SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report: October 23, 1995

GANNETT CO., INC.
(Exact name of registrant as specified in its charter)

Delaware	1-6961	16-0442930
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1100 Wilson Boulevard, Arlington, Virginia 22234

(Address of principal executive offices)(Zip Code)

Registrant's telephone number, including area code (703) 284-6000

ITEM 5. OTHER EVENTS

In conformity with the requirements of the Integrated Disclosure System, Gannett Co., Inc. ("Gannett") has elected to file by this Report on Form 8-K certain exhibits and certain information required under Rule 3-05 and Article 11 of Regulation S-X in connection with Gannett's Registration Statement No. 33-58686 on Form S-3.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(a) Financial Statements of Businesses Acquired.

(1) Audited consolidated balance sheets of Multimedia, Inc. And Subsidiaries as of December 31, 1994 and 1993, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for each of the three years ended December 31, 1994, 1993, and 1992 (incorporated by reference to Multimedia's Annual Report on form 10-K for the year ended December 31, 1994 and filed as an exhibit hereto).

(2) Unaudited consolidated balance sheet of Multimedia, Inc. And Subsidiaries as of June 30, 1995 and unaudited consolidated statements of operation and cash flows for the six months ended June 30, 1995 and June 30, 1994 (incorporated by reference to Multimedia's Quarterly Report on form 10Q for the quarterly period ended June 30, 1995 and filed as an exhibit hereto).

(b) Pro Forma Financial Information.

The following pro forma combining financial statements of Gannett and its pending acquisition is included in this report:

(1) Unaudited pro forma consolidated condensed balance sheet as of June 25, 1995 and the unaudited pro forma consolidated condensed statements of operation for the year ended December 25, 1994 and the six months ended June 25, 1995 (filed as an exhibit hereto).

(c) Exhibits.

See Exhibit Index for list of exhibits.

SIGNATURES

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

GANNETT CO., INC.

Dated: October 23, 1995

By: /s/ Thomas L. Chapple

Thomas L. Chapple,
General Counsel and Secretary

EXHIBIT INDEX

Exhibit Number	Title or Description
23-1	Consent of KPMG Peat Marwick LLP
99-1	Audited consolidated balance sheets of Multimedia, Inc. And Subsidiaries as of December 31, 1994 and 1993, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for each of the the three years ended December 31, 1994, 1993, and 1992 (pages 24 - 38 of Multimedia's Annual Report on form 10-K for the year ended December 31, 1994)
99-2	Unaudited consolidated balance sheet of Multimedia, Inc. And Subsidiaries as of June 30, 1995 and unaudited consolidated statements of operations and cash flows for the six months ended June 30, 1995 and June 30, 1994
99-3	Unaudited pro forma consolidated condensed balance sheet as of June 25, 1995 and the unaudited pro forma consolidated condensed statements of operations for the year ended December 25, 1994 and June 25, 1995.

Exhibit 23-1

INDEPENDENT AUDITORS' CONSENT

The Board of Directors
Multimedia, Inc.

We consent to the inclusion of our report dated February 10, 1995, with respect to the consolidated balance sheets of Multimedia, Inc. and subsidiaries as of December 31, 1994 and 1993, and the related consolidated statements of earnings, stockholders' equity (deficit), and cash flows for each of the years in the three-year period ended December 31, 1994, which report appears in the Form 8-K of Gannett Co., Inc. dated October 23, 1995.

/s/ KPMG Peat Marwick LLP

KPMG Peat Marwick LLP

Greenville, South Carolina
October 23, 1995

Exhibit 99-1

MULTIMEDIA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

YEARS ENDED DECEMBER 31, 1994, 1993, AND 1992

(In thousands except per-share data)	1994	1993	1992
Operating revenues:			
Newspapers	$150,140	135,920	132,485
Broadcasting	142,841	133,035	137,188
Cable	165,406	164,598	144,383
Entertainment	147,512	161,588	129,122
Security	24,584	16,750	10,262
Total operating revenues	630,483	611,891	553,440
Operating costs and expenses:			
Production	229,390	229,385	202,865
Selling, general and administrative	158,248	147,903	134,488
Depreciation and amortization	53,402	50,200	42,982
Total operating costs and expenses	441,040	427,488	380,335
Operating profit	189,443	184,403	173,105
Interest expense	59,142	61,996	71,820
Other income (expense), net	25,584	1,494	(447)
Earnings before income taxes, minority interest and cumulative effect of changes in accounting principles	155,885	123,901	100,838
Income taxes	64,693	38,703	41,343
Minority interest in subsidiaries' losses (income), net	(1,163)	320	1,009
Earnings before cumulative effect of change in accounting principles	90,029	85,518	60,504
Cumulative effect of changes in accounting principles		14,332	
Net earnings	$ 90,029	99,850	60,504
Earnings per share before cumulative effect of change in accounting principles	$ 2.35	2.23	1.61
Cumulative effect of changes in accounting principles		.37	
Earnings per share	$ 2.35	2.60	1.61
Weighted average shares	38,279	38,374	37,593

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

MULTIMEDIA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

YEARS ENDED DECEMBER 31, 1994, 1993 AND 1992

(In thousands)	1994	1993	1992
Common Stock:			
Balance at beginning of year	$ 3,721	3,680	3,507
Stock options exercised	41	41	173
Balance at end of year	3,762	3,721	3,680
Additional paid-in capital:			
Balance at beginning of year	177,689	164,367	140,435
Stock options exercised	4,453	6,882	7,676
Tax benefit from exercise of employee stock options	2,691	2,084	12,875
Amortization of stock options	3,391	4,356	3,381
Balance at end of year	188,224	177,689	164,367
Retained earnings (deficit):			
Balance at beginning of year	(358,930)	(458,780)	(519,284)
Net earnings	90,029	99,850	60,504
Balance at end of year	(268,901)	(358,930)	(458,780)
Total stockholders' equity	$ (76,915)	(177,520)	(290,733)

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

MULTIMEDIA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 1994, 1993 AND 1992

(In thousands)	1994	1993	1992
Cash flows from operating activities:			
Net earnings	$ 90,029	99,850	60,504
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	53,402	50,200	42,982
Amortization of program rights	13,189	14,035	18,277
Amortization of debt issue costs	1,112	1,117	1,058
Cumulative effect of changes in accounting principles		(14,332)	
Minority interest in subsidiaries' (losses) income, net	1,163	(320)	(1,009)
Amortization of stock options	3,391	4,356	3,381
Gain on disposal of assets, net	(25,001)	(739)	0
Increase (decrease) in deferred income taxes	9,559	(3,516)	788
(Increase) decrease in current assets:			
Trade accounts receivable	(9,075)	(6,276)	(6,830)
Inventories, deferred income tax benefits, deferred program costs and prepaid expenses and other	(4,670)	(7,972)	12
Increase (decrease) in current liabilities:			
Accounts payable, accrued payroll and accrued expenses	10,514	8,144	6,133
Accrued interest	(328)	(5,412)	(1,887)
Income taxes payable	(2,539)	17,199	7,884
Unearned income	1,354	1,714	1,299
Net cash flows provided by operating activities	142,100	158,048	132,592
Cash flows from investing activities:			
Additions to property, plant and equipment	(83,028)	(47,378)	(37,493)
Proceeds from disposal of assets	48,475	4,678	0
Acquisitions of properties	(11,045)	(13,170)	(78,710)
Other	(1,077)	(4,485)	1,224
Net cash (used for) investing activities	(46,675)	(60,355)	(114,979)
Cash flows from financing activities:			
Addition (reduction) in revolving credit, net	(28,000)	(59,000)	20,500
Long-term debt retired	(64,440)	(21,998)	(31,630)
Program rights payments	(12,777)	(17,454)	(16,463)
Proceeds from exercise of employee stock options	4,363	6,923	7,849
Other	597	272	10
Net cash (used for) financing activities	(100,257)	(91,257)	(19,734)
Increase (decrease) in cash and cash equivalents	(4,832)	6,436	(2,121)
Cash and cash equivalents, beginning of year	11,034	4,598	6,719
Cash and cash equivalents, end of year	$ 6,202	11,034	4,598

