships	78,815	5,317	73,498
Other intangible assets	470	68	402
Total	$ 265,008	$ 15,625	$ 249,383
Nonamortized intangible assets:			
Goodwill	$ 175,147		
Mastheads	96,282		
Total	$ 271,429		

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

Total	$ 185,287

As of June 28, 2015, the weighted average amortization periods for amortizable intangible assets are 25.3 years for licensing agreements, 15.8 years for advertiser relationships, 16.5 years for customer relationships, 14.9 years for subscriber relationships, 10.0 years for trade names and 5.0 years for noncompete agreements. The weighted average amortization period in total for all amortizable intangible assets is 16.3 years.

Amortization expense for the three and six months ended June 28, 2015 and June 29, 2014 was $4,160, $1,623, $7,958 and $3,216, respectively. Estimated future amortization expense as of June 28, 2015, is as follows:

For the years ending the Sunday closest to December 31:	
2015	$ 8,319
2016	16,639
2017	16,639
2018	16,639
2019	16,639
Thereafter	174,508
Total	$ 249,383

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

Balance at December 28, 2014	$ 134,042
Goodwill acquired in business combinations	41,105
Balance at June 28, 2015	$ 175,147

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

The carrying value of goodwill and indefinite-lived intangible assets are evaluated for possible impairment on an annual basis or between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit or indefinite-lived intangible asset below its carrying value. The Company is required to determine its goodwill impairment using a two-step process. The first step is used to identify potential impairment by comparing the fair value of a reporting unit with its carrying amount. If the carrying amount of a reporting unit exceeds its fair value, the second step of the impairment test is performed to measure the amount of impairment loss, if any. If the carrying amount of the reporting unit s goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess.

As part of the annual impairment assessments, as of June 28, 2015 the fair values of the Company s reporting units for goodwill impairment testing, which include Large Daily Newspapers, Metros, Small Community Newspapers, Local Media, and Ventures, and newspaper mastheads were estimated using the expected present value of future cash flows, recent industry multiples and using estimates, judgments and assumptions that management believes were appropriate in the circumstances. The estimates and judgments used in the assessment included multiples for revenue and EBITDA, the weighted average cost of capital and the terminal growth rate. The Company determined that the future cash flow and industry multiple analyses provided the best estimate of the fair value of its reporting units. As a result of the annual assessment s Step 1 analysis that was performed, no impairment of goodwill was identified. The Company uses a relief from royalty approach which utilizes a discounted cash flow model to determine the fair value of each masthead. Additionally, the estimated fair value exceeded carrying value for all mastheads. The Company performed a qualitative assessment for the Recent Acquisitions reporting unit and concluded that it is not more likely than not that the goodwill and indefinite-lived intangible assets are impaired. As a result, no quantitative impairment testing was performed for the Recent Acquisitions. The total Company s estimate of reporting unit fair value was reconciled to its then market capitalization (based upon the stock market price and fair value of debt) plus an estimated control premium.

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

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

(6) Indebtedness

GateHouse Credit Facilities

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

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

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

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

Local Media Credit Facility

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

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

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

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

New Media Credit Agreement

On June 4, 2014, New Media Holdings II LLC (the New Media Borrower), a wholly owned subsidiary of New Media, entered into a credit agreement (the New Media Credit Agreement) among the New Media Borrower, New Media

Holdings I LLC (Holdings I), the lenders party thereto, RBS Citizens, N.A. and Credit Suisse Securities (USA) LLC as joint lead arrangers and joint bookrunners, Credit Suisse AG, Cayman Islands Branch as syndication agent and Citizens Bank of Pennsylvania as administration agent which provides for (i) a $200,000 senior secured term facility (the Term Loan Facility and any loan thereunder, including as part of the Incremental Facility, Term Loans) and (ii) a $25,000 senior secured revolving credit facility, with a $5,000 sub-facility for letters of credit and a $5,000 sub-facility for swing loans, (the Revolving Credit Facility and together with the Term Loan Facility, the Senior Secured Credit Facilities). In addition, the New Media Borrower may request one or more new commitments for term loans or revolving loans from time to time up to an aggregate total of $75,000 (the Incremental Facility) subject to certain conditions. On June 4, 2014, the New Media Borrower borrowed $200,000 under the Term Loan Facility (the Initial Term Loans). The Term Loans mature on June 4, 2020 and the maturity date for the Revolving Credit Facility is June 4, 2019. The New Media Credit Agreement was amended on July 17, 2014 to cure an omission. On September 3, 2014, the New Media Credit Agreement was amended to provide for the 2014 Incremental Term Loan (as defined below). On November 20, 2014, the New Media Credit Agreement was amended to increase the amount of the Incremental Facility that may be requested after the date of the amendment to

$225,000. On January 9, 2015, the New Media Credit Agreement was amended to provide for the 2015 Incremental Term Loan and the 2015 Incremental Revolver. On February 13, 2015, the New Media Credit Agreement was amended (the Fourth Amendment) to provide for the replacement of the existing term loans under the Term Loan Facility (including the 2014 Incremental Term Loan and the 2015 Incremental Term Loan) with a new class of replacement term loans (the Replacement Term Loans) on the same terms as the existing term loans except that the Replacement Term Loans are subject to a 1.00% prepayment premium for any prepayments made in connection with certain repricing transactions effected within six months of the date of the amendment. This amendment was considered a modification, and the related $104 of fees were expensed during the quarter. On March 6, 2015, the New Media Credit Agreement was amended to provide for $15,000 in additional revolving commitments under the Incremental Facility. In connection with this transaction, the Company incurred approximately $237 of fees and expenses which were capitalized as deferred financing costs. On May 29, 2015, the New Media Credit Agreement was amended to provide for the May 2015 Incremental Term Loan (as defined below). As of June 28, 2015, $29,000 was drawn under the Revolving Credit Facility.

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

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

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

If any borrowings under the Incremental Facility have an all-in yield more than 50 basis points greater than the Term Loans (the Incremental Yield), the all-in yield for the Term Loans shall be adjusted to be 50 basis points less than the Incremental Yield. As of June 28, 2015 the New Media Credit Agreement had a weighted average interest rate of 7.07%.

The Senior Secured Credit Facilities are unconditionally guaranteed by Holdings I and certain subsidiaries of the New Media Borrower (collectively, the Guarantors) and is required to be guaranteed by all future material wholly-owned domestic subsidiaries, subject to certain exceptions. All obligations under the New Media Credit Agreement are secured, subject to certain exceptions, by substantially all of the New Media Borrower s assets and the assets of the Guarantors, including (a) a pledge of 100% of the equity interests of the New Media Borrower and the Guarantors (other than Holdings I), (b) a mortgage lien on the New Media Borrower s material real property and that of the Guarantors and (c) all proceeds of the foregoing.

Repayments made under the Term Loans are equal to 1.0% annually of the original principal amount in equal quarterly installments for the life of the Term Loans, with the remainder due at maturity. The New Media Borrower is permitted to make voluntary prepayments at any time without premium or penalty, except in the case of prepayments made in connection with certain repricing transactions with respect to the Term Loans effected within six months of the Fourth Amendment, to which a 1.00% prepayment premium applies. The New Media Borrower is required to repay borrowings under the Senior Secured Credit Facilities (without payment of a premium) with (i) net cash proceeds of certain debt obligations (except as otherwise permitted under the New Media Credit Agreement), (ii) net cash proceeds from non-ordinary course asset sales (subject to reinvestment rights and other exceptions), and

(iii) commencing with the Company s fiscal year started December 30, 2013, 100% of Excess Cash Flow (as defined in the New Media Credit Agreement), subject to step-downs to 50%, 25% and 0% of Excess Cash Flow based on achievement of a total leverage ratio of less than or equal to 3.00 to 1.00 but greater than 2.75 to 1.00; less than or equal to 2.75 to 1.00 but greater than 2.50 to 1.00; and less than or equal to 2.50 to 1.00, respectively.

