

EXHIBIT C

PARTNERSHIP AGREEMENT

PARTNERSHIP AGREEMENT, dated as of December 22, 1988, between STAR PUBLISHING COMPANY ("STAR"), an Arizona corporation, and CITIZEN PUBLISHING COMPANY ("CITIZEN"), an Arizona corporation.

1. FORMATION OF PARTNERSHIP.

1.1 Partners. STAR and CITIZEN (individually, a "Partner" and collectively, the "Partners") hereby form a general partnership under the laws of the State of Arizona (the "Partnership") for the purposes and on the terms set forth herein.

1.2 Name and Principal Office. The name of the Partnership shall be "TNI PARTNERS", or such other name as shall be mutually agreeable to the Partners. The Partnership shall do business under the name "TNI PARTNERS" and its principal office shall be located at 4850 South Park Avenue, Tucson, Arizona 85726, or such other place as the Partners shall designate from time to time.

1.3 Purpose of Partnership. The purpose of the Partnership shall be (i) to be the Agency (as that term is defined in that certain Amended and Restated Joint Operating Agreement, dated the date hereof, between STAR and CITIZEN (the "Agency Agreement")) and to conduct all the activities, have all of the rights and powers, and perform all of the duties and obligations, of the Agency set forth in the Agency Agreement, and (ii) to do any act and thing and to enter into any contract incidental to, or necessary, proper or advisable for, the accomplishment of such purposes, to the extent permitted by law.

1.4 Commencement; Term. The Partnership shall commence on the date hereof and continue for a term ending at the close of business on June 1, 2015, and may be renewed and extended for subsequent periods of twenty-five (25) years each at the option of either STAR or CITIZEN. Unless two years' written notice is given by both STAR and CITIZEN that they desire to end this Partnership or any renewal hereof, this Partnership shall continue in force for subsequent periods of twenty-five (25) years each. Only by mutual written consent shall this Partnership Agreement or any renewal hereof be terminated.

2. PARTNERSHIP INTERESTS, CONTRIBUTIONS AND DISTRIBUTIONS.

2.1 Partnership Interests. Except as otherwise expressly provided herein or in the Agency Agreement, the

respective interests of the Partners in the assets, liabilities, profits and losses of the Partnership ("Partnership Interest") shall be as follows:

STAR:	50%
CITIZEN:	50%

Each Partner shall have at all times an interest as a tenant in partnership in the assets and properties of the Partnership equal to its Partnership Interest and neither Partner shall have any separate right, title or interest in or to any asset or property of the Partnership.

2.2 Capital Accounts and Contributions.

(a) The initial capital account of each Partner shall be the amount determined in accordance with Section 1.4 of the Agency Agreement. Subsequently, each Partner's capital account shall be (i) increased by (x) the amount of any net income of the Partnership allocable to such Partner pursuant to Section 3.2 of the Agency Agreement and (y) the amount of any cash plus the fair market value of any non-cash assets subsequently contributed by such Partner to the Partnership, and (ii) decreased by (a) the amount of any net loss of the Partnership allocable to such Partner pursuant to Section 3.2 of the Agency Agreement and (b) the amount of any cash and the fair market value of any non-cash assets distributed by the Partnership to such Partner.

(b) Each Partner shall make one or more capital contributions to the Partnership in such amounts, and upon such terms and conditions, as are provided in the Agency Agreement. No interest shall be paid by the Partnership on any capital contributed to the Partnership unless the Partners otherwise agree.

2.3 Distributions of Cash and Allocations of Taxable Income or Loss.

(a) Cash shall be distributed to each Partner at such times and in such amounts as is provided in Section 3.1 of the Agency Agreement.

(b) Net income and net loss shall be allocated to the Partners in the amounts specified in Section 3.2 of the Agency Agreement.

(c) For income tax purposes, taxable income and loss and allocations thereof to each Partner will be determined in accordance with Section 3.2 of the Agency Agreement.

2.4 Expenses Incurred Prior to the Formation of the Partnership. No expense or obligation incurred for services performed or products supplied by either Partner prior to the formation of the Partnership shall be considered to be a contribution or loan to, or made on behalf of, the Partnership, unless otherwise provided in the Agency Agreement or by agreement of the Partners.

2.5 Distribution to Partners: Funding of Losses. Cash and other property shall be distributed by or withdrawn from the Partnership, and losses of the Partnership shall be funded, on the terms and conditions (and pursuant to the procedures) set forth in the Agency Agreement.

3. MANAGEMENT OF THE PARTNERSHIP.

3.1 Board of Directors. There is hereby established a Board of Directors of the Partnership consisting of six members, or such even number of Directors as the Partners may from time to time agree upon, to have and exercise final authority, except as otherwise provided herein or in the Agency Agreement, with respect to the affairs of the Partnership specified in this Agreement. The initial members of the Board of Directors shall be appointed by the Partners on or prior to December 26, 1988, and shall consist of three members appointed by STAR and three members appointed by CITIZEN. Each member shall hold office until he shall die, resign or be removed (with or without cause or notice) by the Partner that he represents, whereupon such Partner shall appoint such member's successor to the Board of Directors. Each member shall have one vote.

3.2 Meetings and Action of the Board of Directors.

(a) The initial meeting of the Board of Directors shall take place at such time and place as the Partners shall agree. The Board of Directors may establish meeting dates and requisite notice requirements, adopt rules of procedure it deems consistent herewith, and may meet by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time.

(b) Any member of the Board of Directors may call a meeting. Unless waived, at least five business days' notice of a meeting is required. Notice to a director shall be given to the Partner whom the director represents, and shall be given in the manner described in Section 6.1 of the Agency Agreement. If proper notice of a meeting is given to all directors or waived, the presence at any meeting, in person or by proxy, of both (i) a majority of the total authorized number of directors and (ii) a majority of directors who were appointed by STAR and a majority of directors who were appointed by CITIZEN, shall constitute a quorum for the taking of any action, subject to Section 3.3 hereof. Any member may, in writing, appoint a proxy to act on his behalf and vote in his stead at any meeting. Subject to Section 3.2(c) below, the Board of Directors shall act on all matters by an affirmative vote of both (i) a majority of directors present at any meeting in person or by proxy, and (ii) a majority of directors who were appointed by STAR and a majority of directors who were appointed by CITIZEN.

(c) Any action required or permitted to be taken by the Board of Directors may be taken without notice and without a meeting if a majority of the total authorized number of directors, including at least a majority of directors who were appointed by CITIZEN and at least a majority of directors who were appointed by STAR, consent in writing to the adoption of a resolution authorizing the action.

3.3 Actions by Partners.

(a) The Board of Directors shall have no power, without action by the Partners themselves, (i) to amend this Agreement; (ii) to act other than in accordance with the purposes of the Partnership as set forth in Section 1.3 hereof; (iii) to admit a new partner; (iv) to merge or consolidate the Partnership with any other entity; or (v) to dissolve the Partnership.

(b) No partner shall, except as authorized by the provisions hereof, take any action or assume any obligations or liabilities on behalf of the Partnership.

(c) Nothing in this Agreement or the Agency Agreement shall in any way restrict, prohibit or impair the right of each Partner to sell or otherwise license its own news, editorial and feature content to wire services or otherwise (for the account of the Partnership) as it deems in its best interest.

(d) Any fiduciary or other duty that either Partner (or any Affiliate thereof) may owe to the other with respect to any of its businesses or operations that are allegedly in competition with those of the Agency shall be determined as if the legal relationship between the Partners were that which existed under the Previous Operating Agreement, and without regard to any subsequent agreement between the parties other than the express contractual provisions under this Agreement or the Agency Agreement. For purposes of this Section 3.3(d), "Previous Operating Agreement" means that certain Operating Agreement dated March 28, 1940, as amended by agreements dated June 15, 1953 and October 14, 1970.

3.4 President and Other Officers. The Agency shall have a President and such other officers as the Board of Directors may from time to time determine. Officers shall serve for a one-year term unless they earlier die, resign or are removed. Any officer may be removed by the Board of Directors with or without cause or notice. Subject to the Agency Agreement, this Agreement and the determinations of the Board of Directors, the President shall have full day-to-day operating authority, control and management of the business and affairs of the Agency, and any other officers of the Agency shall have such authority as is from time to time determined by the Board of Directors.

The President and such other officers shall act in accordance with the decisions of the Board of Directors and shall have no authority to take any action requiring prior Board of Directors approval without first obtaining the approval of the Board of Directors.

3.5 Indemnification.

(a) The Partnership shall indemnify any person made, or threatened to be made, a party to an action or proceeding, whether brought by a Partner or Affiliate of a Partner or any other person, whether civil or criminal, including an action by or in the right of any other corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise, which any member of the Board of Directors or officer of the Partnership served in any capacity at the request of the Partnership, by reason of the fact that he, his testator or intestate, is or was a member of the Board of Directors or an officer of the Partnership, or served such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise in any capacity, against judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees actually and

necessarily incurred as a result of such action or proceeding, or any appeal therein, if such member of the Board of Directors or officer acted, in good faith, for a purpose which he reasonably believed to be in, or, in the case of service for any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise, not opposed to, the best interests of the Partnership and, in criminal actions or proceedings, in addition, had no reasonable cause to believe that his conduct was unlawful.

(b) The termination of any such civil or criminal action or proceeding by judgment, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not in itself create a presumption that any such member of the Board of Directors or officer did not act, in good faith, for a purpose which he reasonably believed to be in, or, in the case of service for any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise, not opposed to, the best interest of the Partnership or that he had reasonable cause to believe that his conduct was unlawful.

(c) For the purpose of this Section 3.5, the Partnership shall be deemed to have requested a person to serve an employee benefit plan where the performance by such person of his duties to the Partnership also imposes duties on, or otherwise involves services by, such person to the plan or participants or beneficiaries of the plan; excise taxes assessed on a person with respect to an employee benefit plan pursuant to applicable law shall be considered fines; and action taken or omitted by a person with respect to an employee benefit plan in the performance of such person's duties for a purpose reasonably believed by such person to be in the interest of the participants and beneficiaries of the plan shall be deemed to be a purpose which is not opposed to the best interests of the Partnership.

