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 to 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 "Sponsor Partner") may transfer its
entire Partnership Interest to any Affiliate of the Sponsor
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 Severability. 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.
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: [Signature]
Name: Nicholas G. Penniman III
Title: Senior Vice President

CITIZEN PUBLISHING COMPANY

By: [Signature]
Name: [Name]
Title: [Title]
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: ___________________________

Name: GARY L. WATSON
Title: VICE PRESIDENT
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**Non-Daily Revenue:**

- Retail: 823,451 - 823,451 0.0 - 823,451 0.0
- Classified: 1,179,839 - 1,179,839 0.0 - 1,179,839 0.0
- Preprint:
  - Local: 3,756,706 - 3,756,706 0.0 - 3,756,706 0.0
- Majors: 3,756,706 - 3,756,706 0.0 - 3,756,706 0.0
- Total Non-Daily Advertising Revenue: 5,759,908 - 5,759,908 0.0 - 5,759,908 0.0
- Total Non-Daily Circulation Revenue: 5,759,908 - 5,759,908 0.0 - 5,759,908 0.0
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- Online Revenue: 4,616,179 - 4,616,179 0.0 - 4,616,179 0.0
- Non-Daily Profit: 1,140,819 - 1,140,819 0.0 - 1,140,819 0.0
- Online Revenue: 3,736,909 - 3,736,909 0.0 - 3,736,909 0.0
- Online Expense: 2,159,083 - 2,159,083 0.0 - 2,159,083 0.0
- Online Profit: 1,577,826 - 1,577,826 0.0 - 1,577,826 0.0
- Total Advertising Revenue: 88,809,074 - 88,809,074 0.0 - 88,809,074 0.0
- Equity Income/Loss: - - 0.0 - 0.0
- Other Non-Operating Revenues: - - 0.0 - 0.0
- Total Newspaper Revenue: 111,717,709 - 111,717,709 0.0 - 111,717,709 0.0
- Total Newspaper Expense: 77,282,154 - 77,282,154 0.0 - 77,282,154 0.0
- Total Newspaper Profit: 34,465,555 - 34,465,555 0.0 - 34,465,555 0.0
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**USAT Printing:**

- N.I.T.: 34,465,555 - 34,465,555 0.0 - 34,465,555 0.0
- Interest Income/Expense: - - 0.0 - 0.0
- Goodwill: - - 0.0 - 0.0
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#### Non-Daily Revenue:

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<th>Preprint</th>
<th>Local</th>
<th>Major</th>
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<th>Total Non-Daily Advertising Revenue</th>
<th>Total Non-Daily Circulation Revenue</th>
<th>Total Non-Daily Revenue</th>
<th>Non-Daily Expense</th>
<th>Non-Daily Profit</th>
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#### Core Newspaper Profit:

- | | | | | | | | | | | |

### Year to Date

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<th>Var. %</th>
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#### Core Newspaper Expense:

- | | | | | | | | | | | |

#### Non-Daily Revenue:

- | | | | | | | | | | | |

#### Core Newspaper Profit:

- | | | | | | | | | | | |

#### Total Advertising Revenue:

- | | | | | | | | | | | |

#### Equity Income/Loss:

- | | | | | | | | | | | |

#### Other Non-Operating Revenues:

- | | | | | | | | | | | |

#### Total Newspaper Revenue:

- | | | | | | | | | | | |

#### Total Newspaper Expense:

- | | | | | | | | | | | |

#### Total Newspaper Profit:

- | | | | | | | | | | | |

#### Local Commercial Plg:

- | | | | | | | | | | | |

#### Tax Provision:

- | | | | | | | | | | | |

#### Net Income:

- | | | | | | | | | | | |
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**USAT Circulation**
- Mailroom: 1,714,152 (89,232) 0.5
- News: 14,491,412 (343,182) 2.4
- Total: 16,205,564 (432,414) 2.9

**Gen. & Admin.**
- Accounting: 1,008,239 (55,200) 5.5
- Information Tech: 2,426,055 (115,640) 4.8
- Total: 3,434,294 (170,840) 6.3