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

In connection with the June 4, 2014 transaction, one lender under the New Media Credit Agreement was also a lender under the GateHouse Credit Facilities. This portion of the transaction was accounted for as a modification under ASC Subtopic 470-50, *Debt Modifications and Extinguishments* (ASC Subtopic 470-50), as the difference between the present value of the cash flows under the

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

On September 3, 2014, the New Media Credit Agreement was amended to provide for additional term loans under the Incremental Facility in an aggregate principal amount of $25,000 (such term loans, the 2014 Incremental Term Loan, and such amendment, the 2014 Incremental Amendment) in connection with the acquisition of the assets of The Providence Journal. The 2014 Incremental Term Loan is on terms identical to the term loans that were extended pursuant to the New Media Credit Agreement and will mature on June 4, 2020. In addition, the New Media Borrower was required to pay an upfront fee of 2.00% and an underwriter fee of 1.50% of the aggregate amount of the 2014 Incremental Term Loan as of the effective date of the 2014 Incremental Amendment. This amendment was considered a modification and the related $595 of fees were expensed during the quarter. On January 9, 2015, the New Media Credit Agreement was amended (such amendment, the 2015 Incremental Amendment) to provide for $102,000 in additional term loans (the 2015 Incremental Term Loan) and $50,000 in additional revolving commitments (the 2015 Incremental Revolver) under the Incremental Facility and to make certain amendments to the Revolving Credit Facility in connection with the Halifax Media acquisition. The 2015 Incremental Term Loan is on terms identical to the term loans that were extended pursuant to the New Media Credit Agreement and will mature on June 4, 2020. In addition, the New Media Borrower was required to pay an upfront fee of 1.00% and an underwriter fee of 2.25% of the aggregate amount of the 2015 Incremental Term Loan and the 2015 Incremental Revolver as of the effective date of the 2015 Incremental Amendment. On January 20, 2015, the outstanding loans under the 2015 Incremental Revolver were repaid with the proceeds of a common stock offering by New Media and the 2015 Incremental Revolver commitments were terminated. This amendment was treated as new debt for new lenders and as a modification for existing lenders. In connection with this transaction, the Company incurred approximately $5,379 of fees and expenses. The lender fees for the 2015 Incremental Term Loan increased the original issue discount by $3,315. Third party expenses of $110 were allocated to new lenders, capitalized as deferred financing costs, and will be amortized over the remaining term of the loan. Third party expenses of $185 were allocated to existing lenders and were expensed during the quarter. Lender fees and third party expenses of $1,769 were allocated to the 2015 Incremental Revolver, capitalized, and written off to amortization of deferred financing costs after the balance of the 2015 Incremental Revolver was repaid. On May 29, 2015, the New Media Credit Agreement was amended (such amendment, the May 2015 Incremental Amendment) to provide for $25,000 in additional term loans (the May 2015 Incremental Term Loan) under the Incremental Facility. The 2015 Incremental Term Loan is on terms identical to the Replacement Term Loans and will mature on June 4, 2020. In addition, the New Media Borrower was required to pay an upfront fee of 1.00% and an underwriter fee of 2.25% of the aggregate amount of the May 2015 Incremental Term Loan as of the effective date of the May 2015 Incremental Amendment. In connection with this transaction, the Company incurred approximately $878 of fees and expenses. This amendment was considered a modification and the related $65 of third-party fees were expensed during the quarter. The lender fees for the May 2015 Incremental Term Loan increased the original issue discount by $813.

As of June 28, 2015, the Company is in compliance with all of the covenants and obligations under the New Media Credit Agreement.

Advantage Credit Agreements

In connection with the purchase of the assets of Halifax Media, which closed on January 9, 2015, CA Daytona Holdings, Inc. (the Florida Advantage Borrower) and CA Alabama Holdings, Inc. (the Alabama Advantage Borrower , and, collectively with the Florida Advantage Borrower, the Advantage Borrowers), each subsidiaries of the Company, agreed to assume all of the obligations of Halifax Media and its affiliates required to be performed after the closing date in respect of each of (i) that certain Consolidated Amended and Restated Credit Agreement dated January 6, 2012 among Halifax Media Acquisition LLC, Advantage Capital Community Development Fund XXVIII, L.L.C., and Florida Community Development Fund II, L.L.C., as amended pursuant to that certain First Amendment to Consolidated Amended and Restated Credit Agreement dated June 27, 2012 and that certain Second Amendment to Consolidated Amended and Restated Credit Agreement, dated June 18, 2013, and all rights and obligations thereunder and related thereto (the Halifax Florida Credit Agreement), and (ii) that certain Credit Agreement dated June 18, 2013 between Halifax Alabama, LLC and Southeast Community Development Fund V, L.L.C. (the Halifax Alabama Credit Agreement and, together with the Halifax Florida Credit Agreement, the Advantage Credit Agreements), respectively. In consideration therefore, the amount of cash payable by the Company to Halifax Media on the closing date was reduced by approximately $18,000, representing the aggregate principal amount outstanding plus the aggregate amount of accrued interest through the closing date under each of the Advantage Credit Agreements (the debt under the Halifax Florida Credit Agreement, the Advantage Florida Debt ; the debt under the Halifax Alabama Credit Agreement, the Advantage Alabama Debt ; and the Advantage Florida Debt and the Advantage Alabama Debt, collectively, the Advantage Debt). On May 5, 2015, the Halifax Alabama Credit Agreement was amended to cure an omission.

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

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

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

Fair Value

The fair value of long-term debt under the Senior Secured Credit Facilities and the Advantage Credit Agreements was estimated at $397,057 as of June 28, 2015, based on discounted future contractual cash flows and a market interest rate adjusted for necessary risks, including the Company s own credit risk as there are no rates currently observable in publically traded debt markets of risk with similar terms and average maturities. Accordingly, the Company s long-term debt under the Senior Secured Credit Facilities is classified within Level 3 of the fair value hierarchy.

Payment Schedule

As of June 28, 2015, scheduled principal payments of outstanding debt are as follows:

2015	1,755
2016	3,509
2017	13,509
2018	3,509
2019	40,509
Thereafter	334,266
	$ 397,057
Less: Short-term debt	3,509
Less: Remaining original issue discount	10,447

Long-term debt	$ 383,101

(7) Related Party Transactions

As of December 29, 2013, Newcastle (an affiliate of the Manager) beneficially owned approximately 84.6% of the Company s outstanding common stock. On February 13, 2014, Newcastle completed the spin-off of the Company. On February 14, 2014 New Media became a separate, publicly traded company trading on the NYSE under the ticker symbol NEWM . As a result of the spin-off, the fees included in the Management Agreement with the Company s Manager became effective. As of June 28, 2015, Fortress and its affiliates owned approximately 1.5% of the Company s outstanding stock and approximately 41.1% of the Company s outstanding warrants.

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

The Company s Chief Operating Officer owns an interest in a company, from which the Company recognized revenue of $119, $100, $191 and $178 during the three and six months ended June 28, 2015 and June 29, 2014, respectively, for commercial printing services and managed information technology services which is included in commercial printing and other on the Unaudited Condensed Consolidated Statement of Operations and Comprehensive Income (Loss).