(d) Indemnification under this Section 3.5 shall be made by the Partnership in any specific case only:

- (i) if the beneficiary thereof shall have prevailed in an action or proceeding brought against him or shall have been found to have acted in compliance with the applicable standard of conduct set forth in this Section 3.5; or
- (ii) by the Board of Directors upon the opinion in writing of independent legal counsel that indemnification is proper in the circumstances because the applicable standard of conduct set

forth in this Section 3.5 has been met by such member or officer.

(e) The Partnership shall have the power, but shall not be obligated, to purchase and maintain insurance:

- (i) to indemnify the Partnership for any obligation which it incurs as a result of the indemnification of the Board of Directors and officers under the provisions of this Section 3.5;
- (ii) to indemnify such members and officers in instances in which they may be indemnified by the Partnership under the provisions of this Section 3.5; and
- (iii) to indemnify such members and officers in instances in which they may not otherwise be indemnified by the Partnership under the provision of this Section 3.5.

4. TRANSFER OF PARTNERSHIP INTERESTS.

4.1 Prohibited Transfers. Except as expressly permitted by Section 4.2 hereof, neither Partner may transfer any of its right, title or interest in or to its Partnership Interest, in whole or in part. No attempted transfer of any Partnership Interest in violation of any provision of this Agreement or of the Agency Agreement shall be effective to pass any right, title or interest therein, but shall instead be null, void and of no effect.

4.2 Transfer to Affiliate. Subject to Section 4.3 hereof, a Partner (the "Transferor Partner") may transfer its entire Partnership Interest to any Affiliate of the Transferor Partner or to another transferee in accordance with the express provisions of Section 5.5 of the Agency Agreement. As used in this Agreement, an "Affiliate" of a party is any corporation or entity that directly or indirectly wholly owns such party, is directly or indirectly wholly-owned by such party, or is directly or indirectly wholly-owned by any other Affiliate of such party.

4.3 Conditions to Transfer. Any transfer made under Section 4.2 hereof is subject to satisfaction of the following conditions:

- (a) the transferee shall be admitted as a Partner of the Partnership and the Partners shall cause this Agreement to be amended accordingly;

(b) the transferee shall in writing assume and agree to perform all of its duties and obligations as a Partner under this Agreement and under the Agency Agreement; and

(c) the Transferor Partner (and any Affiliate that directly or indirectly wholly owns the Transferor Partner) shall agree fully to indemnify on an after tax basis the other Partner against any adverse tax consequences to the other Partner that may result from any termination of the Partnership for tax purposes on account of such transfer.

5. DISSOLUTION AND TERMINATION OF THE PARTNERSHIP.

5.1 Dissolution of the Partnership. The Partnership shall continue until dissolved as herein provided. Except as provided in Section 4.2 hereof or in Section 5.2 of the Agency Agreement, no Partner shall cause the Partnership to be dissolved without the prior written consent of the other Partner. Upon dissolution of the Partnership, the provisions of Section 5.2, 5.3 and 5.4 of the Agency Agreement shall apply, as the case may be.

6. MISCELLANEOUS.

6.1 Amendments and Waivers. This Agreement may not be amended, modified, terminated, rescinded, or cancelled, except by a writing signed by both of the Partners. The observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) by a writing signed by the Partner against which such waiver is to be asserted.

6.2 Specific Performance. In addition to any other remedies the Partners may have, each Partner shall have the right to enforce the provisions of this Agreement through injunctive relief or by a decree or decrees of specific performance.

6.3 Saverability. If any provision of this Agreement or the application thereof to any person or circumstance shall to any extent be held in any proceeding to be invalid or unenforceable, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those to which it was held to be invalid or unenforceable, shall not be affected thereby, and shall be valid and be enforceable to the fullest extent permitted by law, but only if and to the extent such enforcement would not materially and

adversely frustrate the Partners' essential purposes and intent as expressed herein and in the Agency Agreement.

6.4 No Waiver. No delay on the part of any Partner in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any Partner of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

6.5 Headings. The section headings herein are intended only for convenience and do not constitute a part of this Agreement and shall not be considered in the interpretation of this Agreement or any of its provisions.

6.6 Variation of Pronouns. All pronouns and all variations thereof shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the identity or identities of the antecedent person or persons may require.

6.7 Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one agreement, and any party hereto may execute this Agreement by signing one or more counterparts hereof. This Agreement shall become effective when counterparts hereof duly executed by each Partner have been delivered to each Partner.

6.8 Binding Effect; No Third-Party Beneficiaries. This Agreement shall be binding upon and shall inure to the benefit of the Partners and their respective permitted successors and assigns. Nothing in the Agreement, expressed or implied, shall give to anyone other than the Partners and their respective permitted successors and assigns and the Partnership any benefit, or any legal or equitable right, remedy or claim, under or in respect of this Agreement.

6.9 Governing Law. This Agreement shall be governed by, construed and enforced in accordance with the internal laws of the State of Arizona, without giving effect to conflict of laws principles.

6.10 Priority of Interpretation. If any provision of this Agreement conflicts with any provision in the Agency Agreement, the provision in the Agency Agreement shall control.

6.11 Notices. Each notice or other communication given pursuant to this Agreement shall be given as provided in Section 6.1 of the Agency Agreement.

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IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed as of the date first above written.

STAR PUBLISHING COMPANY

By: Nicholas G. Pennington

Name: NICHOLAS G. PENNINGTON IV
Title: SENIOR VICE PRESIDENT

CITIZEN PUBLISHING COMPANY

By: _____

Name:
Title:

75586

CONFIDENTIAL

GCICIT 0007539

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed as of the date first above written.

STAR PUBLISHING COMPANY

By: _____

Name:
Title:

CITIZEN PUBLISHING COMPANY

By: Garry L. Watson

Name: GARY L. WATSON
Title: VICE PRESIDENT

75586

EXHIBIT D

**Tucson agency
Operating Statement
For Period Dec 2004**

Monday, January 05, 2009
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	CURRENT PERIOD				YEAR -TO -DATE			
	Dec 2004	Dec 2003	Variance	Var. %	PLAN	Variance	Var. %	Var. %
USAT Circulation	-	-	-	0.0	-	-	0.0	0.0
Mailroom	142,863	-	142,863	0.0	-	1,704,394	0.0	0.0
News	1,101,742	-	1,101,742	0.0	-	13,927,545	0.0	0.0
Gen. & Admin.	(1,228,775)	-	(1,228,775)	0.0	-	1,409,799	0.0	0.0
Accounting	156,460	-	156,460	0.0	-	1,899,798	0.0	0.0
Information Tech.	188,759	-	188,759	0.0	-	2,342,181	0.0	0.0
Market Development	89,557	-	89,557	0.0	-	1,596,695	0.0	0.0
Building	179,872	-	179,872	0.0	-	2,079,802	0.0	0.0
Employee Benefits	525,851	-	525,851	0.0	-	6,852,706	0.0	0.0
Unalloc. Depreciation	-	-	-	0.0	-	-	0.0	0.0
Bad Debt	(14,734)	-	(14,734)	0.0	-	14,466	0.0	0.0
Other Op. Exp.	-	-	-	0.0	-	-	0.0	0.0
Core Newspaper Expense	4,217,660	-	4,217,660	0.0	-	70,473,893	0.0	0.0
Core Newspaper Profit	4,207,966	-	4,207,966	0.0	-	31,746,909	0.0	0.0
Non-Daily Revenue:								
Retail	68,418	-	68,418	0.0	-	823,451	0.0	0.0
Classified	61,846	-	61,846	0.0	-	1,179,839	0.0	0.0
Preprint:								
Local	323,962	-	323,962	0.0	-	3,756,708	0.0	0.0
Major	-	-	-	0.0	-	-	0.0	0.0
Total Non-Daily Preprint Retail:	323,962	-	323,962	0.0	-	3,756,708	0.0	0.0
Total Non-Daily Advertising Revenue	454,226	-	454,226	0.0	-	5,759,998	0.0	0.0
Non-Daily Circulation Revenue	-	-	-	0.0	-	-	0.0	0.0
Total Non-Daily Revenue	454,226	-	454,226	0.0	-	5,759,998	0.0	0.0
Non-Daily Expense	366,358	-	366,358	0.0	-	4,619,179	0.0	0.0
Non-Daily Profit	87,868	-	87,868	0.0	-	1,140,819	0.0	0.0
Online Revenue	355,432	-	355,432	0.0	-	3,736,909	0.0	0.0
Online Expense	175,750	-	175,750	0.0	-	2,169,083	0.0	0.0
Online Profit	179,682	-	179,682	0.0	-	1,577,826	0.0	0.0
Total Advertising Revenue	7,452,254	-	7,452,254	0.0	-	88,809,074	0.0	0.0
Equity Income/Loss	-	-	-	0.0	-	-	0.0	0.0
Other Non-Operating Rev/Exp	-	-	-	0.0	-	-	0.0	0.0
Total Newspaper Revenue	9,235,284	-	9,235,284	0.0	-	111,717,709	0.0	0.0
Total Newspaper Expense	4,759,767	-	4,759,767	0.0	-	77,252,154	0.0	0.0
Total Newspaper Profit	4,475,516	-	4,475,516	0.0	-	34,465,555	0.0	0.0
Local Commercial Ptg:								
Revenue	-	-	-	0.0	-	-	0.0	0.0
Expense	-	-	-	0.0	-	-	0.0	0.0
Profit	-	-	-	0.0	-	-	0.0	0.0
USAT Printing	-	-	-	0.0	-	-	0.0	0.0
N.I.B.T.	4,475,516	-	4,475,516	0.0	-	34,465,555	0.0	0.0
Interest Income/Expense	-	-	-	0.0	-	-	0.0	0.0
Goodwill	-	-	-	0.0	-	-	0.0	0.0
Special Items	419,367	-	419,367	0.0	-	1,288,725	0.0	0.0
Tax Provision	-	-	-	0.0	-	-	0.0	0.0
Net Income	4,056,149	-	4,056,149	0.0	-	33,176,830	0.0	0.0