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

MULTIMEDIA, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 1994 AND 1993

(In thousands except share data)	1994	1993
ASSETS		
Current assets:		
Cash and cash equivalents	$ 6,202	11,034
Trade accounts receivable, less allowances for discounts and uncollectible accounts of $4,818 in 1994 and $3,713 in 1993	93,426	85,756
Inventories	4,643	4,408
Deferred income tax benefits	9,581	8,856
Program rights	7,570	8,476
Deferred program costs	10,923	9,670
Prepaid expenses and other	6,795	5,516
Total current assets	139,140	133,716
Property , plant and equipment, at cost:		
Land and land improvements	5,295	5,313
Buildings	42,701	39,155
Broadcasting equipment	52,294	53,898
Publishing equipment	60,857	58,599
Cable equipment	309,718	272,899
Other equipment and fixtures	83,698	68,559
Construction in progress	4,186	1,710
Total	558,749	500,133
Less accumulated depreciation	283,522	259,371
Net property, plant and equipment	275,227	240,762
Intangible assets, net	242,078	251,356
Other assets	27,533	29,340
	$ 683,978	655,174
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Current installments of long-term debt	$ 30,254	393
Accounts payable	24,512	20,557
Accrued interest	2,671	2,999
Accrued payroll	8,386	5,884
Accrued expenses	38,148	30,465
Income taxes payable	10,202	15,432
Program rights payable	7,793	8,540
Unearned income	20,556	19,416
Total current liabilities	142,522	103,686
Long-term debt, excluding current installments	542,303	664,604
Deferred income taxes	54,090	44,046
Other liabilities	3,294	2,837
Minority interest	18,684	17,521
Stockholders' equity (deficit):		
Common stock of $.10 par value per share. Authorized 100,000,000 shares and issued 37,620,000 shares in 1994 and 37,210,000 shares in 1993	3,762	3,721
Additional paid-in capital	188,224	177,689
Retained earnings (deficit)	(268,901)	(358,930)
Total stockholders' equity (deficit)	(76,915)	(177,520)
	$ 683,978	655,174

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

MULTIMEDIA, INC. AND SUBSIDIARIES

1994 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION
The consolidated financial statements include the accounts of Multimedia, Inc. and subsidiaries. Significant inter-company items are eliminated in consolidation.

REVENUE RECOGNITION
Revenue is recognized when programming and advertising are aired or printed, or when services are rendered.

CASH EQUIVALENTS
Cash equivalents include investments with banks with original maturities of three months or less. Cash investments totaled $11,345,000 at December 31, 1994. Cash investments with banks totaled $11,135,000 at December 31, 1993.

INVENTORIES
Inventories are stated at the lower of cost (first-in, first-out) or market (net realizable value) and include newsprint and supplies.

DEPRECIATION
Depreciation for financial reporting purposes is calculated principally on a straight-line basis over the estimated useful lives of the respective assets. Depreciation expense for 1994, 1993 and 1992 was $39,025,000, $35,422,000 and $31,710,000, respectively.

OTHER ASSETS
DEFERRED LOAN COSTS
Deferred loan costs include amounts incurred in connection with raising bank and Senior Note debt. The costs are amortized using the interest method over periods up to 10 years.

DEFERRED COSTS
Deferred costs include amounts deferred during the start-up and prematurity periods for cable systems under development and costs associated with the acquisition of security accounts. These costs are amortized on a straight-line basis over periods up to 15 years.

PROGRAM RIGHTS
Program rights represent agreements with programming syndicators for television program material. When the program or film becomes available for telecasting, the cost of the contract is recorded as an asset and the corresponding contractual obligation as a liability. The cost is amortized over the expected number of telecasts. The portion of the cost to be amortized within one year and after one year is reflected in the consolidated balance sheets as current and noncurrent assets, respectively. The payments under these contracts due within one year and after one year are similarly classified as current and noncurrent liabilities.

INTANGIBLE ASSETS
Intangible assets, which include cable television franchise rights, represent the excess of the cost of properties acquired over the amounts assigned to the net tangible assets at dates of acquisition. Intangible assets arising from acquisitions after October 31, 1970, are amortized on a straight-line basis over periods up to 40 years. Intangibles acquired prior to October 31, 1970, will be amortized only to the extent there is a permanent decline in value. The Company assesses the recoverability of these intangible assets by determining whether the amortization of the balance over its remaining life can be recovered through projected undiscounted future cash flows.

INTEREST RATE SWAP AND CAP AGREEMENTS
The interest rate swap agreements are being accounted for as a hedge of the obligation, and accordingly, the net swap

settlement amount is recorded as an adjustment to interest expense in the period incurred. The net swap settlement amounts for 1994, 1993 and 1992 resulted in charges to interest expense of $1.1 million, $2.1 million and $7.8 million, respectively.

The interest rate swap and cap agreements expire at various times from 1995 through 1997. The Company believes that the sellers of the swap and cap agreements will be able to meet their obligations under the agreements. The purpose of the Company's involvement in interest rate swaps and caps is to minimize the Company's exposure to interest rate fluctuations on its floating rate debt. The Company believes that it has no material concentration of credit or market risks with respect to these interest rate protection agreements.

INCOME TAXES

Effective January 1, 1993, the Company adopted SFAS No. 109, "Accounting for Income Taxes." Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

In 1992, pursuant to APB Opinion 11, deferred income taxes were recognized for income and expense items that were reported in different years for financial reporting purposes and income tax purposes using the tax rate applicable for the year of the calculation.

EARNINGS PER SHARE
Earnings per share are computed based on the weighted average number of shares of common stock and common stock equivalents outstanding during each year. Common stock equivalents are dilutive stock options determined by using the treasury stock method.

MINORITY INTEREST
Minority interest represents the minority shareholders' proportionate share of the equity and the income or loss of certain consolidated subsidiaries, primarily WKYC-TV, Inc. The Company owns 51% of WKYC-TV, Inc.

ACCOUNTING CHANGES
Effective January 1, 1993, the Company adopted SFAS No. 109, "Accounting for Income Taxes." SFAS No. 109 required a change from the deferred method, under APB Opinion 11, to the asset and liability method of accounting for income taxes. The cumulative effect of this change in accounting ($15.4 million) was determined as of January 1, 1993.