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

Management Agreement

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

The initial term of our Management Agreement will expire on March 6, 2018 and will be automatically renewed for one-year terms thereafter unless terminated either by the Company or the Manager. From the commencement date of the Company s Common Stock trading on the regular way market on a major U.S. national securities exchange (the Listing), the Manager is (a) entitled to receive from the Company a management fee, (b) eligible to receive incentive compensation that is based on the Company s performance and (c) eligible to receive options to purchase New Media Common Stock upon the successful completion of an offering of shares of the Company s Common Stock or any shares of preferred stock with an exercise price equal to the price per share paid by the public or other ultimate purchaser in the offering, see Note 1. In addition, the Company is obligated to reimburse certain expenses incurred by the Manager. The Manager is also entitled to receive a termination fee from the Company under certain circumstances.

The Company recognized \$2,390, \$1,464, \$4,659 and \$2,229 for management fees and \$4,997, \$0, \$5,264 and \$0 for incentive compensation within selling, general and administrative expense and \$3,166, \$1,741, \$3,909 and \$1,741 was paid to FIG LLC during the three and six months ended June 28, 2015 and June 29, 2014, respectively.

Registration Rights Agreement with Omega

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

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

(8) Income Taxes

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

In assessing the realizability of deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The Company considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The Company concluded that during the six months ended June 28, 2015, a reduction to the valuation allowance of \$1,889 was available to offset deferred tax assets. Of this amount, a $1,889 reduction was recognized through the Unaudited Condensed Consolidated Statement of Operations and Comprehensive Income (Loss).

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

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

For the six months ended June 28, 2015, the expected federal tax expense at 34% is $1,898. The difference between the expected tax and the tax charge of $373 is primarily attributable to the tax effect of the federal valuation allowance release of $1,625, the tax effect related to non-deductible expenses of $53, deferred tax benefits that expired of $7, and a state tax provision of $40.

The Company and its subsidiaries file a U.S. federal consolidated income tax return. The U.S. federal and state statute of limitations generally remains open for the 2011 tax year and beyond.

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

(9) Pension and Postretirement Benefits

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

The Enterprise News Media, LLC pension plan was amended to freeze all future benefit accruals as of December 31, 2008, except for a select group of union employees whose benefits were frozen during 2009. Also, during 2008, the medical and life insurance benefits were frozen, and the plan was amended to limit future benefits to a select group of active employees under the Enterprise News Media, LLC postretirement medical and life insurance plan.

The following provides information on the pension plan and postretirement medical and life insurance plans for the three and six months ended June 28, 2015 and June 29, 2014:

	Three Months Ended June 28, 2015		Three Months Ended June 29, 2014		Six Months Ended June 28, 2015		Six Months Ended June 29, 2014	
	Pension	Postretirement	Pension	Postretirement	Pension	Postretirement	Pension	Postretirement
Components of net periodic benefit costs:								
Service cost	$ 75	$ 5	$ 75	$ 9	$ 150	$ 9	$ 150	$ 17
Interest cost	289	55	295	63	578	111	590	127
Expected return on plan assets	(397)		(406)		(821)		(812)	
Amortization of unrecognized loss	23				46			
Total	$ (10)	$ 60	$ (36)	$ 72	$ (47)	$ 120	$ (72)	$ 144

For the three and six months ended June 28, 2015 and June 29, 2014, the Company recognized a total of $50, $36, $73 and $72 in pension and postretirement benefit expense, respectively.

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

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

(10) Fair Value Measurement

Fair value measurements and disclosures require the use of valuation techniques to measure fair value that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized as follows:

Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities or market corroborated inputs; and

Level 3: Unobservable inputs for which there is little or no market data and which require the Company to develop their own assumptions about how market participants price the asset or liability.

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

Market approach Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;

Income approach Uses valuation techniques to convert future amounts to a single present amount based on current market expectation about those future amounts;

Cost approach Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost).

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

	Fair Value Measurements at Reporting Date Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value Measurements
As of December 28, 2014				
Assets				
Cash and cash equivalents	$ 123,709	$	$	$ 123,709
Restricted cash	6,467			6,467
As of June 28, 2015				
Assets				
Cash and cash equivalents	$ 12,674	$	$	$ 12,674
Restricted cash	6,967			6,967

Certain assets are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments only in certain circumstances (for example, when there is evidence of impairment). Refer to Note 2 for discussion of the valuation techniques and significant inputs and assumptions utilized and the fair value recognized.

For the acquisitions during the quarters ended March 30, 2014, September 28, 2014, December 28, 2014, March 29, 2015, and June 28, 2015, the Company consolidated the assets and liabilities under the acquisition method of accounting. Accordingly, the assets acquired and liabilities assumed were recorded at their fair value. Property, plant and equipment was valued using Level 2 inputs and intangible assets were valued using Level 3 inputs.

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

(11) Commitments and Contingencies

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

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

(12) Subsequent Events

On July 30, 2015, the Company announced a second quarter 2015 cash dividend of $0.33 per share of Common Stock, par value $0.01 per share, of New Media. The dividend will be paid on August 20, 2015, to shareholders of record as of the close of business on August 12, 2015.

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations
Cautionary Note Regarding Forward Looking Information

The following discussion of New Media Investment Group Inc. s and its subsidiaries (New Media , Company , we , our) financial condition and results of operations should be read in conjunction with our historical condensed consolidated financial statements and notes to those statements appearing in this report. The discussion and analysis below includes certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that reflect our current views regarding, among other things, our future growth, results of operations, performance and business prospects and opportunities, our ability to maintain debt covenants, our ability to successfully implement cost reduction and cash preservation plans, as well as other statements that are other than historical fact. Words such as anticipate(s) , expect(s) , intend(s) , plan(s) , target(s) , project(s) , believe(s) , v would , seek(s) , estimate(s) and similar expressions are intended to identify such forward-looking statements.

Forward-looking statements are based on management s current expectations and beliefs and are subject to a number of known and unknown risks, uncertainties and other factors that could lead actual results to be materially different from those described in the forward-looking statements. We can give no assurance that our expectations will be attained. Factors that could cause actual results to differ materially from our expectations include, but are not limited to, the risks, uncertainties and other factors identified by us under the heading Risk Factors and elsewhere in our Annual Report on Form 10-K for the year ended December 28, 2014. Such forward-looking statements speak only as of the date on which they are made. Except to the extent required by law, we expressly disclaim any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in our expectations with regard thereto or change in events, conditions or circumstances on which any statement is based.

Overview

New Media, formerly known as GateHouse Media, Inc. (GateHouse or Predecessor), is a company that owns, operates and invests in high quality local media assets. We have a particular focus on owning and acquiring strong local media assets in small to mid-size markets. With our collection of assets, we focus on two large business categories; consumers and small to medium size businesses (SMBs).

Our portfolio of media assets spans across 492 markets and 32 states. Our products include 576 community print publications, 492 websites, 468 mobile sites, six yellow page directories. We reach over 22 million people per week and serve over 215,000 business customers.

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

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

We believe that our focus on owning and operating dominant local-content-oriented media properties in small to mid-size markets puts us in a position to better execute on our strategy. We believe that being the dominant provider of local news and information in the markets in which we operate and distributing that content across multiple print and digital platforms, gives us an opportunity to grow our audiences and reach. Further, we believe our strong local media brands and our in-market sales presence gives us the opportunity to expand our advertising and lead generation products with local business customers.

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

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

- There are approximately 27 million SMBs in the U.S according to the 2011 U.S. Census data. Of these, approximately 26.7 million have 20 employees or less;

- Many of the owners and managers of these SMBs do not have the bandwidth, expertise or resource to navigate the fast evolving digital marketing sector, but they increasingly know they have to be present there to stay connected with current and future customers. Propel is designed to offer a complete set of digital marketing services to SMBs that are turn-key with results that are transparent to the business owners. Propel provides four broad categories of services: building businesses a presence, helping businesses to be located by consumers online, engaging with consumers, and growing their customer base; and

- We believe our local media properties are uniquely positioned to sell these digital marketing services to local business owners. Our strong and trusted local brands, combined with our in-market sales presence give us a distinct advantage to sell these services, which are new and can be complicated to local business owners.