Tucson agency
Operating Statement
For Period Dec 2005

Monday, January 05, 2009
2:28:04 PM

UNIT: S1087

	CURRENT PERIOD				YEAR TO DATE			
	Dec 2005	Dec 2004	Variance	Var. %	PLAN	Variance	Var. %	Var. %
USAT Circulation								
Mailroom	138,084	142,863	(4,798)	(3.4)	-	-	-	0.0
News	1,094,984	1,101,742	(6,758)	(0.6)	-	-	-	0.0
Gen. & Admin.	55,041	(1,228,775)	1,283,816	104.5	-	-	-	0.0
Accounting	157,161	156,460	701	0.4	-	-	-	0.0
Information Tech.	175,536	188,759	(13,223)	(7.0)	-	-	-	0.0
Market Development	92,326	89,557	2,770	3.1	-	-	-	0.0
Building	165,809	179,872	(14,063)	(7.8)	-	-	-	0.0
Employee Benefits	666,736	525,851	140,886	26.8	-	-	-	0.0
Unalloc. Depreciation	-	-	-	0.0	-	-	-	0.0
Bad Debt	25,537	(14,734)	40,271	273.3	-	-	-	0.0
Other Op. Exp.	-	-	-	0.0	-	-	-	0.0
Core Newspaper Expense	5,757,216	4,217,660	1,539,556	36.5	-	-	-	0.0
Core Newspaper Profit	2,873,047	4,207,966	(1,334,919)	(31.7)	-	-	-	0.0
Non-Daily Revenue:								
Retail	112,611	68,418	44,193	64.6	-	-	-	0.0
Classified	109,008	51,846	57,162	76.3	-	-	-	0.0
Preprint:								
Local	73,461	323,962	(250,501)	(77.3)	-	-	-	0.0
Major	273,699	273,699	0.0	0.0	-	-	-	0.0
Total Non-Daily Preprint Revenue	347,161	323,962	23,198	7.2	-	-	-	0.0
Total Non-Daily Advertising Revenue	568,780	454,226	114,554	25.2	-	-	-	0.0
Non-Daily Circulation Revenue								
Total Non-Daily Revenue	568,780	454,226	114,554	25.2	-	-	-	0.0
Non-Daily Expense	470,999	368,359	104,641	28.6	-	-	-	0.0
Non-Daily Profit	97,781	87,868	9,913	11.3	-	-	-	0.0
Online Revenue	520,214	355,432	164,783	46.4	-	-	-	0.0
Online Expense	168,481	175,750	(7,269)	(4.1)	-	-	-	0.0
Online Profit	351,734	179,682	172,052	85.8	-	-	-	0.0
Total Advertising Revenue	7,702,296	7,452,254	250,042	3.4	-	-	-	0.0
Equity Income/Loss	-	-	-	0.0	-	-	-	0.0
Other Non-Operating Rev/Exp	-	-	-	0.0	-	-	-	0.0
Total Newspaper Revenue	9,719,257	9,235,264	483,973	5.2	-	-	-	0.0
Total Newspaper Expense	6,396,695	4,759,767	1,636,928	34.4	-	-	-	0.0
Total Newspaper Profit	3,322,561	4,475,516	(1,152,955)	(25.8)	-	-	-	0.0
Local Commercial Pkg:								
Revenue	-	-	-	0.0	-	-	-	0.0
Expense	-	-	-	0.0	-	-	-	0.0
Profit	-	-	-	0.0	-	-	-	0.0
USAT Printing								
N.I.B. T.	3,322,561	4,475,516	(1,152,955)	(25.8)	-	-	-	0.0
Interest Income/Expense	-	-	-	0.0	-	-	-	0.0
Goodwill	-	-	-	0.0	-	-	-	0.0
Special Items	112,222	419,367	(307,145)	(73.2)	-	-	-	0.0
Tax Provision	-	-	-	0.0	-	-	-	0.0
Net Income	3,210,339	4,056,149	(845,810)	(20.9)	-	-	-	0.0
USAT Circulation								
Mailroom	1,741,162	1,704,394	36,768	2.2	-	-	-	0.0
News	14,491,412	13,927,545	563,868	4.0	-	-	-	0.0
Gen. & Admin.	1,477,974	1,409,799	68,175	4.8	-	-	-	0.0
Accounting	1,908,209	1,859,798	48,410	2.6	-	-	-	0.0
Information Tech.	2,426,055	2,342,181	83,874	3.6	-	-	-	0.0
Market Development	1,580,809	1,596,695	(15,887)	(1.0)	-	-	-	0.0
Building	2,125,667	2,079,802	45,865	2.2	-	-	-	0.0
Employee Benefits	7,452,343	6,852,706	599,637	8.8	-	-	-	0.0
Unalloc. Depreciation	-	-	-	0.0	-	-	-	0.0
Bad Debt	78,301	14,466	63,835	441.3	-	-	-	0.0
Other Op. Exp.	-	-	-	0.0	-	-	-	0.0
Core Newspaper Expense	74,097,137	70,473,893	3,623,245	5.1	-	-	-	0.0
Core Newspaper Profit	30,438,957	31,746,909	(1,307,952)	(4.1)	-	-	-	0.0
Non-Daily Revenue:								
Retail	984,413	823,451	160,962	19.5	-	-	-	0.0
Classified	1,197,110	1,179,839	17,271	1.5	-	-	-	0.0
Preprint:								
Local	1,079,392	3,756,708	(2,677,316)	(71.3)	-	-	-	0.0
Major	3,044,813	3,044,813	0.0	0.0	-	-	-	0.0
Total Non-Daily Preprint Revenue	4,124,205	3,756,708	367,498	9.8	-	-	-	0.0
Total Non-Daily Advertising Revenue	6,305,728	5,759,998	545,730	9.5	-	-	-	0.0
Non-Daily Circulation Revenue								
Total Non-Daily Revenue	6,305,728	5,759,998	545,730	9.5	-	-	-	0.0
Non-Daily Expense	5,229,447	4,619,179	610,268	13.2	-	-	-	0.0
Non-Daily Profit	1,076,281	1,140,819	(64,538)	(5.7)	-	-	-	0.0
Online Revenue	6,707,965	3,736,909	2,971,056	79.5	-	-	-	0.0
Online Expense	2,316,308	2,159,063	157,225	7.3	-	-	-	0.0
Online Profit	4,391,657	1,577,826	2,813,831	178.3	-	-	-	0.0
Total Advertising Revenue	94,441,997	88,809,074	5,632,923	6.3	-	-	-	0.0
Equity Income/Loss	-	-	-	0.0	-	-	-	0.0
Other Non-Operating Rev/Exp	-	-	-	0.0	-	-	-	0.0
Total Newspaper Revenue	117,549,787	111,717,709	5,832,078	5.2	-	-	-	0.0
Total Newspaper Expense	81,642,892	77,252,154	4,390,738	5.7	-	-	-	0.0
Total Newspaper Profit	35,906,895	34,465,555	1,441,340	4.2	-	-	-	0.0
Local Commercial Pkg:								
Revenue	-	-	-	0.0	-	-	-	0.0
Expense	-	-	-	0.0	-	-	-	0.0
Profit	-	-	-	0.0	-	-	-	0.0
USAT Printing								
N.I.B. T.	35,906,895	34,465,555	1,441,340	4.2	-	-	-	0.0
Interest Income/Expense	-	-	-	0.0	-	-	-	0.0
Goodwill	-	-	-	0.0	-	-	-	0.0
Special Items	112,222	1,288,725	(1,176,503)	(91.3)	-	-	-	0.0
Tax Provision	-	-	-	0.0	-	-	-	0.0
Net Income	35,794,673	33,176,030	2,617,843	7.9	-	-	-	0.0

CURRENT PERIOD										
Dec 2006	Dec 2005	Variance	Var. %	PLAN	Variance	Var. %	PLAN	Variance	Var. %	
USAT Circulation										
			0.0			0.0			0.0	
	196,137	138,064	58,073	42.1	147,370	48,766	33.1	1,838,090	(7,696)	(0.4)
	1,362,948	1,094,984	267,964	24.5	1,162,516	200,432	17.2	15,015,120	(180,526)	(1.2)
Gen. & Admin.										
	(17,257)	55,041	(72,299)	(131.4)	120,576	(137,834)	(114.3)	1,559,750	(168,833)	(10.8)
	177,053	157,161	19,891	12.7	161,380	15,673	9.7	1,908,209	40,448	2.1
	192,549	175,536	17,013	9.7	202,244	(9,695)	(4.8)	2,532,068	(221,653)	(8.8)
	82,097	92,326	(10,229)	(11.1)	81,543	554	0.7	1,694,820	32,286	1.9
Building										
	173,134	165,809	7,325	4.4	166,057	7,076	4.3	2,109,730	(16,326)	(0.8)
Employee Benefits										
	619,740	666,736	(46,996)	(7.0)	603,554	16,186	2.7	7,747,927	(242,766)	(3.1)
Unalloc. Depreciation										
	(21,291)	25,537	(46,828)	(183.4)	6,381	(27,672)	(433.7)	79,137	(89,359)	(112.9)
Other Op. Exp.										
	-	-	-	0.0	-	-	0.0	-	-	0.0
Core Newspaper Expense										
	6,664,294	5,757,216	907,078	15.8	6,022,957	641,337	10.6	77,371,868	(1,710,530)	(2.2)
	3,234,103	2,873,047	361,056	12.6	2,808,041	426,061	15.2	30,663,746	(683,928)	(2.2)
Non-Daily Revenue:										
Retail										
	110,042	112,611	(2,569)	(2.3)	138,247	(26,205)	(20.4)	1,827,185	(579,091)	(31.7)
Classified										
	136,503	109,006	27,495	25.2	140,662	(4,159)	(3.0)	1,800,491	(73,025)	(4.1)
Preprint:										
Local										
	231,949	73,461	158,487	215.7	379,550	(147,801)	(38.9)	4,416,941	(2,341,853)	(53.0)
	341,790	273,699	68,091	24.9	341,790	0.0	0.0	3,543,142	0.0	0.0
	573,739	347,161	226,578	65.3	379,550	194,189	51.2	4,416,941	1,201,289	27.2
	820,284	568,780	251,504	44.2	658,459	161,825	24.6	8,044,617	549,173	6.8
	-	-	-	0.0	-	-	0.0	-	-	0.0
Non-Daily Circulation Revenue										
	820,284	568,780	251,504	44.2	658,459	161,825	24.6	8,044,617	549,173	6.8
Total Non-Daily Revenue										
	619,151	470,999	148,153	31.5	503,759	115,392	22.9	6,052,007	887,309	11.4
	201,133	97,781	103,351	105.7	154,700	46,433	30.0	1,992,610	(138,135)	(6.9)
Online Revenue										
	572,663	520,214	52,449	10.1	596,876	(24,213)	(4.1)	6,700,292	(641,378)	(7.4)
	213,555	168,481	45,074	26.8	195,762	17,783	9.1	2,368,858	(287,926)	(12.2)
	359,109	351,734	7,375	2.1	401,114	(42,006)	(10.5)	6,333,436	(353,452)	(5.6)
Total Advertising Revenue										
	9,119,687	7,702,296	1,417,392	18.4	8,303,879	815,808	9.8	101,990,047	(2,370,363)	(2.3)
Equity Income/Loss										
	-	-	-	0.0	-	-	0.0	-	-	0.0
Other Non-Operating Rev/Exp										
	-	-	-	0.0	-	-	0.0	-	-	0.0
Total Newspaper Revenue										
	11,291,344	9,719,257	1,572,087	16.2	10,086,334	1,205,010	11.9	124,980,524	(2,486,665)	(2.0)
	7,457,000	6,396,695	1,100,305	17.2	6,722,479	774,521	11.5	85,790,751	(1,311,148)	(1.5)
	3,794,344	3,322,561	471,782	14.2	3,363,855	430,489	12.8	39,188,793	(1,175,517)	(3.0)
Local Commercial Ptg:										
	-	-	-	0.0	-	-	0.0	-	-	0.0
	-	-	-	0.0	-	-	0.0	-	-	0.0
	-	-	-	0.0	-	-	0.0	-	-	0.0
USAT Printing										
	-	-	-	0.0	-	-	0.0	-	-	0.0
N.I.B.T.										
	3,794,344	3,322,561	471,782	14.2	3,363,855	430,489	12.8	39,189,793	(1,175,517)	(3.0)
	-	-	-	0.0	-	-	0.0	-	-	0.0
	-	-	-	0.0	-	-	0.0	-	-	0.0
	-	-	-	0.0	-	-	0.0	-	-	0.0
	23,694	112,222	(88,528)	(76.9)	-	23,694	-	-	23,694	0.0
	-	-	-	0.0	-	-	0.0	-	-	0.0
	3,770,650	3,210,339	560,310	17.5	3,363,855	406,795	12.1	39,189,793	(1,199,211)	(3.1)