**Market Development**
- Development: 1,060,609 (29,248) 2.8
- Total: 1,060,609 (29,248) 2.8

**Bad Debt**
- Total: 76,301 (88,533) (113.1)

**Cora Newspaper Expense**
- Total: 77,271,888 (1,710,502) (2.2)

**Cora Newspaper Profit**
- Total: 30,912,717 (20,494,232) (61.2)

**Non-Daily Revenue**
- Retail: 894,413 (283,681) 26.8
- Preprint: 1,197,110 (520,356) 44.3
- Total: 2,087,523 (703,037) (34.9)

**Total Non-Daily Advertising Revenue**
- Total: 4,414,641 (2,341,853) (22.7)

**Online Revenue**
- Total: 2,868,856 (287,920) (12.2)

**Total Advertising Revenue**
- Total: 7,348,656 (587,879) (8.2)

**Local Commercial Plg:**
- Revenue: 51,590 (4,590) 9.9
- Expense: 19,290 (9,290) 9.9
- Total: 32,230 (5,600) (17.3)

**USAT Printing**
- Total: 35,900,658 (2,107,382) 6.0

**Net Income**
- Total: 38,080,762 (3,784,673) (9.4)

---

**UNIT: S1087**

---

**Monday, January 06, 2009**

**2:23:28 PM**
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<tr>
<td>Operating Statement</td>
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<tr>
<td>For Period Dec 2007</td>
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<tr>
<td><strong>YEAR TO DATE</strong></td>
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**Monday, January 05, 2009 2:19:33 PM**
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### Tucson Agency Operating Statement

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### Core Newspaper Expenses

- Retail: 1,590,492
- Classified: 1,590,492
- Legal: 1,268,780
- Preprint: 2,531,719
- Local: 3,011,400
- Total Non-Daily Preprint: 5,549,909
- Total Daily Advertising Revenue: 8,481,880
- Total Non-Daily Revenue: 3,481,880
- Total Non-Daily Expense: 3,481,880
- Core Newspaper Profit: 1,000,000

### Core Newspaper Profit

- Non-Daily Revenue: 1,584,063
- Non-Daily Expense: 1,584,063
- Core Newspaper Profit: 0

### Non-Daily Profit

- Online Revenue: 9,598,327
- Online Expense: 9,598,327
- Non-Daily Profit: 0

### Total Advertising Revenue

- Total Advertising Revenue: 69,549,354
- Total Advertising Revenue: 20,483,759
- Total Advertising Revenue: 84,941,233

### Other Operating Expenses

- Equity Income/Loss: 0
- Other Non-Operating Rev/Exp: 0
- Total Non-Daily Revenue: 3,481,880

### Local Commercial Ptg

- Revenue: 851,764
- Expense: 509,627
- Local Commercial Profit: 342,137

### Tucson Agency Profit

- Tucson Agency Profit: 342,137
EXHIBIT E
In Re: Investigation by the
Department of Justice into the
Termination of the Tucson Arizona
Newspapers Joint Operating Agreement

DEPOSITION OF

CARL GEORGE SCHMIDT

February 19, 2009
2:00 p.m.

Lee Enterprises
Suite 600, 201 North Harrison
Davenport, Iowa 52801

LUCINDA WINSLOW-HAIDSIAK, RPR, CSR, CRR
change at that time.
Q. Did you have any conversation with Mr. Ehrman about Gannett's plans for the Citizen going forward?
A. No.
Q. At what point in time did you?
A. That would have occurred in August or September 2008, roughly.
Q. Okay. What was the nature of those communications?
A. Mr. Ehrman called me one day and said that Gannett had decided that they believed it was best to sell, or failing that, close the Citizen, and wanted Lee's opinion as to whether we would agree with that.
Q. Why would you have to agree?
MR. MCCALMON: Objection, he didn't testify — he didn't testify they would have to agree.
MS. HALE: He said whether —
MR. MCCALMON: Said he wanted his opinion as to whether they would agree.
MR. DEMPSEY: Read the answer back.
(The requested portion of the record was read back by the reporter.)
MR. McCALMON: Can we go off the record for a second?

MS. HALE: Sure.

(A recess was held off the record.)