Our core products include:

- 125 daily newspapers with total paid circulation of approximately 1.6 million;

- 330 weekly newspapers (published up to three times per week) with total paid circulation of approximately 386,000 and total free circulation of approximately 2.5 million;

- 121 shoppers (generally advertising-only publications) with total circulation of approximately 3.0 million;

- 492 locally focused websites and 468 mobile sites, which extend our businesses onto the internet and mobile devices with approximately 219 million page views per month;

- six yellow page directories, with a distribution of approximately 430,000, that covers a population of approximately 1.1 million people; and

Propel digital marketing services.

In addition to our core products, we also opportunistically produce niche publications that address specific local market interests such as recreation, sports, healthcare and real estate.

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

Our Predecessor has experienced on-going declines in print advertising revenue streams and increased volatility of operating performance, despite our geographic diversity, well-balanced portfolio of products, broad customer base and reliance on smaller markets. We may experience additional declines and volatility in the future. These declines in print advertising revenue have come with the shift from traditional media to the internet for consumers and businesses. We believe our local advertising tends to be less sensitive to economic cycles than national advertising because local businesses generally have fewer advertising channels through which to reach their target audience. We are making investments in digital platforms, such as Propel, as well as online, and mobile applications, to support our print publications in order to capture this shift as witnessed by our Predecessor s digital advertising revenue growth, which doubled between 2009 and 2012.

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

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

Acquisitions

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

During the quarter ended March 29, 2015, we completed the acquisition of Halifax Media Group with a total purchase price, including estimated working capital, of $285.5 million. The acquisition includes twenty-four daily publications, thirteen weekly publications, and five shoppers serving areas of Alabama, Florida, Louisiana, Massachusetts, North Carolina, and South Carolina with a daily circulation of approximately 635,000 and 752,000 on Sunday. We also completed the acquisition of Stephens Media, LLC (Stephens Media) with a total purchase price, including estimated working capital, of $110.8 million. Stephens Media includes nine daily newspapers, 35 weekly publications and 15 shoppers serving communities throughout the United States with a combined average daily circulation of approximately 221,000 and 244,000 on Sunday.

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

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

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

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

Restructuring

New Media was formed as a Delaware corporation on June 18, 2013. New Media was capitalized and issued 1,000 common shares to Newcastle Investment Corp. (Newcastle). Newcastle owned approximately 84.6% of New Media until February 13, 2014, upon which date Newcastle distributed the shares that it held in New Media to its shareholders on a pro rata basis. New Media had no operations until November 26, 2013, when it assumed control of GateHouse and Local Media Group Holdings LLC (Local Media Parent). The Predecessor and certain of its subsidiaries (collectively, the Debtors) filed voluntary petitions under Chapter 11 of title 11 of the U.S. Bankruptcy Code, in the U.S. Bankruptcy Court for the District of Delaware (the Bankruptcy Court) on September 27, 2013. On November 6, 2013, the Bankruptcy Court confirmed the plan of reorganization (the Plan) and on November 26, 2013 (the Effective Date), the Debtors emerged from Chapter 11.

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

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

Spin-off from Newcastle

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

Management Agreement

On the Effective Date, New Media entered into a management agreement with FIG LLC (the Manager), as amended and restated (the Management Agreement) pursuant to which the Manager manages the operations of New Media. Commencing from the Listing, New Media pays the Manager a management fee equal to 1.5% of New Media s Total Equity (as defined in the Management Agreement) and the Manager is eligible to receive incentive compensation.

Industry

The newspaper industry, us and our Predecessor have experienced declining same store revenue and profitability over the past several years. As a result, we previously implemented plans to reduce costs and preserve cash flow. We have also invested in potential growth opportunities, primarily in the digital space and particularly our Propel business, among other digital initiatives. We believe the cost reductions and the new digital initiatives along with cash provided by operating activities, together with the Restructuring, will provide the appropriate capital structure and financial resources necessary to invest in the business and ensure our future success and provide sufficient cash flow to enable us to meet our commitments for the next year.

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

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

Critical Accounting Policy Disclosure

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

A summary of our significant accounting policies are described in Note 1 of our consolidated financial statements for the year ended December 28, 2014, included in our Annual Report on Form 10-K.

There have been no changes in critical accounting policies in the current year from those described in our Annual Report on Form 10-K for the year ended December 28, 2014.

Results of Operations

The following table summarizes our historical results of operations for New Media for the three and six months ended June 28, 2015 and June 29, 2014. References to same store results, a non-GAAP financial measure, take into account material acquisitions and divestitures of the Company by adjusting prior year performance to include or exclude financial results as if the Company had owned or divested a business for the comparable period. The acquisition of Victorville, American Consolidated Media Southwest, Petersburg Progress-Index and Foster s Daily Democrat (tuck-in acquisitions), were funded from the Company s available cash, and not considered material.

NEW MEDIA INVESTMENT GROUP INC. AND SUBSIDIARIES

Unaudited Condensed Consolidated Statements of Operations

(In thousands, except share and per share data)

	Three months ended June 28, 2015	Three months ended June 29, 2014	Six months ended June 28, 2015	Six months ended June 29, 2014
Revenues:				
Advertising	$ 177,019	$ 95,837	$ 320,814	$ 178,460
Circulation	91,763	46,102	172,814	90,471
Commercial printing and other	30,698	16,494	56,468	31,535
Total revenues	299,480	158,433	550,096	300,466
Operating costs and expenses:				
Operating costs	160,347	87,615	301,059	172,470
Selling, general, and administrative	99,667	52,235	188,797	102,251
Depreciation and amortization	17,387	10,109	33,088	19,918
Integration and reorganization costs	1,656	412	3,583	837
Loss on sale or disposal of assets	925	688	1,470	687
Operating income	19,498	7,374	22,099	4,303
Interest expense	7,458	3,827	14,233	7,632
Amortization of deferred financing costs	165	333	2,382	758
Loss on early extinguishment of debt		9,047		9,047
Other income	(19)	(83)	(18)	(107)
Income (loss) before income taxes	11,894	(5,750)	5,502	(13,027)
Income tax expense (benefit)	699	(2,481)	373	(3,067)
Net income (loss)	$ 11,195	$ (3,269)	$ 5,129	$ (9,960)

Three Months Ended June 28, 2015 Compared To Three Months Ended June 29, 2014

Revenue. Total revenue for the three months ended June 28, 2015 increased by $141.1 million, or 89.0%, to $299.5 million from $158.4 million for the three months ended June 29, 2014. The increase in total revenue was comprised of an $81.2 million, or 84.7%, increase in advertising revenue, a $45.7 million, or 99.0%, increase in circulation revenue, and a $14.2 million, or 86.1%, increase in commercial printing and other revenue. The increase in revenue of $141.1 million includes revenues from our Columbus Dispatch, Stephens Media, Halifax Media Group, and The Providence Journal acquisitions of $141.1 million, which is comprised of $82.3 million from advertising, $45.2 million from circulation, and $13.6 million from commercial printing and other.

Same store revenue for the three months ended June 28, 2015 decreased by $10.8 million, or 3.5%. The decrease in same store revenue was comprised of a $11.1 million, or 5.9%, decrease in advertising revenue and a $0.1 million, or 0.1%, decrease in commercial printing and other revenue, which was offset by a $0.3 million, or 0.4%, increase in circulation revenue. Same store advertising revenue declines were primarily driven by declines on the print side of our business in the local retail and preprint categories due to secular pressures and a continuing uncertain economic environment. These secular trends and economic conditions have also led to a decline in our print circulation volumes, which have been offset by price increases in select locations.