Tucson agency
Operating Statement
For Period Dec 2007

Monday, January 05, 2009
2:19:33 PM

UNIT: \$1087

CURRENT PERIOD				YEAR TO DATE			
Dec 2007	Dec 2006	Variance	Var. %	PLAN	Variance	Var. %	Var. %
134,608	196,137	(61,529)	(31.3)	134,086	(721)	0.5	0.0
1,058,678	1,362,948	(304,270)	(22.3)	1,152,128	(93,451)	(8.1)	(8.1)
50,675	(17,257)	67,932	393.6	126,492	(75,817)	(59.9)	(59.9)
144,953	177,053	(32,100)	(18.1)	164,631	(19,878)	(12.1)	(12.1)
180,110	192,549	(12,439)	(6.5)	184,271	(4,161)	(2.3)	(2.3)
80,130	82,097	(1,967)	(2.4)	81,707	(1,577)	(1.9)	(1.9)
140,684	173,134	(32,450)	(18.7)	164,446	(23,762)	(14.4)	(14.4)
522,103	619,740	(97,637)	(15.8)	592,614	(70,511)	(11.9)	(11.9)
24,369	(21,291)	45,660	214.5	3,285	21,084	641.8	0.0
-	-	-	0.0	-	-	0.0	0.0
5,276,555	6,894,294	(1,357,739)	(20.8)	5,722,897	(446,142)	(7.8)	(7.8)
1,842,621	3,234,103	(1,391,482)	(43.0)	2,713,953	(871,343)	(32.1)	(32.1)
137,611	110,042	27,569	25.1	118,372	19,239	16.3	16.3
108,691	136,503	(27,813)	(20.4)	139,448	(30,757)	(22.1)	(22.1)
250,829	231,949	18,880	8.1	420,928	(170,099)	(40.4)	(40.4)
263,121	341,790	(78,669)	(23.0)	263,121	263,121	0.0	0.0
513,950	573,739	(59,789)	(10.4)	420,928	93,022	22.1	22.1
760,251	820,284	(60,033)	(7.3)	678,748	81,503	12.0	12.0
760,251	820,284	(60,033)	(7.3)	678,748	81,503	12.0	12.0
564,539	619,151	(54,613)	(8.8)	534,811	29,777	5.6	5.6
185,682	201,133	(15,451)	(7.7)	143,937	51,725	35.9	35.9
460,341	572,663	(112,322)	(19.6)	645,413	(185,072)	(28.7)	(28.7)
219,165	213,555	5,610	2.6	180,240	38,925	21.6	21.6
241,177	359,109	(117,932)	(32.8)	485,173	(223,996)	(46.2)	(46.2)
6,617,170	9,119,687	(2,502,518)	(27.4)	8,006,920	(1,389,750)	(17.4)	(17.4)
-	-	-	0.0	-	-	0.0	0.0
-	-	-	0.0	-	-	0.0	0.0
8,339,767	11,291,344	(2,951,576)	(26.1)	9,760,821	(1,421,053)	(14.6)	(14.6)
6,060,308	7,497,000	(1,436,692)	(19.2)	6,437,748	(377,440)	(5.9)	(5.9)
2,279,459	3,794,344	(1,514,885)	(39.9)	3,323,073	(1,043,614)	(31.4)	(31.4)
10,146	-	10,146	0.0	-	10,146	0.0	0.0
6,335	-	6,335	0.0	-	6,335	0.0	0.0
3,811	-	3,811	0.0	-	3,811	0.0	0.0
2,283,271	3,794,344	(1,511,073)	(39.8)	3,323,073	(1,039,802)	(31.3)	(31.3)
-	-	-	0.0	-	-	0.0	0.0
-	-	-	0.0	-	-	0.0	0.0
23,806	23,694	112	0.5	-	23,806	0.0	0.0
2,259,465	3,770,650	(1,511,185)	(40.1)	3,323,073	(1,063,608)	(32.0)	(32.0)
USAT Circulation							
Mailroom							
News							
Gen. & Admin.							
Accounting							
Information Tech.							
Market Development							
Building							
Employee Benefits							
Unalloc. Depreciation							
Bad Debt							
Other Op. Exp.							
Core Newspaper Expense							
Core Newspaper Profit							
Non-Daily Revenue:							
Retail							
Classified							
Preprint:							
Local							
Major							
Total Non-Daily Preprint Retail:							
Total Non-Daily Advertising Revenue							
Non-Daily Circulation Revenue							
Total Non-Daily Revenue							
Non-Daily Expense							
Non-Daily Profit							
Online Revenue							
Online Expense							
Online Profit							
Total Advertising Revenue							
Equity Income/Loss							
Other Non-Operating Rev/Exp							
Total Newspaper Revenue							
Total Newspaper Expense							
Total Newspaper Profit							
Local Commercial Pkg:							
Revenue							
Expense							
Profit							
USAT Printing							
N.I.B.T.							
Interest Income/Expense							
Goodwill							
Special Items							
Tax Provision							
Net Income							

Tucson agency
Operating Statement
For Period Dec 2008

Monday, January 05, 2009
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UNIT: \$1087

CURRENT PERIOD				YEAR -TO-DATE			
Dec 2008	Dec 2007	Variance	Var. %	PLAN	Variance	Var. %	Var. %
USAT Circulation							
125,437	134,808	(9,371)	(7.0)	131,806	(6,369)	(4.8)	(6.3)
980,616	1,058,678	(78,061)	(7.4)	1,051,114	(70,497)	(6.7)	(6.7)
Gen. & Admin.							
93,187	50,675	42,512	83.9	108,756	(15,569)	(14.3)	(6.8)
128,050	144,953	(16,903)	(13.0)	153,762	(27,712)	(18.0)	(9.0)
141,088	180,110	(39,022)	(21.7)	169,659	(28,571)	(16.8)	(8.3)
88,688	80,130	8,558	10.7	77,328	10,761	13.8	(6.3)
105,074	140,684	(35,611)	(25.3)	141,748	(36,674)	(25.9)	(10.4)
(849,337)	522,103	(1,371,440)	(262.7)	554,057	(1,403,394)	(253.3)	(22.1)
66,700	24,369	42,331	173.7	3,285	63,415	1,930.4	1,778.9
Non-Daily Revenue:							
108,121	137,611	(29,490)	(21.4)	175,514	(67,393)	(38.4)	(6.7)
59,635	108,681	(49,056)	(45.1)	134,878	(75,241)	(55.8)	(35.8)
232,033	250,829	(18,796)	(7.5)	208,635	23,398	11.2	3.7
295,473	263,121	32,352	12.3	220,352	69,121	31.4	6.8
521,506	513,950	7,556	1.5	428,987	92,519	21.6	5.3
689,281	760,251	(70,970)	(9.3)	739,377	(50,116)	(6.8)	(11.2)
639,261	760,251	(120,990)	(15.9)	739,377	(50,116)	(6.8)	(11.2)
550,240	564,589	(14,349)	(2.5)	565,538	(15,298)	(2.7)	(2.3)
139,021	195,682	(56,661)	(28.9)	173,839	(34,817)	(20.0)	(35.5)
360,046	480,341	(120,295)	(25.0)	557,479	(197,433)	(35.4)	(28.0)
231,874	219,165	12,709	5.8	228,506	3,368	1.5	5.6
128,173	241,177	(113,004)	(46.9)	328,973	(200,801)	(61.0)	(43.9)
4,889,230	6,617,170	(1,928,940)	(29.2)	6,857,513	(2,189,284)	(31.6)	(18.1)
Total Advertising Revenue							
-	-	-	0.0	-	-	0.0	0.0
-	-	-	0.0	-	-	0.0	0.0
Equity Income/Loss							
-	-	-	0.0	-	-	0.0	0.0
Other Non-Operating Rev/Exp							
-	-	-	0.0	-	-	0.0	0.0
Total Newspaper Revenue							
6,391,449	8,339,767	(1,948,319)	(23.4)	8,677,174	(2,285,725)	(26.3)	(15.3)
4,200,630	6,060,308	(1,859,678)	(30.7)	6,134,420	(1,933,790)	(31.5)	(5.9)
2,190,711	2,279,459	(88,748)	(3.9)	2,542,754	(352,043)	(13.8)	(39.3)
Local Commercial Ptg:							
189,680	10,146	179,534	1,769.5	8,235	181,445	2,203.4	695.7
90,770	6,335	84,435	1,332.9	4,592	86,178	1,876.8	969.9
98,910	3,811	95,099	2,495.1	3,643	95,267	2,615.0	350.0
USAT Printing							
2,289,621	2,283,271	6,350	0.3	2,546,397	(256,776)	(10.1)	(39.3)
-	-	-	0.0	-	-	0.0	0.0
-	-	-	0.0	-	-	0.0	0.0
192,428	23,806	168,623	708.3	-	192,428	0.0	0.0
2,097,193	2,259,465	(162,272)	(7.2)	2,546,397	(449,205)	(17.6)	(40.8)

EXHIBIT E

In Re: Investigation by the
Department of Justice into the
Termination of the Tucson Arizona
Newspapers Joint Operating Agreement

ORIGINAL

DEPOSITION OF

CARL GEORGE SCHMIDT

February 19, 2009

2:00 p.m.