The Company adopted SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," as of January 1, 1993, which requires accrual, during an employee's active years of service, of the expected costs of providing postretirement benefits to employees and their beneficiaries and dependents. The Company's accumulated postretirement benefit obligation as of December 31, 1992, based upon calculations performed by the Company's actuarial consultant, was $1.1 million, net of tax.

The net cumulative effect of the above changes ($14.3 million) is reported separately in the 1993 consolidated statement of earnings. The effect of these changes on earnings before cumulative effect of changes in accounting principles in 1993 was not material. Financial statements for years prior to 1993 have not been restated.

Beginning January 1, 1994, the Company began reporting operating revenues for its television and radio stations net of agency commissions and national representation fees. The prior years' consolidated statements of earnings have been restated to reflect this change. This change has no impact on net earnings or earnings per share.

(2) RECAPITALIZATION MERGER
On September 20, 1985, the Company's shareholders approved a Recapitalization Agreement and Plan of Merger (the "Recapitalization Merger"). The Recapitalization Merger was consummated on October 1, 1985, and was accounted for as a redemption not subject to purchase accounting. This resulted in a charge to retained earnings of approximately $887 million.

(3) ACQUISITIONS
In 1994, the Company purchased the accounts of existing security alarm monitoring companies for approximately $7,200,000 in cash. The purchase price has been assigned to property, plant and equipment ($3,500,000) and other assets ($3,700,000). Other acquisitions for 1994 included a small cable television system and the purchase of the remaining 20% interest in certain Illinois cable franchises. The purchase price of these other acquisitions is

considered immaterial.

In 1993, the Company purchased the accounts of existing security alarm monitoring companies for approximately $12,100,000 in cash. The purchase price has been assigned to property, plant and equipment ($6,100,000) and other assets ($6,000,000). Other acquisitions for 1993 included the purchase of the remaining 20% interest in an existing Illinois cable television franchise. The purchase price is considered immaterial.

On December 3, 1992, the Company purchased Indiana cable television systems with approximately 28,000 subscribers for approximately $58,000,000 in cash. The purchase price has been assigned to property, plant and equipment ($18,700,000), intangibles ($37,100,000) and other assets ($2,200,000).

The following unaudited pro forma summary presents the results as if the acquisition of Indiana cable television systems had occurred on January 1, 1992, after giving effect to certain adjustments including interest expense on the acquisition debt. The pro forma results do not necessarily represent results which would have occurred

(3) ACQUISITIONS (CONTINUED)
if the acquisition had occurred on the date indicated nor does it indicate results which may occur in the future.

(In thousands except per-share data)	1992
Total operating revenues	$585,878
Net earnings	58,105
Earnings per share	1.55

In February 1992, the Company also purchased an Illinois cable television system with approximately 5,000 subscribers for approximately $9,500,000 in cash. The purchase price has been assigned to property, plant and equipment ($8,400,000) and intangibles ($1,100,000).

In 1992, the Company also purchased the accounts of existing security alarm monitoring companies for approximately $8,500,000 in cash. The purchase price has been assigned to property, plant and equipment ($4,200,000) and other assets ($4,300,000). Other acquisitions for 1992 included purchases of the remaining 20% interest in two existing Illinois cable television franchises. The purchase price of these interests is considered immaterial.

The operations of all acquired businesses for the three year period ended December 31, 1994, have been included in the consolidated statements of earnings since the dates of acquisition. Other than the Indiana cable television systems, the pro forma effects of the acquisitions on operating revenues, net earnings and net earnings per share for the year of acquisition and for the year immediately preceding the year of acquisition are not significant and are not presented.

(4) OTHER ASSETS
Other assets include:

(In thousands)	1994	1993
Deferred loan costs, net of accumulated amortization of $5,505 in 1994 and $4,372 in 1993	$ 5,646	6,780
Deferred costs, net of accumulated amortization of $12,232 in 1994 and $9,995 in1993	14,740	14,376
Program rights	56	318
Other	7,091	7,866
Total	$27,533	29,340

(5) INTANGIBLE ASSETS
Intangible assets include:

(In thousands)	1994	1993
Excess of cost over net tangible assets:		
30-40 year life	$205,597	209,149
10-20 year life	7,810	7,804
Franchise costs:		
30-40 year life	43,986	41,266
10-20 year life	38,867	37,899
Less accumulated amortization	(73,038)	(63,803)
Amounts not being amortized	18,856	19,041

Total	$242,078	251,356

(6) LONG-TERM DEBT
A summary of long-term debt follows:

(In thousands)	1994	1993
Bank credit facility:		
Term loan	$102,000	166,000
Revolving credit	33,500	61,500
Senior notes	400,000	400,000
Note payable	36,750	36,750
Notes payable in quarterly or annual installments through June 1998	307	747
Total long-term debt	572,557	664,997
Less current installments	30,254	393
Long-term debt, excluding current installments	$542,303	664,604

BANK CREDIT FACILITY
The bank credit facility is comprised of a $355 million revolving credit line and a $102 million term loan. The commitment levels which remain in effect during the years ended are as follows:

(In thousands) Date	Revolving Credit	Term Loan	Total
December 31,1994	$355,000	102,000	457,000
December 31,1995	290,000	76,000	366,000
December 31,1996	225,000	50,000	275,000
December 31,1997	160,000	24,000	184,000
December 31,1998	90,000		90,000
December 31,1999	30,000		30,000
June 30, 2000			

The bank credit facility has a floating interest rate based on the Company's debt to annualized operating cash flow ratio. At December 31, 1994, the interest rate (approximately 6.8%) for these bank notes was the LIBOR rate plus 5/8% or the prime rate. A commitment fee of 3/8% per annum on the unused portion of the revolving credit commitment must be paid quarterly. The Company has the option under the bank Credit Agreement to seek bids from the various banks for alternative interest rates. The Company has interest rate swap agreements which effectively fix the LIBOR rate on $75 million of its floating rate debt at approximately 5.7%. These interest rate swap agreements expire at various times between June 1996 and November 1996. The Company also has an interest rate cap agreement which effectively caps LIBOR on $25 million of its floating rate debt at approximately 7.0%, which expires in December 1995. In addition, the Company has an interest rate cap which caps LIBOR at 7% on $25 million, which begins in 1996 and expires in 1997.

SENIOR NOTES

The Senior Notes are comprised of five series which have maturities from 1995 through 2005 with an original average life of 10 years and bear interest at a composite rate of approximately 10.7%. The remaining average life is 5.5 years. Information regarding each series follows:

(In thousands)	Due Dates	Principal Amount	Interest Rate 2
Series A	June 29,1995	$ 30,000	10.23%
Series B	June 29,1996	30,000	10.36%
Series C	June 29,1997	30,000	10.50%
Series D	June 29,1998	70,000	10.61%
Series E1	June 29,1999 through June 29, 2005	240,000	10.92%
		$400,000	

1 One-seventh of the principal amount due each June 29 for the years 1999 to 2005.

2 Interest is payable semi-annually on June 29 and December 29.

COVENANTS

The bank Credit Agreement and/or Senior Notes contain covenants which limit (i) payment of dividends; (ii) purchase of capital stock of the Company; (iii) incurrence of indebtedness; (iv) acquisitions outside of the Company's current lines of business; (v) liens; (vi) investments; (vii) transactions with affiliates; (viii) sales of assets; and (ix) certain extraordinary transactions. In addition, one or both of the agreements require the Company to maintain specific ratios of debt to annualized operating cash flow, annualized operating cash flow to interest expense and annualized operating cash flow to fixed charges. Management believes it is in compliance with all covenants.