Operating Costs. Operating costs for the three months ended June 28, 2015 increased by $72.7 million, or 83.0%, to $160.3 million from $87.6 million for the three months ended June 29, 2014. The increase in operating costs of $72.7 million includes operating costs from all acquisitions of $77.4 million, which were partially offset by a $4.7 million decrease in the costs related to the remaining operations. This decline in operating costs related to the remaining operations was primarily due to a decrease in newsprint expenses, hauling and delivery, and compensation expenses of $1.8 million, $1.5 million, and $1.5 million, respectively.

Selling, General and Administrative. Selling, general and administrative expenses for the three months ended June 28, 2015 increased by $47.4 million, or 90.8%, to $99.6 million from $52.2 million for the three months ended June 29, 2014. The increase of $47.4 million includes selling, general and administrative expenses from all acquisitions of $47.4 million.

Integration and Reorganization Costs. During the three months ended June 28, 2015 and June 29, 2014, we recorded integration and reorganization costs of $1.7 million and $0.4 million, respectively, primarily resulting from severance costs related to acquisition-related synergies and the continued consolidation of our operations resulting from our ongoing implementation of our plans to reduce costs and preserve cash flow.

Interest Expense. Interest expense for the three months ended June 28, 2015 increased by $3.6 million to $7.4 million from $3.8 million for the three months ended June 29, 2014. The increase in interest expense was primarily due to the increase in our total outstanding debt.

Loss on Early Extinguishment of Debt. During the three months ended June 29, 2014 we recorded a loss of $9.0 million due to the early extinguishment of long-term debt.

Income Tax Expense (Benefit). During the three months ended June 28, 2015 and June 29, 2014, we recorded an income tax expense of $0.7 million and an income tax benefit of $2.5 million, respectively, due to the interim period treatment driven by the annualized effective rate and the deferred tax liability related to indefinite lived assets.

Income (Loss) from Continuing Operations. Income from continuing operations for the three months ended June 28, 2015 was $11.2 million and loss from continuing operations for the three months ended June 29, 2014 was $3.3 million. Our net income from continuing operations increased due to the factors noted above.

Six months Ended June 28, 2015 Compared To Six months Ended June 29, 2014

Revenue. Total revenue for the six months ended June 28, 2015 increased by $249.6 million, or 83.1%, to $550.1 million from $300.5 million for the six months ended June 29, 2014. The increase in total revenue was comprised of a $142.4 million, or 79.8%, increase in advertising revenue, an $82.3 million, or 91.0%, increase in circulation revenue, and a $24.9 million, or 79.1%, increase in commercial printing and other revenue. The increase in revenue of $249.6 million includes revenues from our Columbus Dispatch, Stephens Media, Halifax Media Group, and The Providence Journal acquisitions of $244.9 million, which is comprised of $140.5 million from advertising, $80.9 million from circulation, and $23.5 million from commercial printing and other.

Same store revenue for the six months ended June 28, 2015 decreased by $11.1 million, or 2.0%. The decrease in same store revenue was comprised of a $12.0 million, or 3.6%, decrease in advertising revenue, which was offset by a $0.7 million, or 0.4%, increase in circulation revenue and a $0.2 million, or 0.3%, increase in commercial printing and other revenue. Same store advertising revenue declines were primarily driven by declines on the print side of our business in the local retail and preprint categories due to secular pressures and a continuing uncertain economic environment. These secular trends and economic conditions have also led to a decline in our print circulation volumes, which have been offset by price increases in select locations. The $0.2 million increase in commercial printing and other revenue is primarily the result of the growth in Propel, our small business digital marketing service business.

Operating Costs. Operating costs for the six months ended June 28, 2015 increased by $128.6 million, or 74.6%, to $301.1 million from $172.5 million for the six months ended June 29, 2014. The increase in operating costs of $128.6 million includes operating costs from all acquisitions of $133.9 million, which were partially offset by a $5.3 million decrease in the costs related to the remaining operations. This decline in operating costs was primarily due to a decrease in hauling and delivery, newsprint expenses, and postage of $2.3 million, $2.3 million, and $0.6 million, respectively.

Selling, General and Administrative. Selling, general and administrative expenses for the six months ended June 28, 2015 increased by $86.5 million, or 84.6%, to $188.8 million from $102.3 million for the six months ended June 29, 2014. The increase of $86.5 million includes selling, general and administrative expenses from all acquisitions of $83.8 million. The additional $2.7 million increase in selling, general and administrative expenses was primarily due to an increase in outside services of $7.0 million, primarily related to acquisition activities, which was partially offset by a decrease in compensation and professional and consulting fees of $2.8 million and $1.2 million, respectively.

Integration and Reorganization Costs. During the six months ended June 28, 2015 and June 29, 2014, we recorded integration and reorganization costs of $3.6 million and $0.8 million, respectively, primarily resulting from severance costs related to acquisition-related synergies and the continued consolidation of our operations resulting from our ongoing implementation of our plans to reduce costs and preserve cash flow.

Interest Expense. Interest expense for the six months ended June 28, 2015 increased by $6.6 million to $14.2 million from $7.6 million for the six months ended June 29, 2014. The increase in interest expense was primarily due to the increase in our total outstanding debt.

Amortization of Deferred Financing Costs. Amortization of deferred financing costs for the six months ended June 28, 2015 increased by $1.6 million primarily due to the write-off of deferred financing costs related to the 2015 Incremental Revolver (as defined below).

Loss on Early Extinguishment of Debt. During the six months ended June 29, 2014 we recorded a loss of $9.0 million due to the early extinguishment of long-term debt.

Income Tax Expense (Benefit). During the six months ended June 28, 2015 and June 29, 2014, we recorded an income tax expense of $0.4 million and an income tax benefit of $3.1 million, respectively, due to the interim period treatment driven by the annualized effective rate and the deferred tax liability related to indefinite lived assets.

Income (Loss) from Continuing Operations. Income from continuing operations for the three months ended June 28, 2015 was $5.1 million and loss from continuing operations for the three months ended June 29, 2014 was $10.0 million. Our net income from continuing operations increased due to the factors noted above.

Liquidity and Capital Resources

Our primary cash requirements are for working capital, debt obligations and capital expenditures. We have no material outstanding commitments for capital expenditures. We expect our 2015 capital expenditure to total between $11.5 million and $13.5 million. The 2015 capital expenditures will be primarily comprised of projects related to the consolidation of print operations and system upgrades. Our long term debt and debt service obligations were significantly reduced following the Restructuring. For more information on our long term debt and debt service obligations, see Note 6 Indebtedness of the consolidated financial statements. Our principal sources of funds have historically been, and are expected to continue to be, cash provided by operating activities.

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

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

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

Dividends

On July 30, 2015, the Company announced a second quarter 2015 cash dividend of $0.33 per share of Common Stock, par value $0.01 per share, of New Media. The dividend will be paid on August 20, 2015, to shareholders of record as of the close of business on August 12, 2015.

On April 28, 2015, the Company announced a first quarter 2015 cash dividend of $0.33 per share of Common Stock, par value $0.01 per share, of New Media. The dividend was paid on May 21, 2015, to shareholders of record as of the close of business on May 13, 2015.