Q. (BY MS. HALE) Are you finished?

A. I'm sorry, yes.

Q. Okay. I need to go back to something we were talking about before, which was Mr. Ehrman you said got in touch with you. Did you say August, September of 2008?

A. Approximately, I don't recall exactly, but it would have been about that timeframe.

Q. Regarding the closing or putting up for sale of the Citizen, and I didn't -- I don't think I got an answer to my question on what your reaction was to that.

MR. McCALMON: I think you did get. Can you read it back.

(The requested portion of the record was read back by the reporter.)

Q. (BY MS. HALE) Well, if you could look at the document that's been marked Exhibit --

A. Okay.

Q. Okay. And as you may have been able to tell from reading it, it is an email from Craig.

Dobow to Mary Junck, and he, in his email, references Dan Ehrman being in touch with you -- having been in touch with you. And now he is -- Dan is waiting to hear back from you. What's your understanding of Dan Ehrman being in touch with you, and about what? And this would be in July, and of July, 2008.

MR. McCALMON: I'm going to object, because he was not on this email, and it was not a communication involving him.

MS. HALE: What are you objecting to?

MR. McCALMON: It calls for speculation.

MS. HALE: I asked if Dan Ehrman had been in touch with him.

MR. McCALMON: You asked what is your understanding of what is written here, this note that he has been --

MS. HALE: I will rephrase my question.

Q. (BY MS. HALE) Was Dan Ehrman in touch with you during this timeframe?

A. Based on my reading of this email, I would say yes.

Q. On what topic?

A. Unclear.

Q. Was there information that he had asked from you and was waiting to hear from you?

A. Not that I recall. I mean, Dan and I talk periodically about many things.

Q. But in this timeframe, you have no sense of what -- a conversation where he told you about Gannett's plan regarding the Citizen?

A. That's a possibility.

Q. And would there be any reason that Dan would be waiting to hear back from you on that subject?

A. If, in fact, this email does refer to that particular topic, then as I stated in an earlier answer, Dan did ask for me to have a discussion on that topic among the Lee people because they had asked for our opinion.

Q. Okay. And did you have such a discussion among the Lee people?

A. Yes.

Q. And what was that discussion?

A. Would we be in agreement with the idea to sell or close the Citizen, and we agreed that it was worth pursuing.

Q. And why was it worth pursuing?

A. Areas the size of Tucson with two newspapers are rare. And the Citizen itself had had significantly declining circulation over the years. It is our opinion that Tucson can't really support two newspapers. Many municipalities can't even support one.

Q. Had you done any analysis of the Citizen's contribution to the JOA?

A. No.

Q. And so what -- what were you basing this statement that you just made that perhaps Tucson couldn't support two newspapers?

A. Changes in circulation primarily.

Q. And were others at Lee in the discussion you had with them in agreement on this point?

A. Yes.

Q. Did you convey that view, that Lee view, to Mr. Ehrman?

A. Yes.

Q. And was there any discussion at that point in time of how the JOA would be restructured once the Citizen was sold or shut down?

A. Well, the JOA agreement would still stand in -- as I understand it. And there was
some discussion about maintaining the 50-50 distribution of earnings, yes.

Q. Okay. So if I understand you correctly then, Gannett would continue to receive 50 percent of the profits after the Citizen was sold or closed?

A. Yes.

Q. Even though there is only one newspaper, your newspaper?

A. Yes.

Q. And what would Gannett be contributing to the enterprise at that point?

A. Gannett contributes a substantial amount of management expertise to the partnership now, and, in fact, I would characterize them as the operating partner of the partnership. Systems, a good -- I believe most of the benefits are provided by Gannett. They provide committees of scale in relation to procurement of newspaper and other commodities. I'm sure there are more things, but all of those.

Q. Had you made an assessment of the value of those things relative to 50 percent of the profit that would come from a partnership that operated only one newspaper?

A. You have to understand that the contribution of assets occurred in 1940-something, and I believe at the time that the relative contributions of the two parties were somewhat equal. Now, I mean, I wasn't around then. I wasn't even born then, but I'm sure that if the contributions weren't relatively equal, it wouldn't be a 50-50 partnership today.