NOTE PAYABLE

In 1990, in addition to purchasing a 51% equity interest in WKYC from NBC, the Company purchased a 51% interest in a $75 million principal promissory note of WKYC which was held by NBC. As a result, 51% of the note is now due to the Company, and NBC retained a 49% interest in that note ($36.8 million), which bears interest at a rate of 10% payable semi-annually on January 15 and July 15. The principal amount is due in full on December 26, 1997.

OTHER

The other notes payable include a $20,000,000 commitment to the Company which expires on July 28, 1995. There were no outstanding borrowings at December 31, 1994, under this commitment. The interest rate on this commitment is the overnight Federal Funds rate plus 1.50% or competitive bid rates, as available. A commitment fee of 1/16% per annum on the unused portion of the commitment must be paid quarterly. The remaining notes payable have fixed interest rates ranging from 8% to 11.25%.

The minimum aggregate annual repayments of long-term debt during the next five years, excluding the bank credit facility, are as follows (in thousands): 1995, $30,254; 1996, $30,062; 1997, $66,777; 1998, $70,012; 1999, $34,286.

(7) DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of cash and cash equivalents, trade accounts receivable, accounts payable and accrued expenses approximates fair value because of the short maturity of these instruments. The fair value of the interest rate swaps or caps is the estimated amount that the Company would receive or pay to eliminate the swap or cap agreements at the reporting date, taking into account current interest rates and the current credit-worthiness of the swap counterparties. The fair value of the Company's long-term debt is based on estimates of market prices for the same or similar issues and on the current rates offered to the Company for debt of the same remaining maturities. The fair value of program rights payable is the present value of the future obligations.

(7) DISCLOSURES ABOUT FAIR VALUE
OF FINANCIAL INSTRUMENTS (CONTINUED)

Estimated fair values of the Company's financial instruments are as follows:

(In thousands)	1994 Carrying Amount	1994 Fair Value
Assets:		
Interest rate cap agreements	$ 524	654
Interest rate swap agreements	-	2,564
Liabilities:		
Long-term debt:		
Bank credit facility	135,500	135,500
Senior notes	400,000	429,638
Note payable	36,750	37,856
Other notes payable	307	307
Program rights payable	7,793	7,514

(8) INCOME TAXES
Total income tax expense for the years ended December 31, 1994 and 1993 was allocated as follows:

(In thousands)	1994	1993
Income from continuing operations	$64,693	38,703
Cumulative effect of change in accounting principle- adoption of SFAS No. 106	-	(755)
Stockholders' equity- additional paid-in capital for compensation expense for tax purposes in excess of amounts recognized for financial reporting purposes	(2,691)	(2,084)
Total income tax expense	$62,002	35,864

Income tax expense (benefit) includes:

(In thousands)

	1994	1993	1992
Federal:			
Current	$46,260	28,905	33,821
Deferred	7,827	1,844	263
	54,087	30,749	34,084
State:			
Current	9,114	7,783	7,369
Deferred	1,492	171	(110)
	10,606	7,954	7,259
Total	$64,693	38,703	41,343

The items comprising the difference in taxes on income computed at the U.S. statutory rates (35% in 1994 and 1993 and 34% in 1992) and the amounts provided follow:

(In thousands)	1994	1993	1992
Computed expected tax expense	$54,560	43,365	34,285
Increase (reduction) in tax expense resulting from:			
State income taxes, net of			

Federal income tax benefit	6,894	5,170	4,791
Amortization	1,822	1,796	1,756
Reduction for settlement of IRS exam		(12,372)	
Additional provision for (reduction in) income taxes	902	(365)	799
Other, net	515	1,109	(288)
Actual tax expense	$64,693	38,703	41,343

The significant components of deferred income tax expense attributable to income from continuing operations for the years ended December 31, 1994 and 1993 are as follows:

(In thousands)	1994	1993
Deferred tax expense (exclusive of the effect of the following item)	$9,319	1,195
Adjustment to deferred tax assets and liabilities for enacted changes in tax laws and rates		820
	$9,319	2,015

For the year ended December 31, 1992, deferred income tax expense (benefit) of $153,000 resulted from timing differences in the recognition of income and expense for income tax and financial reporting purposes. The sources and tax effects of these timing differences are presented below:

(In thousands)	1992
Accelerated depreciation	$ 304
Amortization	(1,108)
Accrued expenses and allowances	(717)
Other, net	1,674
	$ 153

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 1994 and 1993 are presented below:

(In thousands)	1994	1993
Deferred tax assets:		
Amortization of stock options	$ 4,225	3,214
Accrued expenses and allowances	10,249	10,294
Total gross deferred tax assets	14,474	13,508
Less-valuation allowance		
Net deferred tax assets	14,474	13,508
Deferred tax liabilities:		
Accelerated depreciation	51,661	38,911
Amortization	6,856	9,018
Other, net	466	769
Total gross deferred tax liabilities	58,983	48,698
Net deferred tax liability	$44,509	35,190

Management believes that a valuation allowance is not necessary based upon the level of historical taxable income and the projections for future taxable income over the periods during which the deferred tax assets are deductible.

The Internal Revenue Service (IRS) has examined the Company's federal consolidated income tax returns through 1989. In 1993 the Company reached an agreement with the IRS as to the 1982 through 1986 tax liabilities. The agreed to settlement principally involved purchase price allocations related to cable acquisitions and characterization of professional fees incurred in 1985 and was less than the amounts previously accrued. This agreement resulted in a reduction in income taxes.

The IRS has issued notices of deficiency with regard to the Company's tax returns for 1987 through 1989. The Company is contesting these deficiencies. The deficiencies principally involve various acquisition issues related primarily to the cable division. The Company is continuing to vigorously contest the assessments, but the ultimate resolution of these matters cannot be ascertained at this time. The Company believes that it has adequately provided for agreed-upon and potential deficiencies, including interest.

(9) COMMON STOCK, STOCK OPTIONS AND PREFERRED STOCK

The Company has adopted five stock option plans (the Restricted Option Plan, Performance Option Plan, New Key Executive Plan, 1991 Stock Option Plan and Director's Option Plan) and signed stock option agreements with Phillip J. Donahue and Sally Jessy Raphael. Each option is for one share of common stock.

All of the 1,513,494 authorized options, exercisable at $.33 per share, under the Restricted Option Plan were granted in 1985. Fair market value of the stock on the date of grant was $3.33 per share. Options for 679,810 shares were outstanding on December 31, 1991, all of which were exercised in 1992. There were no outstanding options under the Restricted Option Plan as of the end of 1994.