GateHouse Credit Facilities

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

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

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

Local Media Credit Facility

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

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

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

New Media Credit Agreement

On June 4, 2014, New Media Holdings II LLC (the New Media Borrower), a wholly owned subsidiary of New Media, entered into a credit agreement (the New Media Credit Agreement) among the New Media Borrower, New Media Holdings I LLC (Holdings), the lenders party thereto, RBS Citizens, N.A. and Credit Suisse Securities (USA) LLC as joint lead arrangers and joint bookrunners, Credit Suisse AG, Cayman Islands Branch as syndication agent and Citizens Bank of Pennsylvania as administration agent which provides for (i) a $200 million senior secured term facility (the Term Loan Facility and any loan thereunder, including as part of the Incremental Facility, Term Loans) and (ii) a $25 million senior secured revolving credit facility, with a $5 million sub-facility for letters of credit and a $5 million sub-facility for swing loans, (the Revolving Credit Facility and together with the Term Loan Facility, the Senior Secured Credit Facilities). In addition, the New Media Borrower may request one or more new commitments for term loans or revolving loans from time to time up to an aggregate total of $75 million (the Incremental Facility) subject to certain conditions. On June 4, 2014, the New Media Borrower borrowed $200 million under the Term Loan Facility (the Initial Term Loans). The Term Loans mature on June 4, 2020 and the maturity date for the Revolving Credit Facility is June 4, 2019. The proceeds of the Initial Term Loans, which included a $6.7 million original issue discount, were used to repay in full all amounts outstanding under the GateHouse Credit Facilities and the Local Media Credit Facility and to pay fees associated with the financing, with the balance going to the Company for general corporate purposes. The New Media Credit Agreement was amended on July 17, 2014 to cure an omission. On September 3, 2014, the New Media Credit Agreement was amended to provide for the 2014 Incremental Term Loan (as defined below). On November 20, 2014, the New Media Credit Agreement was amended to increase the amount of the Incremental Facility that may be requested after the date of the amendment to $225 million. On January 9, 2015, the New Media Credit Agreement was amended to provide for the 2015 Incremental Term Loan (as defined below) and the 2015 Incremental Revolver (as defined below). On February 13, 2015, the New Media Credit Agreement was amended to provide for the replacement of the existing term loans under the Term Loan Facility (including the 2014 Incremental Term Loan and the 2015 Incremental Term Loan) with a new class of replacement term loans (the Replacement Term Loans) on the same terms as the existing term loans except that the Replacement Term Loans are subject to a 1.00% prepayment premium for any prepayments made in connection with certain repricing transactions effected within six months of the date of the amendment. This amendment was considered a modification and the related $0.1 million of fees were expensed during the quarter. On March 6, 2015, the New Media Credit Agreement was amended to provide for $15 million in additional revolving commitments under the Incremental Facility. In connection with this transaction, the Company incurred approximately $0.2 million of fees and expenses which were capitalized as deferred financing costs. On May 29, 2015, the New Media Credit Agreement was amended to provide for the May 2015 Incremental Term Loan (as defined below). As of June 28, 2015, $29 million was drawn under the Revolving Credit Facility.

The New Media Credit Agreement contains customary representations and warranties and customary affirmative and negative covenants applicable to Holdings, the New Media Borrower and the New Media Borrower s subsidiaries, including, among other things, restrictions on indebtedness, liens, investments, fundamental changes, dispositions, and dividends and other distributions. The New Media Credit Agreement contains a financial covenant that requires Holdings I, the New Media Borrower and the New Media Borrower s subsidiaries to maintain a maximum total leverage ratio of 3.25:1.00. The New Media Credit Agreement contains customary events of default. The foregoing descriptions of the Senior Secured Credit Facilities are qualified in their entirety by reference to the Senior Secured Credit Facilities.

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

On September 3, 2014, the New Media Credit Agreement was amended to provide for additional term loans under the Incremental Facility in an aggregate principal amount of $25 million (such term loans, the 2014 Incremental Term Loan, and such amendment, the 2014 Incremental Amendment) in connection with the acquisition of the assets of The Providence Journal. The 2014 Incremental Term Loan is on terms identical to the term loans that were extended pursuant to the New Media Credit Agreement and will mature on June 4, 2020. In addition, the New Media Borrower was required to pay an upfront fee of 2.00% and an underwriter fee of 1.50% of the aggregate amount of the 2014 Incremental Term Loan as of the effective date of the 2014 Incremental Amendment. This amendment was considered a modification and the related $0.6 million of fees were expensed during the quarter. On January 9, 2015, the New Media Credit Agreement was amended (such amendment, the 2015 Incremental Amendment) to provide for $102 million in additional term loans (the 2015 Incremental Term Loan) and $50 million in additional revolving commitments (the 2015 Incremental Revolver) under the Incremental Facility and to make certain amendments to the Revolving Credit Facility in connection with the Halifax Media acquisition. The 2015 Incremental Term Loan is on terms identical to the term loans that were extended pursuant to the New Media Credit Agreement and will mature on June 4, 2020. In addition, the New Media Borrower was required to pay an upfront fee of 1.00% and an underwriter fee of 2.25% of the aggregate amount of the 2015 Incremental Term Loan and the 2015 Incremental Revolver as of the effective date of the 2015 Incremental Amendment. On January 20, 2015, the outstanding loans under the 2015 Incremental Revolver were repaid with the proceeds of a common stock offering by New Media and the 2015 Incremental Revolver commitments were terminated. In connection with this transaction, we incurred approximately $5.4 million of fees and expenses. The lender fees for the 2015 Incremental Term Loan increased the original issue discount by $3.3 million. Third party expenses of $0.1 million were allocated to new lenders, capitalized as deferred financing costs, and will be amortized over the remaining term of the loan. Third party expenses of $0.2 million were allocated to existing lenders and were expensed during the quarter. Lender fees and third party expenses of $1.8

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

As of June 28, 2015, the Company is in compliance with all of the covenants and obligations under the New Media Credit Agreement.

Refer to Note 6 Indebtedness of the unaudited condensed consolidated financial statements for further discussion of the New Media Credit Agreement.

Advantage Credit Agreements

In connection with the purchase of the assets of Halifax Media, which closed on January 9, 2015, CA Daytona Holdings, Inc. (the Florida Advantage Borrower) and CA Alabama Holdings, Inc. (the Alabama Advantage Borrower , and, collectively with the Florida Advantage Borrower, the Advantage Borrowers , each subsidiaries of the Company, agreed to assume all of the obligations of Halifax Media and its affiliates required to be performed after the closing date in respect of each of (i) that certain Consolidated Amended and Restated Credit Agreement dated January 6, 2012 among Halifax Media Acquisition LLC, Advantage Capital Community Development Fund XXVIII, L.L.C., and Florida Community Development Fund II, L.L.C., as amended pursuant to that certain First Amendment to Consolidated Amended and Restated Credit Agreement dated June 27, 2012 and that certain Second Amendment to Consolidated Amended and Restated Credit Agreement, dated June 18, 2013, and all rights and obligations thereunder and related thereto (the Halifax Florida Credit Agreement), and (ii) that certain Credit Agreement dated June 18, 2013 between Halifax Alabama, LLC and Southeast Community Development Fund V, L.L.C. (the Halifax Alabama Credit Agreement and, together with the Halifax Florida Credit Agreement, the Advantage Credit Agreements), respectively. In consideration therefore, the amount of cash payable by the Company to Halifax Media on the closing date was reduced by approximately $18 million, representing the aggregate principal amount outstanding plus the aggregate amount of accrued interest through the closing date under each of the Advantage Credit Agreements (the debt under the Halifax Florida Credit Agreement, the Advantage Florida Debt ; the debt under the Halifax Alabama Credit Agreement, the Advantage Alabama Debt ; and the Advantage Florida Debt and the Advantage Alabama Debt, collectively, the Advantage Debt). On May 5, 2015, the Halifax Alabama Credit Agreement was amended to cure an omission.

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

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

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

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

Cash Flows

The following table summarizes our historical cash flows.