Lee Enterprises

Suite 600, 201 North Harrison

Davenport, Iowa 52801

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<p style="text-align: center;">57</p> <p>1 A. Telling me?</p> <p>2 Q. That Mary had asked him to contact Bob</p> <p>3 Dickey?</p> <p>4 A. Only through this email.</p> <p>5 Q. So independent of this email, you have</p> <p>6 no memory of that request that Mary made to</p> <p>7 Mr. Veon?</p> <p>8 A. No.</p> <p>9 Q. Do you have any idea what the phrase</p> <p>10 "p.m. conversion in Madison" refers to?</p> <p>11 A. Yes. The afternoon paper in Madison,</p> <p>12 the Capitol Times, was a six-day-a-week daily in</p> <p>13 April 2008, and it was announced probably in</p> <p>14 February of 2008, the management of the Capitol</p> <p>15 Times decided to change the frequency.</p> <p>16 Publication from 6 days a week to 1 day a week.</p> <p>17 That's the p.m. conversion.</p> <p>18 Q. Okay. And did people at Lee have</p> <p>19 personal sort of experience with what was</p> <p>20 happening in the effecting of that conversion and</p> <p>21 the aftermath?</p> <p>22 A. Yes.</p> <p>23 Q. Okay. And why do you think it would be</p> <p>24 of relevance to Bob Dickey?</p> <p>25 A. That you would have to ask Bob Dickey.</p>	<p style="text-align: center;">59</p> <p>1 change at that time.</p> <p>2 Q. Did you have any conversation with</p> <p>3 Mr. Ehrman about Gannett's plans for the Citizen</p> <p>4 going forward?</p> <p>5 A. Not at this time, no.</p> <p>6 Q. At what point in time did you?</p> <p>7 A. That would have occurred in August or</p> <p>8 September 2008, roughly.</p> <p>9 Q. Okay. What was the nature of those</p> <p>10 communications?</p> <p>11 A. Mr. Ehrman called me one day and said</p> <p>12 that Gannett had decided that they believed it was</p> <p>13 best to sell, or failing that, close the Citizen,</p> <p>14 and wanted Lee's opinion as to whether we would</p> <p>15 agree with that.</p> <p>16 Q. Why would you have to agree?</p> <p>17 MR. McCALMON: Objection, he didn't</p> <p>18 testify -- he didn't testify they would have to</p> <p>19 agree.</p> <p>20 MS. HALE: He said whether --</p> <p>21 MR. McCALMON: Said he wanted his</p> <p>22 opinion as to whether they would agree.</p> <p>23 MR. DEMPSEY: Read the answer back.</p> <p>24 (The requested portion of the record</p> <p>25 was read back by the reporter.)</p>
<p style="text-align: center;">58</p> <p>1 Q. Did you speak to Bob Dickey on this</p> <p>2 subject?</p> <p>3 A. No.</p> <p>4 Q. This subject being the p.m. conversion?</p> <p>5 A. Not that I recall. If he raised it in a</p> <p>6 board call, I'm not remembering it. I never spoke</p> <p>7 individually to Bob Dickey about it, no.</p> <p>8 Q. And you described the change that</p> <p>9 happened in Madison as a six-day-a-week going to</p> <p>10 one-day-a-week. Why would that be called a p.m.</p> <p>11 conversion?</p> <p>12 A. The Capitol Times was a p.m. newspaper,</p> <p>13 and that's just an acronym they gave it at the</p> <p>14 time.</p> <p>15 Q. So the p.m. newspaper converted to</p> <p>16 something different?</p> <p>17 A. Converted from a daily to a weekly,</p> <p>18 essentially.</p> <p>19 Q. So did you have any more discussions</p> <p>20 with Mr. Ehrman relating to TNI following this</p> <p>21 March communication that's set out in Exhibit 19?</p> <p>22 A. I recall at one point the -- there was</p> <p>23 discussion about Gannett's lack of interest in</p> <p>24 acquiring our share of Tucson and their lack of</p> <p>25 interest in pursuing the 1 percent ownership</p>	<p style="text-align: center;">60</p> <p>1 Q. (BY MS. HALE) My question was, why</p> <p>2 would Gannett care whether Lee agreed or didn't</p> <p>3 agree with that?</p> <p>4 A. We are equal partners in a partnership,</p> <p>5 and, I mean, you are asking me to answer for</p> <p>6 Gannett, so I'm not sure I should. I mean, I can</p> <p>7 speculate and say that, you know, we are business</p> <p>8 partners, and that's the way business partners</p> <p>9 treat each other, you know, if there is going to</p> <p>10 be a change with an asset of the partnership of</p> <p>11 any significance.</p> <p>12 Q. Had you ever suggested to anybody at</p> <p>13 Gannett that they consider closing or selling the</p> <p>14 Citizen before you had this conversation with</p> <p>15 Mr. Ehrman?</p> <p>16 A. No.</p> <p>17 Q. Would it surprise you if Mr. Ehrman said</p> <p>18 to us that you suggested the idea?</p> <p>19 A. Me personally?</p> <p>20 Q. Yes.</p> <p>21 A. That would surprise me.</p> <p>22 MS. HALE: Handing the court</p> <p>23 reporter a document to be marked as Exhibit 20.</p> <p>24 (Lee Deposition Exhibit 20 was</p> <p>25 mark'd for identification.)</p>



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<p style="text-align: center;">61</p> <p>1 MR. McCALMON: Can we go off the</p> <p>2 record for a second?</p> <p>3 MS. HALE: Sure.</p> <p>4 (A recess was held off the record.)</p> <p>5 Q. (BY MS. HALE) Are you finished?</p> <p>6 A. I'm sorry, yes.</p> <p>7 Q. Okay. I need to go back to something we</p> <p>8 were talking about before, which was Mr. Ehrman</p> <p>9 you said got in touch with you. Did you say</p> <p>10 August, September of 2008?</p> <p>11 A. Approximately, I don't recall exactly,</p> <p>12 but it would have been about that timeframe.</p> <p>13 Q. Regarding the closing or putting up for</p> <p>14 sale of the Citizen, and I didn't -- I don't think</p> <p>15 I got an answer to my question on what your</p> <p>16 reaction was to that.</p> <p>17 MR. McCALMON: I think you did get.</p> <p>18 Can you read it back.</p> <p>19 (The requested portion of the record</p> <p>20 was read back by the reporter.)</p> <p>21 Q. (BY MS. HALE) Well, if you could look</p> <p>22 at the document that's been marked Exhibit --</p> <p>23 A. Okay.</p> <p>24 Q. Okay. And as you may have been able to</p> <p>25 tell from reading it, it is an email from Craig</p>	<p style="text-align: center;">63</p> <p>1 Q. On what topic?</p> <p>2 A. Unclear.</p> <p>3 Q. Was there information that he had asked</p> <p>4 from you and was waiting to hear from you?</p> <p>5 A. Not that I recall. I mean, Dan and I</p> <p>6 talk periodically about many things.</p> <p>7 Q. But in this timeframe, you have no sense</p> <p>8 of what -- a conversation where he told you about</p> <p>9 Gannett's plan regarding the Citizen?</p> <p>10 A. That's a possibility.</p> <p>11 Q. And would there be any reason that Dan</p> <p>12 would be waiting to hear back from you on that</p> <p>13 subject?</p> <p>14 A. If, in fact, this email does refer to</p> <p>15 that particular topic, then as I stated in an</p> <p>16 earlier answer, Dan did ask for me to have a</p> <p>17 discussion on that topic among the Lee people</p> <p>18 because they had asked for our opinion.</p> <p>19 Q. Okay. And did you have such a</p> <p>20 discussion among the Lee people?</p> <p>21 A. Yes.</p> <p>22 Q. And what was that discussion?</p> <p>23 A. Would we be in agreement with the idea</p> <p>24 to sell or close the Citizen, and we agreed that</p> <p>25 it was worth pursuing.</p>
<p style="text-align: center;">62</p> <p>1 Dubow to Mary Junck, and he, in his email,</p> <p>2 references Dan Ehrman being in touch with you --</p> <p>3 having been in touch with you. And now he is --</p> <p>4 Dan is waiting to hear back from you.</p> <p>5 What's your understanding of Dan Ehrman</p> <p>6 being in touch with you, and about what? And this</p> <p>7 would be in July, end of July, 2008.</p> <p>8 MR. McCALMON: I'm going to object,</p> <p>9 because he was not on this email, and it was not a</p> <p>10 communication involving him.</p> <p>11 MS. HALE: What are you objecting</p> <p>12 to?</p> <p>13 MR. McCALMON: It calls for</p> <p>14 speculation.</p> <p>15 MS. HALE: I asked if Dan Ehrman had</p> <p>16 been in touch with him.</p> <p>17 MR. McCALMON: You asked what is</p> <p>18 your understanding of what is written here, this</p> <p>19 note that he has been --</p> <p>20 MS. HALE: I will rephrase my</p> <p>21 question.</p> <p>22 Q. (BY MS. HALE) Was Dan Ehrman in touch</p> <p>23 with you during this timeframe?</p> <p>24 A. Based on my reading of this email, I</p> <p>25 would say yes.</p>	<p style="text-align: center;">64</p> <p>1 Q. And why was it worth pursuing?</p> <p>2 A. Areas the size of Tucson with two</p> <p>3 newspapers are rare. And the Citizen itself had</p> <p>4 had significantly declining circulation over the</p> <p>5 years. It is our opinion that Tucson can't really</p> <p>6 support two newspapers. Many municipalities can't</p> <p>7 even support one.</p> <p>8 Q. Had you done any analysis of the</p> <p>9 Citizen's contribution to the JOA?</p> <p>10 A. No.</p> <p>11 Q. And so what -- what were you basing this</p> <p>12 statement that you just made that perhaps Tucson</p> <p>13 couldn't support two newspapers?</p> <p>14 A. Changes in circulation primarily.</p> <p>15 Q. And were others at Lee in the discussion</p> <p>16 you had with them in agreement on this point?</p> <p>17 A. Yes.</p> <p>18 Q. Did you convey that view, that Lee view,</p> <p>19 to Mr. Ehrman?</p> <p>20 A. Yes.</p> <p>21 Q. And was there any discussion at that</p> <p>22 point in time of how the JOA would be restructured</p> <p>23 once the Citizen was sold or shut down?</p> <p>24 A. Well, the JOA agreement would still</p> <p>25 stand in -- as I understand it. And there was</p>