All of the 1,032,498 authorized options, exercisable at $3.33 per share, under the Performance Option Plan were granted in 1985. Fair market value of the stock on the date of grant was $3.33 per share. The Performance Options became exercisable as defined operating cash flow goals of the Company were equaled or exceeded. Options for 264,555 shares were outstanding on December 31, 1991. Options for 64,555 shares were exercised in 1992, and options for 200,000 shares were exercised in 1994. No options remain outstanding under this plan.

The forfeited shares from the Restricted Option Plan and the Performance Option Plan are now available for options which may be granted under the New Key Executive Plan.

The New Key Executive Plan, 1991 Stock Option Plan, Director's Stock Option Plan and agreements with Phillip J. Donahue and Sally Jessy Raphael authorize the granting of 8,085,372 options. Generally, options granted under these plans are exercisable to the extent of 20% per year, beginning approximately one year following date of grant, provided the holder of the option is still an employee of or is rendering services to the Company at such time. Option prices, which are established by the Board of Directors or a committee thereof, have been determined based on the market values on dates of grant, except for 1,542,400 options granted in 1987 through 1992 at prices ranging from $3.33 to $23.00 per share. Information regarding options under the New Key Executive Plan,

(9) COMMON STOCK, STOCK OPTIONS
AND PREFERRED STOCK (CONTINUED)

1991 Stock Option Plan, Director's Stock Option Plan and Donahue and Sally Jessy Raphael agreements follows:

	1994	1993	1992
Outstanding at January 1:			
Options	2,555,640	2,755,700	3,340,173
Price	$ 3.33-	$ 3.33-	$ 3.33-
	$ 35.00	$ 29.00	$ 28.67
Granted:			
Options	827,500	385,000	448,000
Price	$ 26.25-	$ 32.13-	$ 15.00-
	$ 34.25	$ 35.00	$ 29.00
Forfeited or canceled:			
Options	162,300	178,280	38,550
Price	$ 15.00-	$ 3.33-	$ 15.21-
	$ 34.25	$ 35.00	$ 27.10
Exercised:			
Options	200,560	406,780	993,923
Price	$ 9.92-	$ 3.33-	$ 3.33-
	$ 29.00	$ 27.10	$ 27.10
Outstanding at December 31:			
Options	3,020,280	2,555,640	2,755,700
Price	$ 3.33-	$ 3.33-	$ 3.33-
	$ 35.00	$ 35.00	$ 29.00
Exercisable at December 31:			
Options	1,685,347	1,365,698	1,171,770
Price	$ 3.33-	$ 3.33-	$ 3.33-
	$ 34.75	$ 35.00	$ 28.67

Compensation expense of $3,390,750, $4,356,000 and $3,381,000 is included in selling, general and administrative expense in 1994, 1993 and 1992, respectively, related to the amortization of the deferred compensation on the options issued under the above plans.

The Company has 600,000 shares of authorized but unissued 5% convertible cumulative preferred stock of $20 par value per share.

(10) SHAREHOLDER RIGHTS PLAN
In September 1989, the Company declared a dividend distribution of one common share purchase Right for each outstanding share of the Company's common stock. The Rights are designed to assure that all the Company's shareholders, other than an acquiring shareholder, receive equal treatment in the event of any proposed takeover of the Company. Each Right will entitle shareholders to buy one share of common stock at an exercise price of $133.33.

The Rights will be exercisable only if a person or group acquires 15% or more of the Company's common stock or announces a tender offer, the consummation of which would result in ownership by a person or group of 15% or more of the common stock. If a person or group acquires 15% or more of the Company's outstanding common stock, each holder of a Right, other than Rights beneficially owned by the acquiring person, will have the right to purchase common shares of the Company having a market value of twice the exercise price of the Right. If the Company is acquired in a merger or other business combination transaction, each holder of a Right will thereafter have the right to purchase common shares of the acquiring company which at the time of such transaction will have a market value of twice the exercise price of the Right.

Prior to the acquisition by a person or group of beneficial ownership of 15% or more of the Company's common stock, the Rights are redeemable for one-third of one cent per Right at the option of the Board of Directors. If unexercised, the Rights expire September 6, 1999.

(11) OTHER INCOME (EXPENSE)
Other income (expense) includes:

(In thousands)	1994	1993	1992
Gain on disposal of assets , net	$25,001	739	---
Interest income	779	904	82
Other, net	(196)	(149)	(529)
	$25,584	1,494	(447)

In August 1994, the Company sold its wireless cable operations for $35.1 million resulting in a gain of $22.0 million before taxes. In addition, throughout 1994, the Company sold its radio properties in Milwaukee, Wisconsin; Shreveport, Louisiana; and Greenville, South Carolina. The proceeds from these transactions were $13.3 million resulting in gains of $8.1 million before taxes. The Company also discontinued its made-for-television movies business in 1994, resulting in losses of $3.4 million before taxes.

In January 1993, the Company sold its mobile video production business for $4.5 million, which resulted in a gain of $2.3 million before taxes.

Gain on disposal of assets, net, is net of approximately $3.0 and $1.0 million in 1994 and 1993, respectively, in writeoffs of cable equipment related to rebuilds. Interest income includes $.5 and $.8 million, respectively, in 1994 and 1993, in refunds received from the IRS related to the settlement of its audits of the Company's 1982 through 1986 federal consolidated income tax returns.

(12) EMPLOYEE BENEFIT PLANS
PENSION PLANS

The Company and its subsidiaries have noncontributory pension plans which cover substantially all employees who meet age and service requirements. The pension plans provide defined benefits that are based on years of credited service, average compensation (as defined) and the primary social security benefit. Contributions to the plans are based on the Entry Age Normal actuarial funding method and are limited to amounts that are currently deductible for tax reporting purposes. Assets held by the pension plans include equity securities, corporate and government bonds, and cash and short term assets.

The weighted average discount rate and the rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation were 8.0% and 6.5%, respectively, in 1994, and 7.25% and 6.5%, respectively, in 1993. The expected long-term rate of return on assets was 8% in 1994 and 1993.

The following tables set forth the pension plans' funded status and amounts recognized in the Company's consolidated financial statements at December 31, 1994, and 1993:

(In thousands)	1994	1993
Actuarial present value of accumulated benefit obligation, including vested benefits of $35,218 in 1994 and $36,308 in 1993	$36,846	37,854
Projected benefit obligation	$48,698	50,603
Plan assets at fair value	57,127	59,817
Excess of plan assets over the projected benefit obligation	$ 8,429	9,214
Unrecognized net gain	(2,341)	(2,704)
Unrecognized net asset being amortized over an average of 17 years	(4,605)	(5,180)
Other	(1,601)	(1,298)
Prepaid (accrued) pension costs included in other assets	$ (118)	32

(In thousands)	1994	1993	1992
Net pension expense (income) included the following components:			
Service cost	$ 2,183	2,206	1,942
Interest cost	3,528	3,312	3,029
Actual return on plan assets	583	(5,310)	(3,547)
Net deferral and amortization	(6,099)	20	(1,654)
Net pension expense (income)	$ 195	228	(230)

THRIFT PLAN
The Company and its subsidiaries have a salary deferral thrift plan for all eligible employees. The Company and its subsidiaries match contributions by employees up to 2% of their salaries. Company contributions charged to operations in 1994, 1993 and 1992 were $1,405,000, $1,359,000 and $1,216,000, respectively. Thrift plan costs are funded biweekly.