	Six months ended June 28, 2015	Six months ended June 29, 2014
Cash provided by operating activities	$ 51,187	$ 3,181
Cash used in investing activities	(428,703)	(9,356)
Cash provided by financing activities	266,481	5,711

The discussion of our cash flows that follows is based on our historical cash flows for the six months ended June 28, 2015 and June 29, 2014.

Cash Flows from Operating Activities. Net cash provided by operating activities for the six months ended June 28, 2015 was $51.2 million, an increase of $48.0 million when compared to $3.1 million of cash provided by operating activities for the six months ended June 29, 2014. This $48.0 million increase was the result of an increase in cash provided by working capital of $23.5 million, an increase in non-cash charges of $9.4 million and an increase in net income of $15.1 million.

The $23.5 million increase in cash provided by working capital for the six months ended June 28, 2015 when compared to the six months ended June 29, 2014 is primarily attributable to an increase in accrued expenses which was partially offset by a decrease in accounts payable.

The $9.4 million increase in non-cash charges primarily consisted of an increase in depreciation and amortization of $13.2 million, an increase in non-cash interest expense of $1.0 million, an increase in loss on sale or disposal of assets of $0.8 million, an increase in non-cash compensation expense of $0.5 million, and an increase in deferred income taxes of $0.3 million. These increases were partially offset by a decrease in non-cash loss on early extinguishment of debt of $5.9 million and a decrease in amortization of deferred financing costs of $0.5 million.

Cash Flows from Investing Activities. Net cash used in investing activities for the six months ended June 28, 2015 was $428.7 million. During the six months ended June 28, 2015, we used $425.5 million, net of cash acquired, for acquisitions and $3.9 million for capital expenditures, which was offset by $0.7 million we received from the sale of publications and other assets.

Net cash used in investing activities for the six months ended June 29, 2014 was $9.4 million. During the six months ended June 29, 2014, we used $8.0 million, net of cash acquired, for acquisitions and $1.6 million for capital expenditures, which was offset by $0.3 million we received from the sale of publications and other assets.

Cash Flows from Financing Activities. Net cash provided by financing activities for the six months ended June 28, 2015 was $266.5 million due to the issuance of common stock of $149.5 million from the public offering, net of underwriters discount and offering costs, borrowings under term loans of $122.9 million, and borrowings under the revolving credit facility of $84.0 million, which were offset by repayments under the revolving credit facility of $60.0 million, payment of dividends of $28.0 million, repayments under term loans of $1.4 million, and the payment of debt issuance costs of $0.5 million.

Net cash provided by financing activities for the six months ended June 29, 2014 was $5.7 million due to borrowings under term loans of $193.3 million and borrowings under the revolving credit facility of $7.1 million, which were offset by repayments under long-term debt of $158.0 million, repayments under the revolving credit facility of $32.1 million, and the payment of debt issuance costs of $4.6 million.

Changes in Financial Position

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

Accounts Receivable. Accounts receivable increased $56.6 million from December 28, 2014 to June 28, 2015, which relates to $63.1 million of assets acquired in the six month period ending June 28, 2015, which was partially offset by the timing of cash collections and lower same store revenue recognized in the 2015 six month period compared to 2014.

Inventory. Inventory increased $9.0 million from December 28, 2014 to June 28, 2015, which relates primarily to acquisitions during the first six months of 2015.

Prepaid Expenses. Prepaid expenses increased $6.1 million from December 28, 2014 to June 28, 2015, of which $5.9 million relates to acquisitions during the first six months of 2015.

Property, Plant, and Equipment. Property, plant, and equipment increased $168.0 million during the period from December 28, 2014 to June 28, 2015, of which $189.7 million relates to assets acquired and $3.9 million used for capital expenditures, which was partially offset by depreciation of $25.1 million and $0.9 million relates to assets sold.

Goodwill. Goodwill increased $41.1 million from December 28, 2014 to June 28, 2015, which primarily relates to acquisitions during the first six months of 2015.

Intangible Assets. Intangible assets increased $188.9 million from December 28, 2014 to June 28, 2015, of which $197.5 million relates to acquisitions during the first six months of 2015, which was offset by $8.0 million of amortization and $0.6 million due to disposition of intangible assets.

Current Portion of Long-term Debt. Current portion of long-term debt increased $1.3 million from December 28, 2014 to June 28, 2015, due to the reclassification of long-term debt to current portion of long-term debt of $2.1 million which was offset by repayments under current portion of long-term debt of $0.8 million.

Accounts Payable. Accounts payable increased $3.0 million from December 28, 2014 to June 28, 2015, of which $15.2 million relates to acquisitions during the first six months of 2015, which was partially offset by the timing of vendor payments.

Accrued Expenses. Accrued expenses increased $33.5 million from December 28, 2014 to June 28, 2015, of which $16.7 million relates primarily to acquisitions during the first six months of 2015, and increase in accrued vacation of $4.2 million, an increase in accrued health insurance of $3.9 million, an increase in accrued interest of $2.2 million due to the timing of interest payments and higher debt levels, an increase in accrued payroll of $1.1 million due to timing of pay periods, and an increase in accrued commissions of $0.5 million.

Deferred Revenue. Deferred revenue increased $30.2 million from December 28, 2014 to June 28, 2015, which relates primarily to acquisitions during the first six months of 2015.

Long-term Debt. Long-term debt increased $163.3 million from December 28, 2014 to June 28, 2015, due to borrowings under term loans of $122.9 million, which includes a $4.1 million original issue discount, borrowings under the revolving credit facility of $84.0 million, debt assumed from the Halifax Media Group acquisition of $18.0 million, and $1.1 million non-cash interest expense. These increases were offset by repayments under the revolving credit facility of $60.0 million, a $2.1 million reclassification from long-term debt to current portion of long-term debt, and repayments under long-term debt of $0.6 million.

Additional Paid-in Capital. Additional paid-in capital increased $122.7 million from December 28, 2014 to June 28, 2015, which resulted primarily from the issuance of common stock from the public offering of $149.5 million, net of underwriters discount and offering costs, which was partially offset by the payment of dividends of $28.0 million.

Retained Earnings. Retained earnings increased $5.1 million from December 28, 2014 to June 28, 2015, due to a net income of $5.1 million.

Summary Disclosure About Contractual Obligations and Commercial Commitments

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

Off-Balance Sheet Arrangements

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

Contractual Commitments

On June 4, 2014, the New Media Borrower, a wholly owned indirect subsidiary of New Media Investment Group Inc., entered into the New Media Credit Agreement among the New Media Borrower, Holdings, the lenders party thereto, RBS Citizens, N.A. and Credit Suisse Securities (USA) LLC as joint lead arrangers and joint bookrunners, Credit Suisse AG, Cayman Islands Branch as syndication agent and Citizens Bank of Pennsylvania as administration agent which provides for (i) a $200 million Term Loan Facility and (ii) a $25 million Revolving Credit Facility, which may be used for the issuance of one or more letters of credit from time to time and one or more swing line loans from time to time. In addition, the New Media Borrower may request additional commitments under a $75 million Incremental Facility. On June 4, 2014, the New Media Borrower borrowed $200 million under the Initial Term Loans. The Term Loan Facility mature on June 4, 2020 and the maturity date for the Revolving Credit Facility is June 4, 2019. The New Media Credit Agreement was amended on July 17, 2014 to cure an omission. On November 20, 2014, the New Media

Credit Agreement was amended to increase the amount of the Incremental Facility that may be requested after the date of the amendment to $225 million. On September 3, 2014, the New Media Credit Agreement was amended to provide for the 2014 Incremental Term Loan. On January 9, 2015, the New Media Credit Agreement was amended to provide for the 2015 Incremental Term Loan and the 2015 Incremental Revolver. On February 13, 2015, the New Media Credit Agreement was amended to provide for the replacement of the existing term loans under the Term Loan Facility (including the 2014 Incremental Term Loan and the 2015 Incremental Term Loan) with a new class of Replacement Term Loans. On March 6, 2015, the New Media Credit Agreement was amended to provide for $15 million in additional revolving commitments under the Incremental Facility. On May 29, 2015, the New Media Credit Agreement was amended to provide for the May 2015 Incremental Term Loan.

