

Subject: furloughs
Date: Wednesday, January 14, 2009 11:00 AM
From: Beck, Randell <rabeck@argusleader.com>
To: Argus-All Users <Argus-AllUsers@argusleader.com>
Conversation: furloughs

Colleagues:

As you will see from the enclosed note from Bob Dickey, president of Gannett's community publishing division, we are instituting a mandatory unpaid furlough for all employees during the first quarter of 2008. Considering the continuing economic difficulties our nation is facing, including right here in Sioux Falls, as well as the challenging forecast for the next several months, I believe this is far better than the alternative. I view this as perhaps the fairest way for all of us, no matter our level or pay, to shoulder the responsibility for reducing expenses. All employees in the community newspaper division will be required to go on furlough. That includes me.

Some of you may have questions about why we are doing this and what this means. Accompanying Bob's note today are some FAQs that will help. Beyond that, I will be available at three different times in the training center to try to answer any questions you may have. Sessions will begin at 1:30, 2:30 and 3:30 pm. Feel free to stop by.

As always, I deeply appreciate everything you do for Argus Leader Media.

Randell Beck
President & Publisher
Argus Leader Media
200 So Minnesota Ave
Sioux Falls, SD 57104
tel: 605 331-2250
email: rabeck@argusleader.com

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Fact sheet
Gannett furlough program
First quarter, 2009

Q. Why has the company decided to do furloughs?

A. Experts are forecasting continued economic weakness for many months to come. While we need to continue to reduce expenses to ensure the overall health of the company, we also need to continue our operations and deliver for our customers. Several alternatives to layoffs have been proposed, but the one that seemed the fairest and the least damaging to our operations at this time was a furlough program. We hope it will minimize the need for layoffs and give us more time to monitor and assess the economic trends and realities.

Q. Is everyone going to participate?

A. All levels of employees in all divisions in the U.S. and the corporate staff will participate to some degree, depending on a variety of factors. That includes U.S. Community Publishing, which is beginning its program immediately; USA TODAY, Broadcast and Digital. Union represented employees will be asked to participate in lieu of layoffs. Top executives in the company are participating. Newsquest is taking other expense reduction measures at this time.

Q. This is a financial hardship for me. Can there be an exception for me?

A. There will be no individual hardship exceptions. We encourage all employees to make use of resources such as the Employee Assistance Program (See question "What other resources do I have...").

Q. Will there be any exceptions at all?

A. Certain essential employees will be granted exceptions as a group. Also, there will be exceptions for newly hired employees and for other individuals and units who are impacted by other expense reduction measures.

Q. How much money is the company saving by doing this?

A. Each unit has been asked to supply an estimate of the savings. A final number is not available at this time.

Q. Won't this compromise our ability to do our jobs, produce our products and satisfy our customers?

A. We think doing another round of layoffs at this time would impact our operations more. Furloughs, while a scheduling challenge, provide more flexibility for our businesses and provide more value for our customers.

Q. Why does this have to be done in the first quarter? Couldn't we have more notice?

A. The first quarter for most of our operations is comparatively quiet and the volume is less. Plus, economists believe the first half will be the most difficult. Action needs to be taken now to continue to bring costs in line with revenues for the first quarter. Waiting until later in the year may magnify the problem and result in more stringent action.

Q. Does this mean there won't be any layoffs this year?

A. The goal is to reduce the need for layoffs, but that decision entirely rests on what happens with revenues during the rest of the year. No final decision has been or will be made at this time.

Q. Does this mean the company is in really bad shape?

A. Not at all. This means we are taking action to avoid the plight of some other companies and industries. Gannett is a solid company and we want to stay that way. Instituting furloughs at this time is a sound financial move by a sound company that is facing severe economic conditions.

Q. Have other companies done this?

A. Many companies outside our industry such as the auto industry routinely use furloughs to cut costs or manage inventory. Some of our peers are doing this or considering furloughs and/or other cost reduction measures at this time.

Q. Why can't I take a pay cut instead?

A. Pay cuts, salary freezes and reduced work weeks are other methods of reducing costs that have been considered and may be considered in the future.

Q. Can I give up a week of vacation instead?

A. No, because vacation days are paid so there is no savings to the company.

Q. Why are the rules different for hourly and salaried employees?

A. Hourly employees and salaried employees are subject to different rules set by the U.S. Department of Labor. Basically, salaried employees are paid for a week's worth of work, not in smaller increments.

Q. May hourly workers take furlough time in part-day or hourly increments?

A. At this time, we are asking the furloughs be taken in full day units.

Q. If a salaried employee works while on furlough because of an emergency, can he or she then take a new furlough week later?

A. Every exempt (salaried) employee will need to complete the furlough as one full payroll week. Furloughs need to be scheduled so back-up personnel are available. If that is not possible, the furlough will need to be undone and rescheduled.

Q. Does the furlough include part-time workers?

A. Yes. The furlough should be based on their scheduled or variable time and should be a week's work of time.

Q. Can I use part-time people to fill in for furloughed workers?

A. Not if it expands their hours and costs more.

Q. Can a salaried employee work on the weekends?

A. There can be no work done during the payroll week at all so it depends entirely on the employee's regular schedule and their regular days off. See the chart below, which shows that a pay period is one week long, regardless of how often an employee is paid (weekly, biweekly or monthly).