Over time those assets have change in value, but it is a partnership, and the fact that it was designed to be shared or that profits were designed to be shared 50-50 is an enduring concept. So, the fact that we are the publisher of the Star today and the Star happens to have bigger circulation than the Citizen, I mean, over time, that's a nice concept, but the real governing issue is the partnership agreement, and that's a 50-50 deal. I'm not sure I answered the question.

Q. I think I'm still confused, and there may be something that I'm missing. But as I understand it, you know, it is your newspaper that would be bringing in the ad revenues and the subscriber revenues. And it is not clear to me -- and I could be missing something -- why you would want to give 50 percent of those to your partner unless there was something of comparable value that your partner is bringing to the partnership.

A. Well, the bulk of the advertising is generated by the Star now, even with the Citizen in existence, and yet we still share profits 50-50. So all you are talking about is simply an extension of that same concept, so I'm not sure I understand the question.

Q. Was there an expectation that the Star would generate more revenues in terms of subscribers and advertisers if the Citizen were not around?

A. The analysis that was done indicated there were some cost savings if the Citizen were not in existence. I don't recall that was actually an increase in revenue. In fact, there would be a decrease in revenue probably from the elimination of the Citizen circulation revenue.

Q. What analysis are you referring to?

A. There was analysis prepared by Gannett and with the assistance of the TNI staff.

Q. And that was shared with you?

A. Yes.

MR. McCALMON: Nina, can we go off the record for a second? I don't mean to interrupt a line of questioning, but when we can go off the record for a second, we have important information about the schedule.

(A recess was held off the record.)

Q. (BY MS. HALE) What did that analysis show?

A. I believe it showed a net increase in the profitability of the TNI operation primarily from cost reduction.

Q. Okay. And one thing that I didn't understand when you were talking about partnership and what Gannett brings to the table, even though the Citizen at this point was talked about being closed or sold, aren't those things that you described, the services and the expertise and all of that, aren't they providing that -- I mean, weren't they providing that all along?

A. Yes.

Q. And so once the Citizen is gone, is that really what was valuable to them as a partner, those services and efficiencies and skills as a newspaper owner, as a partnership, and not the Citizen?

A. I'm still not sure what your question
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,
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.

[Signature]

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)
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)
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

1F...

Reason for change: WORD "THAN" MISSING

Page No. 24 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 "HUBS" TO "HUBS"
98

Deposition of CARL GEORGE SCHMIDT

Page No. 41 Line No. 19 Change to: OBTAINED GANNETT'S

Reason 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. 7880 Line No. VARIOUS Change to:

Reason for change: CHANGE "CAPITOL" TO "CAPITAL"

Page No. 89 Line No. 17 Change to:

Reason for change: CHANGE "AMABLE" TO "AMENABLE"

SIGNATURE: __________________________ DATE: 3/11/04

CARL GEORGE SCHMIDT
EXHIBIT F
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
an entirety privilege if that's what you are asserting.

MR. LANG: It is and I will ask for the return of the document. It's true that we looked at it, but on the face of it, the entire privilege nature was not known from the face of it and when it was put in the context we could tell, we had a huge volume of documents to produce in about 15 days and as a result of that we just really had to plow through it and were getting a lot of push to get the documents done and of course we wanted to accommodate you.

MR. DEMPSEY: I will respond to some of that because while the original due date for the production was a two week time frame your production did not come in two weeks. Some of it came in yesterday so production has been taking place over the course of a month, but I don't think you or I want to get into an argument about that on the record.

We will agree to remove Exhibit 10 from the record of this deposition and take under consideration your claim that it's a privileged document.

However, with agreement with counsel, though, I can pick up with where my questioning left off with the witness, Mr. Ehrman and that's what I would like to do at this time.

MR. LANG: Okay.

BY MR. DEMPSEY:

Q. You had been telling me in the time frame of June 2008 that there was consideration at Gannett of the Citizen going away entirely. Tell me what that was about, please.

A. When we didn't -- when the buyout transaction didn't come to fruition we started evaluating whether the Citizen was a failing newspaper.