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<p style="text-align: center;">65</p> <p>1 some discussion about maintaining the 50-50 2 distribution of earnings, yes. 3 Q. Okay. So if I understand you correctly 4 then, Gannett would continue to receive 50 percent 5 of the profits after the Citizen was sold or 6 closed? 7 A. Yes. 8 Q. Even though there is only one newspaper, 9 your newspaper? 10 A. Yes. 11 Q. And what would Gannett be contributing 12 to the enterprise at that point? 13 A. Gannett contributes a substantial amount 14 of management expertise to the partnership now, 15 and, in fact, I would characterize them as the 16 operating partner of the partnership. Systems, a 17 good -- I believe most of the benefits are 18 provided by Gannett. They provide committees of 19 scale in relation to procurement of newsprint and 20 other commodities. I'm sure there are more 21 things, but all of those. 22 Q. Had you made an assessment of the value 23 of those things relative to 50 percent of the 24 profit that would come from a partnership that 25 operated only one newspaper?</p>	<p style="text-align: center;">67</p> <p>1 want to give 50 percent of those to your partner 2 unless there was something of comparable value 3 that your partner is bringing to the partnership. 4 A. Well, the bulk of the advertising is 5 generated by the Star now, even with the Citizen 6 in existence, and yet we still share profits 7 50-50. So all you are talking about is simply an 8 extension of that same concept, so I'm not sure I 9 understand the question. 10 Q. Was there an expectation that the Star 11 would generate more revenues in terms of 12 subscribers and advertisers if the Citizen were 13 not around? 14 A. The analysis that was done indicated 15 there were some cost savings if the Citizen were 16 not in existence. I don't recall that was 17 actually an increase in revenue. In fact, there 18 would be a decrease in revenue probably from the 19 elimination of the Citizen circulation revenue. 20 Q. What analysis are you referring to? 21 A. There was analysis prepared by Gannett 22 and with the assistance of the TNI staff. 23 Q. And that was shared with you? 24 A. Yes. 25 MR. McCALMON: Nina, can we go off</p>
<p style="text-align: center;">66</p> <p>1 A. You have to understand that the 2 contribution of assets occurred in 1940-something, 3 and I believe at the time that the relative 4 contributions of the two parties were somewhat 5 equal. Now, I mean, I wasn't around then. I 6 wasn't even born then, but I'm sure that if the 7 contributions weren't relatively equal, it 8 wouldn't be a 50-50 partnership today. 9 Over time those assets have change in 10 value, but it is a partnership, and the fact that 11 it was designed to be shared or that profits were 12 designed to be shared 50-50 is an enduring 13 concept. So, the fact that we are the publisher 14 of the Star today and the Star happens to have 15 bigger circulation than the Citizen, I mean, over 16 time, that's a nice concept, but the real 17 governing issue is the partnership agreement, and 18 that's a 50-50 deal. I'm not sure I answered the 19 question. 20 Q. I think I'm still confused, and there 21 may be something that I'm missing. But as I 22 understand it, you know, it is your newspaper that 23 would be bringing in the ad revenues and the 24 subscriber revenues. And it is not clear to me -- 25 and I could be missing something -- why you would</p>	<p style="text-align: center;">68</p> <p>1 the record for a second? I don't mean to 2 interrupt a line of questioning, but when we can 3 go off the record for a second, we have important 4 information about the schedule. 5 (A recess was held off the record.) 6 Q. (BY MS. HALE) What did that analysis 7 show? 8 A. I believe it showed a net increase in 9 the profitability of the TNI operation primarily 10 from cost reduction. 11 Q. Okay. And one thing that I didn't 12 understand when you were talking about partnership 13 and what Gannett brings to the table, even though 14 the Citizen at this point was talked about being 15 closed or sold, aren't those things that you 16 described, the services and the expertise and all 17 of that, aren't they providing that -- I mean, 18 weren't they providing that all along? 19 A. Yes. 20 Q. And so once the Citizen is gone, is that 21 really what was valuable to them as a partner, 22 those services and efficiencies and skills as a 23 newspaper owner, as a partnership, and not the 24 Citizen? 25 A. I'm still not sure what your question</p>



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CERTIFICATE OF COURT REPORTER

I, Lucinda Winslow-Haidsiak, a Certified Shorthand Reporter in and for the State of Iowa, do hereby certify that the facts as stated in the caption hereto are true; that the witness named on the face sheet was by me sworn to testify to the truth and nothing but the truth concerning the matters in controversy in this cause; that said witness was thereupon examined on oath and the examination reduced to writing under my supervision, consisting of the foregoing pages; and the computer-aided transcript is a true record of the testimony given by said witness and all objections made.

I further certify that I am neither attorney or counsel for, nor related to or employed by, any of the parties to the action in which this deposition is taken; and, further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto or financially interested in the action.

I further certify that charges for the preparation of the foregoing completed deposition,



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original thereof, were charged to the attorney(s)
for the Department of Justice.

In witness whereof I have hereunto set
my hand this 23rd day of February, 2009.

Lucinda Winslow-Haidsiak

Lucinda Winslow-Haidsiak
Certified Shorthand Reporter
Iowa and Illinois
Certified Realtime Reporter
2516 East 40th Street
Davenport, Iowa 52807-1553

My Iowa Notarial Commission expires November 12,
2010.

LW(pp)



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WITNESS CERTIFICATE

I HEREBY CERTIFY THAT I HAVE READ THE
FOREGOING 93 PAGES AND FIND THE QUESTIONS AND
ANSWERS CONTAINED THEREIN TO BE TRUE AND CORRECT
AS PUT AT THE TIME OF THE TAKING OF THE DEPOSITION.

DATED THIS 11TH DAY OF MARCH, 2009.

SIGNED

(CARL SCHMIDT)



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Carl George Schmidt

February 19, 2009

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DEPOSITION ERRATA SHEET

RE: Esquire

File No. 13436

Case Caption: In Re:

Investigation by the Department of Justice

Deponent: CARL GEORGE SCHMIDT

Deposition Date: February 19, 2009

To the Reporter:

I have read the entire transcript of my Deposition taken in the captioned matter or the same has been read to me. I request that the following changes be entered upon the record for the reasons indicated. I have signed my name to the Errata Sheet and the appropriate Certificate and authorize you to attach both to the original transcript.

Page No. 16 Line No. 18 Change to: BOTH PAPER THAN IF...

Reason for change: WORD "THAN" MISSING

Page No. 29 Line No. 7 Change to: PERCENT AND...

Reason for change: CHANGE "IN" TO "AND"

Page No. 33 Line No. 8 Change to: MARKETS THAT ARE REGIONAL HUBS. ...

Reason for change: CHANGE "HOGS" TO "HUBS"



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Deposition of CARL GEORGE SCHMIDT

Page No. 41 Line No. 19 Change to: OBTAINED GANNETT'SReason for change: CHANGE "LEE'S" TO "GANNETT'S"Page No. 57 Line No. 14 Change to: _____Reason for change: CHANGE "CAPITOL" TO "CAPITAL"Page No. 58 Line No. 12 Change to: _____Reason for change: CHANGE "CAPITOL" TO "CAPITAL"Page No. 65 Line No. 18 Change to: _____Reason for change: CHANGE "COMMITTEES" TO "ECONOMIES"Page No. 788D Line No. VARIOUS Change to: _____Reason for change: CHANGE "CAPITOL" TO "CAPITAL"Page No. 89 Line No. 17 Change to: _____Reason for change: CHANGE "AMIALE" TO "AMENABLE"