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

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

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

The Senior Secured Credit Facilities are unconditionally guaranteed by Holdings and certain subsidiaries of the New Media Borrower (collectively, the Guarantors) and is required to be guaranteed by all future material wholly-owned domestic subsidiaries, subject to certain exceptions. All obligations under the New Media Credit Agreement are secured, subject to certain exceptions, by substantially all of the New Media Borrower s assets and the assets of the Guarantors, including (a) a pledge of 100% of the equity interests of the New Media Borrower and the Guarantors (other than Holdings), (b) a mortgage lien on the New Media Borrower s material real property and that of the Guarantors and (c) all proceeds of the foregoing.

Repayments made under the Term Loans are equal to 1.00% annually of the original principal amount in equal quarterly installments for the life of the Term Loans, with the remainder due at maturity. The New Media Borrower is permitted to make voluntary prepayments at any time without premium or penalty, except in the case of prepayments made in connection with certain repricing transactions with respect to the Term Loans effected within six months of February 13, 2015, to which a 1.00% prepayment premium applies. The New Media Borrower is required to repay borrowings under the Senior Secured Credit Facilities (without payment of a premium) with (i) net cash proceeds of certain debt obligations (except as otherwise permitted under the New Media Credit Agreement), (ii) net cash proceeds from non-ordinary course asset sales (subject to reinvestment rights and other exceptions), and (iii) commencing with the Company s fiscal year started December 30, 2013, 100% of Excess Cash Flow (as defined in the New Media Credit Agreement), subject to step-downs to 50%, 25% and 0% of Excess Cash Flow based on achievement of total leverage ratios of 3:00 to 1.00, 2:75 to 1.00 and 2.50 to 1.00, respectively.

The New Media Credit Agreement contains customary representations and warranties and customary affirmative and negative covenants applicable to Holdings, the New Media Borrower and the New Media Borrower s subsidiaries, including, among other things, restrictions on indebtedness, liens, investments, fundamental changes, dispositions, and dividends and other distributions. The New Media Credit Agreement contains a financial covenant that requires Holdings, the New Media Borrower and the New Media Borrower s subsidiaries to maintain a maximum total leverage ratio of 3.25 to 1.00. The New Media Credit Agreement contains customary events of default. The foregoing descriptions of the Senior Secured Credit Facilities are qualified in their entirety by reference to the Senior Secured Credit Facilities.

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

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

The New Media Credit Agreement was amended on February 13, 2015 to provide for the replacement of the existing term loans under the Term Loan Facility with a new class of replacement term loans on the same terms as the existing term loans except that the Replacement Term Loans are subject to a 1.00% prepayment premium for any prepayments made in connection with certain repricing transactions effected within six months of the date of the amendment.

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

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

Advantage Credit Agreements

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

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

Non-GAAP Financial Measures

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

Adjusted EBITDA

We define Adjusted EBITDA as follows:

Income (loss) from continuing operations *before*:

- income tax expense (benefit);
- interest/financing expense;

depreciation and amortization; and

non-cash impairments.

Management s Use of Adjusted EBITDA

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

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

Limitations of Adjusted EBITDA

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

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

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

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

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

	Three months ended June 28, 2015	**Three months ended June 29, 2014**	**Six months ended June 28, 2015**	**Six months ended June 29, 2014**
	(in thousands)			
Net income (loss)	$ 11,195	$ (3,269)	$ 5,129	$ (9,960)
Income tax expense (benefit)	699	(2,481)	373	(3,067)
		76		51

Loss on derivative instruments, included in other income				
Loss on early extinguishment of debt		9,047		9,047
Amortization of deferred financing costs	165	333	2,382	758
Interest expense	7,458	3,827	14,233	7,632
Depreciation and amortization	17,387	10,109	33,088	19,918
Adjusted EBITDA from continuing operations	$ 36,904[(a)]	$ 17,642[(b)]	$ 55,205[(c)]	$ 24,379[(d)]

(a) Adjusted EBITDA for the three months ended June 28, 2015 included net expenses of $5,485, related to transaction and project costs, non-cash compensation, and other expense of $2,904, integration and reorganization costs of $1,656 and a $925 loss on the sale of assets.

(b) Adjusted EBITDA for the three months ended June 29, 2014 included net expenses of $6,647, related to transaction and project costs, non-cash compensation, and other expense of $5,547, integration and reorganization costs of $412 and a $688 loss on the sale of assets.

(c) Adjusted EBITDA for the six months ended June 28, 2015 included net expenses of $12,459, related to transaction and project costs, non-cash compensation, and other expense of $7,406, integration and reorganization costs of $3,583 and a $1,470 loss on the sale of assets.

(d) Adjusted EBITDA for the six months ended June 29, 2014 included net expenses of $9,010, related to transaction and project costs, non-cash compensation, and other expense of $7,486, integration and reorganization costs of $837 and a $687 loss on the sale of assets.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

During the six month period ended June 28, 2015, there were no material changes to the quantitative and qualitative disclosures about market risk that were presented in Item 7A of our Annual Report on Form 10-K for the year ended December 28, 2014.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

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

Changes in Internal Control

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

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

There have been no material changes to the legal proceedings previously disclosed under Legal Proceedings included in our Annual Report on Form 10-K filed with the SEC on March 6, 2015.

Item 1A. Risk Factors

There have been no material changes or additions to the risk factors previously disclosed under Risk Factors included in our Annual Report on Form 10-K filed with the SEC on March 6, 2015.

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

Not applicable

Item 3. Defaults Upon Senior Securities

Not applicable

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

Not applicable

Item 6. Exhibits

See Index to Exhibits on page 42 of this Quarterly Report on Form 10-Q.

SIGNATURES

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

NEW MEDIA INVESTMENT GROUP INC.

Date: July 30, 2015

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

Exhibit No.	Description
** 2.11	Asset Purchase Agreement dated as of June 3, 2015, by and among The Dispatch Printing Company, Consumer News Services, Inc., Dispatch Consumer Services, Inc. , GateHouse Media Ohio Holdings II, Inc. and GateHouse Media Operating, LLC (incorporated by reference to Exhibit 2.1 to New Media Investment Group Inc. s Current Report on Form 8-K, filed June 15, 2015).
10.41	Sixth Amendment to Credit Agreement, dated as of May 29, 2015, among New Media Holdings I LLC, New Media Holdings II LLC, the loan parties party thereto, the several banks and other financial institutions party thereto as the incremental term lenders and Citizens Bank of Pennsylvania, as administrative agent (incorporated by reference to Exhibit 10.1 to New Media Investment Group Inc. s Current Report on Form 8-K, filed June 2, 2015).
*31.1	Rule 13a-14(a)/15d-14(d) Certification of Principal Executive Officer under the Securities Exchange Act of 1934 (included herewith).
*31.2	Rule 13a-14(a)/15d-14(d) Certification of Principal Financial Officer under the Securities Exchange Act of 1934 (included herewith).
*32.1	Section 1350 Certifications (included herewith).
* 101.INS	XBRL Instance Document
* 101.SCH	XBRL Taxonomy Extension Schema
* 101.CAL	XBRL Taxonomy Extension Calculation Linkbase
* 101.DEF	XBRL Taxonomy Extension Definition Linkbase
* 101.LAB	XBRL Taxonomy Extension Label Linkbase
* 101.PRE	XBRL Taxonomy Extension Presentation Linkbase

* Filed herewith.

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