OTHER POSTRETIREMENT BENEFITS
The Company sponsors unfunded postretirement benefit

plans that provide health care, life insurance and other postretirement benefits to certain retired employees. The health care plans generally include participant contributions, co-insurance provisions, limitations on the Company's obligation and service-related eligibility requirements. The net postretirement benefit liability and periodic postretirement benefit cost associated with these plans are not material.

SUPPLEMENTAL RETIREMENT PROGRAM

The Company has an unfunded Supplemental Retirement Program ("SERP"), not included in the above table, for certain executive officers. The actuarial present value of accumulated benefit obligation at December 31, 1994 and 1993 was $2,058,000, $1,355,000, respectively. The expense for 1994, 1993 and 1992 was $703,000, $606,000 and $519,000, respectively.

(13) QUARTERLY OPERATING RESULTS (UNAUDITED)
The Company's quarterly operating results for 1994 and 1993 are presented below.

(In thousands except per-share data) Quarter Ended	March 31	June 30	September 30	December 31
1994				
Operating revenues	$146,419	159,231	152,650	172,183
Operating profit	40,918	49,851	47,713	50,961
Net earnings	17,334	19,443	30,469	22,783
Net earnings per share	.45	.51	.80	.59
1993				
Operating revenues	$139,521	157,062	147,816	167,492
Operating profit	38,130	46,605	45,737	53,931
Earnings before cumulative effect of changes in accounting principles	15,198	18,267	30,241	21,812
Net earnings	29,530	18,267	30,241	21,812
Earnings per share be ore cumulative effect of changes in accounting principles	.40	.48	.79	.56
Net earnings per share	.77	.48	.79	.56

(14) INDUSTRY SEGMENTS
Financial information by industry segment for each of the years in the three-year period ended December 31, 1994, is summarized below:

(In thousands)	1994	1993	1992
Operating revenues:			
Newspapers	$150,140	135,920	132,485
Broadcasting	142,841	133,035	137,188
Cable	165,406	164,598	144,383
Entertainment	147,512	161,588	129,122
Security	24,584	16,750	10,262
	$630,483	611,891	553,440
Operating profit:			
Newspapers	45,427	37,667	37,698
Broadcasting	51,756	38,816	38,191
Cable	52,555	56,645	50,692
Entertainment	52,074	63,285	55,841
Security	3,048	1,838	1,818
	204,860	198,251	184,240
Less corporate expenses	(15,417)	(13,848)	(11,135)
	$189,443	184,403	173,105
Depreciation and amortization:			
Newspapers	5,868	6,049	5,962
Broadcasting	8,600	9,031	9,888
Cable	31,569	28,817	22,387
Entertainment	1,158	2,024	1,960
Security	6,050	4,140	2,640
	53,245	50,061	42,837
Corporate	157	139	145
	$ 53,402	50,200	42,982

(In thousands)	1994	1993	1992
Additions to property, plant and equipment:			
Newspapers	6,542	4,611	6,785
Broadcasting	4,892	4,025	5,142
Cable	57,724	32,413	22,159

Entertainment	1,603	497	574
Security	11,881	5,704	2,739
	82,642	47,250	37,399
Corporate	386	128	94
	$ 83,028	47,378	37,493
Identifiable assets:			
Newspapers	91,902	89,473	90,872
Broadcasting	189,344	192,596	200,679
Cable	278,168	256,990	251,700
Entertainment	51,840	50,222	35,792
Security	60,543	47,336	31,894
	671,797	636,617	610,937
Corporate	12,181	18,557	17,008
	$683,978	655,174	627,945

The Company operates principally in five industries: newspapers, broadcasting, cable television, entertainment and security alarms. Newspaper operations involve the publication and distribution of both daily and non-daily newspapers from which revenues are derived primarily from circulation and the sale of advertising linage. Broadcasting operations involve the sale of time to advertisers and network revenue. Cablevision operations involve the provision of broadcast signals of television and radio stations owned by others to subscribers whose monthly payments are the primary source of revenues. Entertainment operations generate revenue from programming, talent and production operations. Security operations involve the monitoring, installation and servicing of security systems. Operating profit is total revenues less operating expenses. Interest expense, net other income (expense) and income taxes have been excluded in computing operating profit. Identifiable assets by industry segment represent those assets used in the Company's operations in that segment.

(15) CASH FLOW INFORMATION
Net cash provided by operating activities is further analyzed as follows:

(In thousands)	1994	1993	1992
Operating profit plus depreciation, amortization and amortization of stock options:			
Newspapers	$ 51,295	43,716	43,660
Broadcasting	60,356	47,847	48,079
Cable	84,124	85,462	73,079
Entertainment	53,232	65,309	57,801
Security	9,098	5,978	4,458
Corporate	(11,869)	(9,354)	(7,609)
	246,236	238,958	219,468
Cash payments for interest	(58,358)	(61,636)	(72,649)
Cash payments for taxes, net of refunds	(58,431)	(32,016)	(33,275)
Amortization of program rights	13,189	14,035	18,277
Other	(536)	(1,293)	771
Net cash flows provided by operating activities	$142,100	158,048	132,592

The Company entered into contracts for program rights totaling $12,052,000, $12,977,000 and $14,218,000 for 1994, 1993 and 1992, respectively, which are not reflected in the consolidated statements of cash flows or the above schedule.

(16) COMMITMENTS
At December 31, 1994, the Company had commitments for purchases of syndicated television programming of $27.2 million through 2000 and commitments for purchases of property, plant and equipment of $17.0 million ($13.9 million relates to construction of a new production facility at the Company's Montgomery, Alabama, newspaper operation). Commitments relating to rebuilds and upgrades to cable franchises to be performed through 1996 were approximately $12.7 million at year-end.

In addition, the Company periodically enters into contractual agreements with talent in the entertainment and broadcasting businesses.

During the first quarter of 1995, the Company completed the trade of certain of the Company's cable systems in Oklahoma and Illinois with 40,500 cable subscribers for Telecommunications, Inc.'s cable systems in Wichita, Kansas, with 50,400 subscribers. The Company paid $12.4

million in cash as part of this transaction. The transaction will be accounted for as a nonmonetary transaction.

INDEPENDENT AUDITORS' REPORT

THE BOARD OF DIRECTORS AND STOCKHOLDERS

MULTIMEDIA, INC.:

We have audited the accompanying consolidated balance sheets of Multimedia, Inc. and subsidiaries as of December 31, 1994 and 1993 and the related consolidated statements of earnings, stockholders' equity (deficit) and cash flows for each of the years in the three year period ended December 31, 1994. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Multimedia, Inc. and subsidiaries at December 31, 1994 and 1993, and the results of their operations and their cash flows for each of the years in the three year period ended December 31, 1994 in conformity with generally accepted accounting principles.