SIGNATURE: _____

DATE: 3/11/09

CARL GEORGE SCHMIDT

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EXHIBIT F

Certified Copy

In Re:
Investigation by the Department of Justice
into the termination of the Tucson, Arizona
Newspapers Joint Operating Agreement
~~~~~

**Deposition of**

**Daniel S. Ehrman, Jr.**

February 13, 2009  
9:40 a.m.

United States Department of Justice  
Antitrust Division  
450 5th Street  
Washington, D.C.

Reported by: Bonnie L. Russo  
Job No. 24614



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| <p style="text-align: center;">101</p> <p>1 an entirety privilege if that's what you are<br/>2 asserting.<br/>3 MR. LANG: It is and I will ask for<br/>4 the return of the document. It's true that we<br/>5 looked at it, but on the face of it, the entire<br/>6 privilege nature was not known from the face of<br/>7 it and when it was put in the context we could<br/>8 tell, we had a huge volume of documents to<br/>9 produce in about 15 days and as a result of<br/>10 that we just really had to plow through it and<br/>11 were getting a lot of push to get the documents<br/>12 done and of course we wanted to accommodate<br/>13 you.<br/>14 MR. DEMPSEY: I will respond to some<br/>15 of that because while the original due date for<br/>16 the production was a two week time frame your<br/>17 production did not come in two weeks. Some of<br/>18 it came in yesterday so production has been<br/>19 taking place over the course of a month, but I<br/>20 don't think you or I want to get into an<br/>21 argument about that on the record.<br/>22 We will agree to remove Exhibit 10</p> | <p style="text-align: center;">103</p> <p>1 Q. Buyup?<br/>2 A. Yes.<br/>3 Q. Tell me what that means.<br/>4 A. That would have been the<br/>5 conversations earlier in 2008 where we talked<br/>6 about one of us buying an additional ownership<br/>7 interest.<br/>8 Q. This would be conversations between<br/>9 Gannett and Lee?<br/>10 A. Dan Ehrman and Carl Schmidt.<br/>11 Q. Dan Ehrman, yourself, and Carl<br/>12 Schmidt at Lee?<br/>13 A. Yes.<br/>14 Q. Those are the swaps and other<br/>15 exchanges of interest that you described<br/>16 previously?<br/>17 A. This is the buyup, not the swaps.<br/>18 Q. The buyup of Lee's interest?<br/>19 A. Yes.<br/>20 Q. Now, so was it June of 2008 when a<br/>21 consideration first began about -- what was the<br/>22 phrase you used regarding the Citizen</p> |
| <p style="text-align: center;">102</p> <p>1 from the record of this deposition and take<br/>2 under consideration your claim that it's a<br/>3 privileged document.<br/>4 However, with agreement with<br/>5 counsel, though, I can pick up with where my<br/>6 questioning left off with the witness, Mr.<br/>7 Ehrman and that's what I would like to do at<br/>8 this time.<br/>9 MR. LANG: Okay.<br/>10 BY MR. DEMPSEY:<br/>11 Q. You had been telling me in the time<br/>12 frame of June 2008 that there was consideration<br/>13 at Gannett of the Citizen going away entirely.<br/>14 Tell me what that was about, please.<br/>15 A. When we didn't -- when the buyout<br/>16 transaction didn't come to fruition we started<br/>17 evaluating whether the Citizen was a failing<br/>18 newspaper.<br/>19 Q. When you say "the buyout transaction<br/>20 didn't come to fruition" tell me what that<br/>21 meant?<br/>22 A. I should say buyup.</p>                                                                                                                                                         | <p style="text-align: center;">104</p> <p>1 newspaper?<br/>2 A. Whether it was a failing newspaper.<br/>3 Q. Is that when the consideration<br/>4 began?<br/>5 A. Around June, yes.<br/>6 Q. And what was your involvement in<br/>7 that?<br/>8 A. We ran the -- lead the team that ran<br/>9 the economic analysis.<br/>10 Q. Who lead the team?<br/>11 A. I lead the team.<br/>12 Q. Who was the team that did the<br/>13 economic analysis?<br/>14 A. It would have been Evan Ray, Bruce<br/>15 Klink, myself. And then in the later stages we<br/>16 involved Mike Jameson and Joel and I -- I can't<br/>17 pronounce Joel's last name. I forget his last<br/>18 name.<br/>19 Q. Are you referring to Joel Rohlik,<br/>20 the VP of finance at TNI?<br/>21 A. Yes.<br/>22 Q. That is the whole team?</p>                 |

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| <p style="text-align: center;">105</p> <p>1 A. We may have asked an additional<br/>2 corporate specialist for input. For example,<br/>3 on Austin Ryan on something associated with<br/>4 equipment.<br/>5 Q. Did Robert Dickey have a role in<br/>6 this analysis on whether or not the Tucson<br/>7 Citizen was a failing newspaper?<br/>8 A. No.<br/>9 Q. Why did you lead the team?<br/>10 A. It was an outgrowth of the<br/>11 conversations we were having with Lee. It<br/>12 involves a -- it would involve a structural<br/>13 reorganization of TNI potentially and when we<br/>14 deal with outside parties on those kinds of<br/>15 things I tend to lead that team.<br/>16 Q. When you say "it was an outgrowth of<br/>17 the conversation we were having with Lee" are<br/>18 you referring to the conversations you were<br/>19 having with Carl Schmidt?<br/>20 A. Yes.<br/>21 Q. At what point did you broach with<br/>22 Lee the idea of shutting down the Citizen?</p> | <p style="text-align: center;">107</p> <p>1 Q. And when approximately did that get<br/>2 suggested to you?<br/>3 A. That would have been in mid 2008.<br/>4 So May/June time period.<br/>5 Q. And did he explain why he was<br/>6 suggesting your newspaper should be shut down<br/>7 as opposed to your newspaper?<br/>8 A. I don't recall him explaining that.<br/>9 Q. Tell me what was discussed when he<br/>10 said "what about Gannett shutting down the<br/>11 Citizen" if that's the way he put it?<br/>12 A. I don't recall how he put it, but<br/>13 the idea was -- the suggestion was what are<br/>14 other efficiencies? What else can we do in<br/>15 Tucson to improve the operating results there.<br/>16 Q. What does the operating results<br/>17 mean? Does that mean the profits?<br/>18 A. Yes.<br/>19 Q. Coming out of TNI?<br/>20 A. Yes.<br/>21 Q. Is there something the matter with<br/>22 the level of profits coming out of TNI?</p>                                                                                                  |
| <p style="text-align: center;">106</p> <p>1 A. I didn't broach it with Lee.<br/>2 Q. Who -- did anybody broach that with<br/>3 Lee?<br/>4 A. I don't know if anybody did. I<br/>5 didn't.<br/>6 Q. What point, to your knowledge, did<br/>7 Lee become informed that Gannett was going to<br/>8 pursue that idea of shutting down the Citizen?<br/>9 A. When they -- they suggested it.<br/>10 Q. Lee suggested it?<br/>11 A. Carl suggested it.<br/>12 Q. What did he suggest?<br/>13 A. When the buyup wasn't going anywhere<br/>14 we needed to look at other alternatives for<br/>15 improving the operations there.<br/>16 Q. What did Carl specifically suggest<br/>17 to you?<br/>18 A. I don't remember the specifics of<br/>19 the conversation.<br/>20 Q. You were saying that Lee suggested,<br/>21 what, to shut down the Citizen?<br/>22 A. Yes.</p>                                                                                                                         | <p style="text-align: center;">108</p> <p>1 A. They are going down and, you know,<br/>2 we are -- our whole industry is in a problem so<br/>3 we are looking at ways to maintain our product.<br/>4 Lee has whatever their own interests are to<br/>5 maintain their profits.<br/>6 Q. So walk me through what happened<br/>7 next. So Carl Schmidt suggests to you maybe<br/>8 Gannett should shut down the Citizen. What<br/>9 happens after that?<br/>10 A. We have conversations internally as<br/>11 to whether that's possible, how you go about<br/>12 doing it.<br/>13 Q. What was the reaction inside Gannett<br/>14 generally to that idea?<br/>15 A. If there is a way to improve the<br/>16 bottom line of TNI we should evaluate that.<br/>17 Q. So then what steps were taken to<br/>18 evaluate the bottom line of TNI and to evaluate<br/>19 the Citizen as a candidate to be shut down?<br/>20 A. The Citizen was a logical candidate<br/>21 to be shut down because it's the afternoon<br/>22 paper and it's the smaller paper. The process</p> |



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| <p style="text-align: center;">109</p> <p>1 was to look at, okay, what does the Citizen<br/>2 contribute to TNI.</p> <p>3 Q. And were there ongoing discussions<br/>4 with Lee as regarding shutting down the Citizen<br/>5 after Carl made the suggestion to you that<br/>6 Gannett considered shutting down the Citizen?</p> <p>7 A. There were additional discussions,<br/>8 yes.</p> <p>9 Q. And why were there additional<br/>10 discussions?</p> <p>11 A. Just to keep them updated about our<br/>12 analysis.</p> <p>13 Q. Did they have input into that<br/>14 analysis?</p> <p>15 A. I don't recall.</p> <p>16 Q. And you keep them updated because<br/>17 they are your partner at TNI?</p> <p>18 A. Yes.</p> <p>19 Q. Now, when you lead this team to do<br/>20 the analysis of considering shutting down the<br/>21 Citizen did you have a name for that project?</p> <p>22 A. No.</p>                                                                                                                                                                                     | <p style="text-align: center;">111</p> <p>1 exact date when we did that.</p> <p>2 Q. A general date is okay. Maybe this<br/>3 will be a different way to ask the question.</p> <p>4 I think you said you began around<br/>5 mid June with Carl saying to you how about<br/>6 Gannett shutting down the Citizen. Then you<br/>7 told me there was a team.</p> <p>8 How long did that process run?</p> <p>9 A. Into the fourth quarter.</p> <p>10 Q. Of 2008?</p> <p>11 A. Yes.</p> <p>12 Q. And so at some time in the fourth<br/>13 quarter when you decide we are going to pursue<br/>14 this idea of putting the Citizen up for sale<br/>15 and if it's not sold shutting it down?</p> <p>16 A. Yes.</p> <p>17 Q. And did you inform Lee of your<br/>18 analysis? You told me it had updates to them<br/>19 along the way?</p> <p>20 A. Yes.</p> <p>21 Q. Okay. And what was their reaction<br/>22 to that?</p>                                                                                                           |