Q. When you say "the buyout transaction didn't come to fruition" tell me what that meant?

A. I should say buyup.
<table>
<thead>
<tr>
<th>Page 105</th>
<th>Page 107</th>
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</table>
| 1. We may have asked an additional corporate specialist for input. For example, on Austin Ryan on something associated with equipment.  
Q. Did Robert Dickey have a role in this analysis on whether or not the Tucson Citizen was a failing newspaper?  
A. No.  
Q. Why did you lead the team?  
A. It was an outgrowth of the conversations we were having with Lee. It involves a -- it would involve a structural reorganization of TNI potentially and when we deal with outside parties on those kinds of things I tend to lead that team.  
Q. When you say "it was an outgrowth of the conversation we were having with Lee" are you referring to the conversations you were having with Carl Schmidt?  
A. Yes.  
Q. At what point did you broach with Lee the idea of shutting down the Citizen?  
| 1. And when approximately did that get suggested to you?  
A. That would have been in mid 2008.  
Q. So May/June time period.  
Q. And did he explain why he was suggesting your newspaper should be shut down as opposed to your newspaper?  
A. I don't recall him explaining that.  
Q. Tell me what was discussed when he said "what about Gannett shutting down the Citizen" if that's the way he put it?  
A. I don't recall how he put it, but the idea was -- the suggestion was what are other efficiencies? What else can we do in Tucson to improve the operating results there.  
Q. What does the operating results mean? Does that mean the profits?  
A. Yes.  
Q. Coming out of TNI?  
A. Yes.  
Q. Is there something the matter with the level of profits coming out of TNI?  |
| Page 106 | Page 108 |
| 1. I didn't broach it with Lee.  
Q. Who -- did anybody broach that with Lee?  
A. I don't know if anybody did. I didn't.  
Q. What point, to your knowledge, did Lee become informed that Gannett was going to pursue that idea of shutting down the Citizen?  
A. When they -- they suggested it.  
Q. Lee suggested it?  
A. Carl suggested it.  
Q. What did he suggest?  
A. When the buyup wasn't going anywhere we needed to look at other alternatives for improving the operations there.  
Q. What did Carl specifically suggest to you?  
A. I don't remember the specifics of the conversation.  
Q. You were saying that Lee suggested, what, to shut down the Citizen?  
A. Yes.  
| 1. They are going down and, you know, we are -- our whole industry is in a problem so we are looking at ways to maintain our product. Lee has whatever their own interests are to maintain their profits.  
Q. So walk me through what happened next. So Carl Schmidt suggests to you maybe Gannett should shut down the Citizen. What happens after that?  
A. We have conversations internally as to whether that's possible, how you go about doing it.  
Q. What was the reaction inside Gannett generally to that idea?  
A. If there is a way to improve the bottom line of TNI we should evaluate that.  
Q. So then what steps were taken to evaluate the bottom line of TNI and to evaluate the Citizen as a candidate to be shut down?  
A. The Citizen was a logical candidate to be shut down because it's the afternoon paper and it's the smaller paper. The process |
### 109

| Q. | And were there ongoing discussions with Lee as regarding shutting down the Citizen after Carl made the suggestion to you that Gannett considered shutting down the Citizen? A. There were additional discussions, yes. Q. And why were there additional discussions? A. Just to keep them updated about our analysis. Q. Did they have input into that analysis? A. I don't recall. Q. And you keep them updated because they are your partner at TNI? A. Yes. Q. Now, when you lead this team to do the analysis of considering shutting down the Citizen did you have a name for that project? A. No. |