As discussed in Note 1 to the consolidated financial statements, the Company changed its method of accounting for income taxes in 1993 to adopt the provisions of the Financial Accounting Standards Board's SFAS No. 109, ACCOUNTING FOR INCOME TAXES. As discussed in Note 1, the Company also adopted in 1993 the provisions of the Financial Accounting Standards Board's SFAS No. 106, EMPLOYERS' ACCOUNTING FOR POSTRETIREMENT BENEFITS OTHER THAN PENSIONS.

(KPMG Peat Marwick LLP signature appears here)

KPMG Peat Marwick LLP
Greenville, South Carolina
February 10, 1995

Exhibit 99-2

MULTIMEDIA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS

THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 1995 AND 1994

(Unaudited) (In thousands except per-share data)	Three Months 1995	Three Months 1994	Six Months 1995	Six Months 1994
Operating revenues:				
Newspapers	$ 41,304	37,447	78,355	71,101
Broadcasting	41,762	37,535	75,212	66,855
Cable	43,550	41,979	85,450	83,202
Entertainment	36,903	36,188	74,377	72,855
Security	6,808	6,082	13,380	11,637
Total operating revenues	170,327	159,231	326,774	305,650
Operating costs and expenses:				
Production	64,321	55,700	125,996	108,879
Selling, general and administrative	39,877	39,036	79,768	76,679
Depreciation	9,899	10,811	20,449	21,631
Amortization	3,660	3,833	7,237	7,692
Total operating costs and expenses	117,757	109,380	233,450	214,881
Operating profit	52,570	49,851	93,324	90,769
Interest expense	14,399	14,902	28,862	29,775
Other income (expense), net	(62)	(1,100)	(105)	2,177
Earnings before income taxes and minority interest	38,109	33,849	64,357	63,171
Income taxes	15,816	14,047	26,709	26,216
Minority interest in subsidiaries' income, net	1,128	359	1,637	178
Net earnings	$ 21,165	19,443	36,011	36,777
Per share of common stock:				
Net earnings	$ .54	.51	.93	.96
Cash dividends	-	-	-	-
Weighted average shares	38,886	38,191	38,708	38,280

MULTIMEDIA, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

JUNE 30, 1995 AND DECEMBER 31, 1994

(Unaudited) (In thousands)	June 30, 1995	December 31, 1994
ASSETS		
Current assets:		
Cash and cash equivalents	$ 13,299	6,202
Net trade accounts receivable	94,789	93,426
Inventories	7,782	4,643
Deferred income tax benefits	9,941	9,581
Program rights	2,762	7,570
Deferred program costs	7,088	10,923
Prepaid expenses and other	7,388	6,795
Total current assets	143,049	139,140
Property , plant and equipment, at cost	607,764	558,749
Less accumulated depreciation	301,246	283,522
Net property , plant and equipment	306,518	275,227
Intangible assets, net	249,026	242,078
Other assets	30,533	27,533
	$ 729,126	683,978
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Current installments of long-term debt	$ 30,254	30,254
Accounts payable	19,173	24,512
Accrued interest	2,669	2,671
Accrued payroll	6,354	8,386
Accrued expenses	40,804	38,148
Income taxes payable	18,137	10,202
Program rights payable	3,108	7,793
Unearned income	21,365	20,556
Total current liabilities	141,864	142,522
Long-term debt	548,001	542,303
Deferred income taxes	53,574	54,090
Other liabilities	3,247	3,294
Minority interest	20,321	18,684
Stockholders' equity (deficit):		
Common stock	3,786	3,762
Additional paid-in capital	191,223	188,224
Retained earnings (deficit)	(232,890)	(268,901)
Total stockholders' equity (deficit)	(37,881)	(76,915)
	$ 729,126	683,978

MULTIMEDIA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

SIX MONTHS ENDED JUNE 30, 1995 AND 1994

(Unaudited) (In thousands)	1995	1994
Net cash provided by operating activities	$ 72,294	73,766
Additions to property, plant and equipment	(47,990)	(33,116)
Acquisitions of properties	(21,180)	(8,824)
Other	1,307	4,726
Net cash used for investing activities	(67,863)	(37,214)
Addition (reduction) in revolving credit, net	46,754	(23,999)
Long-term debt retired	(41,056)	(12,111)
Other	(3,032)	(4,239)
Net cash provided by (used for) financing activities	2,666	(40,349)
Increase (decrease) in cash and cash equivalents	7,097	(3,797)
Cash and cash equivalents, beginning of year	6,202	11,034
Cash and cash equivalents, end of period	$ 13,299	7,237

NOTE: NET CASH PROVIDED BY OPERATING ACTIVITIES IS FURTHER ANALYZED AS FOLLOWS:

Operating profit plus depreciation and amortization and amortization of stock options:		
Newspapers	$ 26,792	23,532
Broadcasting	36,540	26,731
Cable	43,374	42,739
Entertainment	15,509	30,570
Security	4,696	4,354
Corporate	(5,753)	(6,055)
	121,158	121,871
Interest expense less amortization of debt issue costs	(28,318)	(29,216)
Change in current assets and liabilities	2,407	(2,260)
Other	(22,953)	(16,629)
Net cash provided by operating activities	$ 72,294	73,766

THREE MONTHS HIGHLIGHTS

(Unaudited)(In thousands)	1995	1994
REVENUES:		
Newspapers	$ 41,304	37,447
Broadcasting	41,762	37,535
Cable	43,550	41,979
Entertainment	36,903	36,188
Security	6,808	6,082
	$ 170,327	159,231
OPERATING PROFITS:		
Newspapers	$ 13,177	11,524
Broadcasting	18,971	13,689
Cable	14,363	12,631
Entertainment	8,150	15,497
Security	1,046	800
Corporate	(3,137)	(4,290)
	$ 52,570	49,851

UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma combined financial statements give effect to the exchange of $45.25 in cash by Gannett Co., Inc. (the Company) for each share of issued and outstanding common stock of Multimedia, Inc. (Multimedia) pursuant to the Merger Agreement. As a result of the merger, Gannett will also assume or incur the long-term debt of Multimedia. The purchase price is subject to adjustment if Multimedia's long-term debt (including the current portion of long-term debt) at December 31, 1995 exceeds a specified level. This transaction will be accounted for as a purchase.

The unaudited pro forma combined balance sheet presents the financial position of Gannett and Multimedia as of that June 25, 1995, assuming that the proposed merger with Multimedia occurred as of that date. Such pro forma information is based on the historical balance sheets of the Company at June 25, 1995 and of Multimedia at June 30, 1995.

As required by rule 11-02 of regulation S-X, the unaudited pro forma combined statements of income have been prepared assuming that the proposed merger occurred as of the beginning of the periods presented. The unaudited combined statements of income reflect the historical results of operations for Gannett and Multimedia for their respective 1994 fiscal years and first six-months of 1995.

The unaudited pro forma combined financial statements give effect to certain pro forma adjustments which are described in the notes to these statements. Nonrecurring charges, including legal fees, investment banker fees, and other professional fees directly attributable to the merger with Multimedia are not included in the unaudited pro forma combined financial statements. In addition, there will be certain other nonrecurring charges that will result from the merger which are not included in the unaudited pro forma combined financial statements. These consist primarily of severance costs and debt prepayment penalties. The Company does not believe that the aggregate amount of such nonrecurring charges will be material in relation to the purchase price. As the nonrecurring charges are incurred, most will be reflected as part of the purchase price, others will be included in the expenses of the combined operations.