| <p style="text-align: center;">110</p> <p>1 Q. What sort of documents or reports or<br/>2 written analyses did you all generate in that<br/>3 process?</p> <p>4 A. It was principally worksheets, Excel<br/>5 worksheets, where we started with actual data<br/>6 and actual data for TNI and broke it apart into<br/>7 its components, TNI, the Citizen and the Star,<br/>8 and then there would have been memoranda<br/>9 explaining, you know, back and forth what the<br/>10 numbers were, e-mails back and forth to gather<br/>11 the data.</p> <p>12 Q. E-mails back and forth between whom?</p> <p>13 A. Among the people on the team.</p> <p>14 Q. Gannett people on the team?</p> <p>15 A. Yes, Gannett people.</p> <p>16 Q. And I want to come back to more of<br/>17 that but moving ahead for the moment so what<br/>18 was the point at which you all decided that,<br/>19 yes, we would put the Citizen up for sale; if<br/>20 there isn't a buyer shut it down?</p> <p>21 A. I would suspect that -- when we made<br/>22 the decision to put -- I can't remember an</p> | <p style="text-align: center;">112</p> <p>1 A. Just keep us informed.</p> <p>2 Q. So they didn't object to the idea?</p> <p>3 A. They didn't object to the idea.</p> <p>4 Q. And I have seen a letter that you<br/>5 signed on behalf of Gannett and somebody signed<br/>6 on behalf of Lee changing the relationship<br/>7 between the two companies in light of the sale<br/>8 of the Citizen and its possible closure if<br/>9 nobody buys it.</p> <p>10 Do you remember that -- you know<br/>11 what I am talking about?</p> <p>12 MR. LANG: Object to form. Rather<br/>13 than describing the letter if there is a letter<br/>14 in mind why don't you show it to him?</p> <p>15 MR. DEMPSEY: I may do that in time.</p> <p>16 Let me ask a different question if I may.</p> <p>17 BY MR. DEMPSEY:</p> <p>18 Q. So you let them know some time in<br/>19 the fourth quarter you want to close the<br/>20 Citizen?</p> <p>21 A. May have been -- fourth quarter<br/>22 starts October 1. Could have been the end of</p> |

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| <p style="text-align: center;">113</p> <p>1 September. I mean, you know. There were a<br/>2 number of months of analysis that went on and I<br/>3 don't have a bright line date when we had the<br/>4 conversations with Carl and there could have<br/>5 been conversations with Carl along the way of<br/>6 the analysis that were going on that would have<br/>7 been earlier than in the fourth quarter.<br/>8 Q. Thank you for that clarification.<br/>9 What discussions did you have with<br/>10 Carl about how you might if you were to close<br/>11 the Citizen, sell it if nobody buy it, close<br/>12 it, what changes would need to be made to your<br/>13 partnership with Lee if you go down that road?<br/>14 A. When?<br/>15 Q. When did you -- did you have<br/>16 conversations with Carl about that?<br/>17 A. Not until earlier this year.<br/>18 Q. Going back to the decision, the<br/>19 analysis you were doing in the two months about<br/>20 whether or not to close down the Citizen, did<br/>21 you talk with Carl about how the partnership<br/>22 with Lee would also have to be changed if you</p> | <p style="text-align: center;">115</p> <p>1 about what happened to the TNI agreement.<br/>2 Q. When you say "we" are you referring<br/>3 to yourself and Carl?<br/>4 A. Carl and I.<br/>5 Q. Were you having discussions<br/>6 internally at Gannett on what changes you would<br/>7 want to see to the partnership and the JOA<br/>8 agreement in Tucson if you were to go down the<br/>9 road of selling or closing the Citizen?<br/>10 A. I don't recall having any<br/>11 discussions like that within Gannett.<br/>12 Q. Are you saying you didn't have them<br/>13 or what are you telling me?<br/>14 MR. LANG: Objection. He asked and<br/>15 answered.<br/>16 BY MR. DEMPSEY:<br/>17 Q. Go ahead.<br/>18 A. I am telling you I don't recall<br/>19 having those discussions.<br/>20 Q. Okay. What is the arrangement you<br/>21 now have with Lee regarding your relationship<br/>22 in Tucson?</p>                                                                           |
| <p style="text-align: center;">114</p> <p>1 were to get rid of the Citizen?<br/>2 A. No.<br/>3 Q. Did you have -- you told me before<br/>4 that when you were talking about ideas of swap<br/>5 in the TNI reorg and you talked about changing<br/>6 say the termination provisions or other things<br/>7 that would need to change did you do a similar<br/>8 analysis in conjunction with selling or closing<br/>9 the Citizen?<br/>10 A. No.<br/>11 Q. Did others at Gannett do that?<br/>12 A. Not that I'm aware of. I need to<br/>13 correct that last statement. Back when we were<br/>14 going through this analysis up to the sale we<br/>15 didn't talk about any changes to the<br/>16 partnership agreement. You referred to a<br/>17 letter that I signed. That's when we talked<br/>18 about what would happen on the partnership<br/>19 agreement. What is documented in that letter<br/>20 and about that same time.<br/>21 Back in the third and fourth quarter<br/>22 when we were doing the analysis we didn't talk</p>                                                                                       | <p style="text-align: center;">116</p> <p>1 A. That when and if the sale<br/>2 transaction shut down occurs we have to<br/>3 renegotiate the partnership agreement and we<br/>4 are sharing expenses on this process.<br/>5 Q. Does your agreement with them<br/>6 currently also provide that you will share<br/>7 profits 50/50 on the Star after the Citizen is<br/>8 either sold or closed?<br/>9 A. We will share profits coming out of<br/>10 TNI 50/50.<br/>11 Q. Which after the Citizen is sold or<br/>12 closed would be only the Star newspaper as the<br/>13 core newspaper?<br/>14 A. The Star would be the only core<br/>15 newspaper. There would be nondaily products<br/>16 and there will be web products and whatever<br/>17 other projects TNI created on a going forward<br/>18 business.<br/>19 Q. Which are currently products in TNI?<br/>20 A. Yes.<br/>21 Q. For instance, you all print the Wall<br/>22 Street Journal and distribute it in that area;</p> |

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| <p style="text-align: center;">117</p> <p>1 is that correct?</p> <p>2 A. I know that we distribute it. I</p> <p>3 don't know if we print it.</p> <p>4 Q. Prior to the sale of the Citizen</p> <p>5 that is ongoing right now, in the TNI you both</p> <p>6 have newspapers that you have to produce; is</p> <p>7 that correct?</p> <p>8 A. Yes.</p> <p>9 Q. Gannett has to put out the Citizen</p> <p>10 and Lee has to put out the Star?</p> <p>11 A. No. Gannett, Lee and TNI have to</p> <p>12 put out those newspapers.</p> <p>13 Q. Does Gannett have responsibility for</p> <p>14 its own newsroom for the Citizen?</p> <p>15 A. Yes.</p> <p>16 Q. And does Lee have as its</p> <p>17 responsibility for the newsroom the Star?</p> <p>18 A. Yes.</p> <p>19 Q. Is it Gannett's responsibility under</p> <p>20 the JOA to create the news content and</p> <p>21 editorial content for the Citizen?</p> <p>22 A. Yes.</p>                                                     | <p style="text-align: center;">119</p> <p>1 after the Citizen goes away?</p> <p>2 A. Because that's what the JOA</p> <p>3 agreement says.</p> <p>4 Q. Doesn't the JOA agreement also</p> <p>5 require that the Citizen newspaper be put out?</p> <p>6 A. Yes, but that's why we contemplated</p> <p>7 amending that and that's why the letter you</p> <p>8 referred to amends that agreement to say that</p> <p>9 we don't have to put that paper out.</p> <p>10 Q. But even with not having to put that</p> <p>11 paper out you still share the profits 50/50 at</p> <p>12 TNI which includes the Star?</p> <p>13 A. Yes.</p> <p>14 Q. What does Lee get in exchange for</p> <p>15 continuing to give you half the profits even</p> <p>16 though you don't have to put out the Citizen</p> <p>17 newspaper?</p> <p>18 A. They no longer have to subsidize 50</p> <p>19 percent of the losses of the failing newspaper.</p> <p>20 Q. And by "the failing newspaper" you</p> <p>21 mean the Citizen?</p> <p>22 A. Correct.</p>                                        |
| <p style="text-align: center;">118</p> <p>1 Q. Is that a requirement for it to do</p> <p>2 that under the JOA?</p> <p>3 MR. LANG: I object to the extent</p> <p>4 you are asking him for legal conclusions.</p> <p>5 MR. DEMPSEY: I am not asking legal</p> <p>6 conclusions. I am asking him what his</p> <p>7 understanding is of what Gannett's</p> <p>8 responsibilities at TNI.</p> <p>9 MR. LANG: You can answer to the</p> <p>10 extent you have an understanding.</p> <p>11 THE WITNESS: My understanding is we</p> <p>12 are responsible for what goes into the Citizen.</p> <p>13 BY MR. DEMPSEY:</p> <p>14 Q. And you currently share the profits</p> <p>15 50/50 at TNI?</p> <p>16 A. Yes.</p> <p>17 Q. And you will still continue to share</p> <p>18 the profits 50/50 at TNI even after the Citizen</p> <p>19 is sold or closed?</p> <p>20 A. Yes.</p> <p>21 Q. What is your understanding as to why</p> <p>22 Lee would agree to share the profits 50/50 even</p> | <p style="text-align: center;">120</p> <p>1 Q. Now, let's go back to the analysis</p> <p>2 you did when you said you formed up a team to</p> <p>3 assess whether or not the Citizen was a failing</p> <p>4 newspaper.</p> <p>5 How did you go about determining</p> <p>6 that? What was your methodology for assessing</p> <p>7 whether or not the Citizen is failing, if</p> <p>8 that's your mission? If you thought your</p> <p>9 mission was different then tell me that,</p> <p>10 please.</p> <p>11 A. Our mission was to determine what</p> <p>12 the contribution of the Citizen was to the</p> <p>13 partnership.</p> <p>14 Q. So how did you go about assessing</p> <p>15 that?</p> <p>16 A. We took the financial statements of</p> <p>17 TNI and we busted it -- we broke it apart into</p> <p>18 its component pieces. We looked at the</p> <p>19 contribution made by TNI. We looked at the</p> <p>20 contribution made by the Citizen. We looked at</p> <p>21 the contribution made by the Star.</p> <p>22 Q. Is that something you had to create</p> |

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CERTIFICATE OF NOTARY PUBLIC

I, Bonnie L. Russo, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken by me in shorthand and thereafter reduced to computerized transcription under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of the action.

*Bonnie L. Russo*

Notary Public in and for  
the District of Columbia

My Commission expires: May 14, 2010



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Deposition of Daniel Ehrman  
February 13, 2009  
Errata Sheet**

[illegible]

I have read the foregoing transcript and, with the above proposed errata, I find it to be a complete and accurate transcription of my testimony in the above captioned matter.

Signature: \_\_\_\_\_

Date:

only in the above captioned matter.