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| Q. | What sort of documents or reports or written analyses did you all generate in that process? A. It was principally worksheets, Excel worksheets, where we started with actual data and actual data for TNI and broke it apart into its components, TNI, the Citizen and the Star, and then there would have been memoranda explaining, you know, back and forth what the numbers were, e-mails back and forth to gather the data. Q. E-mails back and forth between whom? A. Among the people on the team. Q. Gannett people on the team? A. Yes, Gannett people. Q. And I want to come back to more of that but moving ahead for the moment so what was the point at which you all decided that, yes, we would put the Citizen up for sale; if there isn't a buyer shut it down? A. I would suspect that -- when we made the decision to put -- I can't remember an exact date when we did that. Q. A general date is okay. Maybe this will be a different way to ask the question. A. I think you said you began around mid June with Carl saying to you how about Gannett shutting down the Citizen. Then you told me there was a team. Q. How long did that process run? A. Into the fourth quarter. Q. Of 2008? A. Yes. Q. And so at some time in the fourth quarter when you decide we are going to pursue this idea of putting the Citizen up for sale and if it's not sold shutting it down? A. Yes. Q. And did you inform Lee of your analysis? You told me it had updates to them along the way? A. Yes. Q. Okay. And what was their reaction to that? A. Just keep us informed. Q. So they didn't object to the idea? A. They didn't object to the idea. Q. And I have seen a letter that you signed on behalf of Gannett and somebody signed on behalf of Lee changing the relationship between the two companies in light of the sale of the Citizen and its possible closure if nobody buys it. Do you remember that -- you know what I am talking about? A. LANG: Object to form. Rather than describing the letter if there is a letter in mind why don't you show it to him? A. DEMPSEY: I may do that in time. Let me ask a different question if I may. BY MR. DEMPSEY: A. LANG: May have been -- fourth quarter starts October 1. Could have been the end of
<table>
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<th>Page 113</th>
<th>Page 115</th>
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<td>1 September. I mean, you know. There were a number of months of analysis that went on and I don't have a bright line date when we had the conversations with Carl and there could have been conversations with Carl along the way of the analysis that were going on that would have been earlier than in the fourth quarter. Q. Thank you for that clarification. What discussions did you have with Carl about how you might if you were to close the Citizen, sell it if nobody buy it, close it, what changes would need to be made to your partnership with Lee if you go down that road? A. When? Q. When did you -- did you have conversations with Carl about that? A. Not until earlier this year. Q. Going back to the decision, the analysis you were doing in the two months about whether or not to close down the Citizen, did you talk with Carl about how the partnership will change with Lee would also have to be changed if you were to get rid of the Citizen? A. No. Q. Did others at Gannett do that? A. Not that I'm aware of. I need to correct that last statement. Back when we were going through this analysis up to the sale we didn't talk about any changes to the partnership agreement. You referred to a letter that I signed. That's when we talked about what would happen on the partnership agreement. What is documented in that letter and about that time. Back in the third and fourth quarter when we were doing the analysis we didn't talk about what happened to the TNI agreement. Q. When you say &quot;we&quot; are you referring to yourself and Carl? A. Carl and I. Q. Were you having discussions internally at Gannett on what changes you would want to see to the partnership and the JOA agreement in Tucson if you were to go down the road of selling or closing the Citizen? A. I don't recall having any discussions like that within Gannett. Q. Are you saying you didn't have them or what are you telling me? MR. LANG: Objection. He asked and answered. BY MR. DEMPSEY: Q. Go ahead. A. I am telling you I don't recall having those discussions. Q. Okay. What is the arrangement you now have with Lee regarding your relationship in Tucson?</td>
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<td>114</td>
<td>116</td>
</tr>
<tr>
<td>1 A. That when and if the sale transaction shut down occurs we have to renegotiate the partnership agreement and we are sharing expenses on this process. Q. Does your agreement with them currently also provide that you will share profits 50/50 on the Star after the Citizen is either sold or closed? A. We will share profits coming out of TNI 50/50. Q. Which after the Citizen is sold or closed would be only the Star newspaper as the core newspaper? A. The Star would be the only core newspaper. There would be nondaily products and there will be web products and whatever other projects TNI created on a going forward business. Q. Which are currently products in TNI? A. Yes. Q. For instance, you all print the Wall Street Journal and distribute it in that area;</td>
<td></td>
</tr>
</tbody>
</table>
117
1 is that correct?
2 A. I know that we distribute it. I
don't know if we print it.
3 Q. Prior to the sale of the Citizen
that is ongoing right now, in the TNI you both
have newspapers that you have to produce; is
that correct?
4 A. Yes.
5 Q. Gannett has to put out the Citizen
and Lee has to put out the Star?
6 A. No. Gannett, Lee and TNI have to
put out those newspapers.
7 Q. Does Gannett have responsibility for
its own newsroom for the Citizen?
8 A. Yes.
9 Q. And does Lee have as its
responsibility for the newsroom the Star?
10 A. Yes.
11 Q. Is it Gannett's responsibility under
the JOA to create the news content and
editorial content for the Citizen?
12 A. Yes.

118
1 Q. Is that a requirement for it to do
that under the JOA?
2 MR. LANG: I object to the extent
you are asking him for legal conclusions.
3 MR. DEMPSEY: I am not asking legal
conclusions. I am asking him what his
understanding is of what Gannett's
responsibilities at TNI.
4 MR. LANG: You can answer to the
extent you have an understanding.
5 THE WITNESS: My understanding is we
are responsible for what goes into the Citizen.
6 BY MR. DEMPSEY:
7 Q. And you currently share the profits
50/50 at TNI?
8 A. Yes.
9 Q. And you will still continue to share
the profits 50/50 at TNI even after the Citizen
is sold or closed?
10 A. Yes.
11 Q. What is your understanding as to why
Lee would agree to share the profits 50/50 even

119
1 after the Citizen goes away?
2 A. Because that's what the JOA
agreement says.
3 Q. Doesn't the JOA agreement also
require that the Citizen newspaper be put out?
4 A. Yes, but that's why we contemplated
amending that and that's why the letter you
referred to amends that agreement to say that
we don't have to put that paper out.
5 Q. But even with not having to put that
paper out you still share the profits 50/50 at
TNI which includes the Star?
6 A. Yes.
7 Q. What does Lee get in exchange for
continuing to give you half the profits even
though you don't have to put out the Citizen
newspaper?
8 A. They no longer have to subsidize 50
percent of the losses of the failing newspaper.
9 Q. And by "the failing newspaper" you
mean the Citizen?
10 A. Correct.

120
1 Q. Now, let's go back to the analysis
you did when you said you formed up a team to
assess whether or not the Citizen was a failing
newspaper.
5 How did you go about determining
that? What was your methodology for assessing
whether or not the Citizen is failing, if
that's your mission? If you thought your
mission was different then tell me that,
please.
11 A. Our mission was to determine what
the contribution of the Citizen was to the
partnership.
14 Q. So how did you go about assessing
that?
16 A. We took the financial statements of
TNI and we busted it — we broke it apart into
its component pieces. We looked at the
contribution made by TNI. We looked at the
contribution made by the Citizen. We looked at
the contribution made by the Star.
22 Q. Is that something you had to create
219
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.

[Signature]

Notary Public in and for the District of Columbia

My Commission expires: May 14, 2010
### Gannett Company Inc.
Deposition of Daniel Ehrman
February 13, 2009
Errata Sheet

<table>
<thead>
<tr>
<th>Page</th>
<th>Line</th>
<th>Correction</th>
</tr>
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<tbody>
<tr>
<td>15</td>
<td>19</td>
<td>Change “Freed” to “Fried”.</td>
</tr>
<tr>
<td>19</td>
<td>4-5</td>
<td>Change “Curry” to “Currie”.</td>
</tr>
<tr>
<td>21</td>
<td>17-22</td>
<td>Clarify that “Carl Schmidt is the CFO of Lee Enterprises”.</td>
</tr>
<tr>
<td>25</td>
<td>17</td>
<td>Change “sufficiently” to “efficiently”.</td>
</tr>
<tr>
<td>51</td>
<td>7</td>
<td>Change “economics” to “economies”.</td>
</tr>
<tr>
<td>51</td>
<td>7</td>
<td>Change “sale” to “scale”.</td>
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<tr>
<td>63</td>
<td>2</td>
<td>Change “P &amp; I” to “TNI”.</td>
</tr>
<tr>
<td>137</td>
<td>8</td>
<td>Change “Joel” to “Kent”.</td>
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<td>171</td>
<td>20</td>
<td>Change “U.S. Weekly” to “USA Weekend”.</td>
</tr>
<tr>
<td>209</td>
<td>20</td>
<td>Change “Bolt” to “Bulletin”.</td>
</tr>
<tr>
<td>209</td>
<td>22</td>
<td>Change “Herson” to “Hearst”.</td>
</tr>
</tbody>
</table>

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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: [Signature]

Date: 4/3/09