The unaudited pro forma combined financial statements do not reflect any synergies anticipated by the Company as a result of the merger.

The unaudited pro forma data is presented for informational purposes only and is not necessarily indicative of the results of operations or financial position which would have been achieved had the transaction been completed as of the beginning of the earliest period presented, nor is it necessarily indicative of Gannett's future results of operations or financial position.

The unaudited pro forma combined financial statements should be read in conjunction with the historical financial statements of the Company and of Multimedia, including the related notes thereto.

GANNETT CO., INC.
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
JUNE 25, 1995

(In thousands)	Gannett	Multimedia(*)	Pro forma Adjustments	Pro forma Combined
ASSETS				
Cash and marketable securities	$ 12,778	$ 13,299	$ 67,000 (1)	$ 93,077

Accounts receivable, net	481,026	94,789		575,815
Inventories	79,989	7,782		87,771
Prepaid expenses and other current assets	57,017	27,179		84,196
Total current assets	630,810	143,049	67,000	840,859
Property, plant and equipment, net	1,412,358	306,518	318,341 (2)	2,037,217
Excess of acquisition cost over the value of assets acquired	1,450,020	249,026	1,628,997 (3)	3,328,043
Other assets	189,745	30,533	(30,533)(3)	189,745
Total assets	$3,682,933	$729,126	$1,983,805	$6,395,864
LIABILITIES & SHAREHOLDERS' EQUITY				
Current maturities of long-term debt	$ 61,476	$ 30,254		$ 91,730
Accounts payable and current portion of film contracts payable	199,772	22,282		222,054
Accrued expenses and other current liabilities	234,269	71,192		305,461
Dividends payable	47,608			47,608
Income taxes	43,650	18,137	(18,000)(4)	43,787
Total current liabilities	586,775	141,865	(18,000)	710,640
Deferred income taxes	155,840	53,574	128,924 (5)	338,338
Long-term debt, less current portion	553,725	548,000	1,835,000 (6)	2,936,725
Postretirement medical and life insurance liability	308,324	2,230		310,554
Other long-term liabilities	108,561	21,338		129,899
Total shareholders' equity	1,969,708	(37,881)	37,881 (7)	1,969,708
Total liabilities and shareholders' equity	$3,682,933	$729,126	$1,983,805	$6,395,864

* For comparability, Multimedia amounts, which as of June 30, 1995, have been reclassified to conform with Gannett's presentation.

See accompanying notes to Unaudited Pro Forma Combined Financial Statements.

GANNETT CO., INC.
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME
JUNE 25, 1995

(In thousands except per share data)	Gannett	Multimedia(*)	Pro forma Adjustments	Pro forma Combined
Net Operating Revenues:				
Newspapers	$1,590,714	$78,355		$1,669,069
Broadcasting	217,863	75,212		293,075
Outdoor	119,164			119,164
Cable		85,450		85,450
Entertainment		74,377		74,377
Security		13,380		13,380
Total	1,927,741	326,774	0	2,254,515
Operating Expenses:				
Cost of sales and operating expenses, exclusive of depreciation	1,076,594	125,996		1,202,590
Selling, general and administrative expenses, exclusive of depreciation	346,583	79,768		426,351
Depreciation	78,242	20,449	$(20,449)(1) 23,405 (2)	101,647
Amortization of intangible assets	22,756	7,237	(7,237)(3) 24,980 (4)	47,736
Total	1,524,175	233,450	20,699	1,778,324
Operating income	403,566	93,324	(20,699)	476,191
Non-operating income (expense):				
Interest expense	(22,610)	(28,862)	(54,867)(5)	(106,339)
Other income (expense)	(1,727)	(105)		(1,832)
Total	(24,337)	(28,967)	(54,867)	(108,171)
Income before income taxes	379,229	64,357	(75,566)	368,020
Provision for income taxes	153,600	26,709	(23,100)(6)	157,209
Minority interest, net		(1,637)		(1,637)
Net income	$ 225,629	$ 36,011	$(52,466)	$ 209,174
Net income per share	$1.61	$0.93		$1.49
Average number of outstanding shares	140,065			140,065

* For comparability, Multimedia amounts, which are for the first six months of June 30, 1995 have been reclassified to conform with Gannett's presentation.

See accompanying notes to Unaudited Pro Forma Combined Financial Statements.

GANNETT CO., INC.
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME
DECEMBER 25, 1994

(In thousands except Per share date)	Gannett	Multimedia(*)	Pro forma Adjustments	Pro forma Combined
Net Operating Revenues:				
Newspaper	$3,176,787	$150,140		$3,326,927
Broadcasting	406,608	142,841		549,449
Outdoor	241,128			241,128
Cable		165,406		165,406
Entertainment		147,512		147,512
Security		24,584		24,584
Total	3,824,523	630,483		4,455,006
Operating Expenses:				
Cost of sales and operating expenses, exclusive of depreciation	2,106,810	229,390		2,336,200
Selling, general and administrative expenses, exclusive of depreciation	696,139	158,248		854,387
Depreciation	163,242	39,025	$(39,025)(1) 44,140 (2)	207,382
Amortization of intangible assets	45,554	14,377	(14,377)(3) 49,960 (4)	95,514
Total	3,011,745	441,040	40,698	3,493,483
Operating income	812,778	189,443	(40,698)	961,523
Non-operating income (expense):				
Interest expense	(45,624)	(59,142)	(77,070)(5)	(181,836)
Other income (expense)	14,945	25,584		40,529
Total	(30,679)	(33,558)	(77,070)	(141,307)
Income before income taxes	782,099	155,885	(117,768)	820,216
Provision for income taxes	316,700	64,693	(32,900)(6)	348,493
Minority interest, net		(1,163)		(1,163)
Net income	$ 465,399	$ 90,029	$(84,868)	$ 470,560
Net income per share	$3.23	$2.35		$3.26
Average number of outstanding shares	144,276			144,276

* For comparability, Multimedia amounts, which are for the year-ended December 31, 1994, have been reclassified to conform with Gannett's presentation.

See accompanying notes to Unaudited Pro Forma Combined Financial Statements.

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

Note 1 - Basis of Presentation

The unaudited combined pro forma balance sheet has been prepared to reflect the acquisition of Multimedia for an aggregate price of approximately $1.8 billion plus the assumption of approximately $578 million of Multimedia's long-term debt.

The unaudited pro forma combined balance sheet presents the financial position of the Company and Multimedia as of June 25, 1995 assuming that the transaction occurred as of June 25, 1995. Such pro forma information is based on the historical balance sheets of Gannett as of June 25, 1995 and of Multimedia as of June 30, 1995.

As required by rule 11-02 of regulation S-X, the unaudited pro forma condensed combined statements of income assume that the transaction occurred as of the beginning of the periods presented. The unaudited pro forma condensed combined statements of income reflect Multimedia's historical results of operations for the most recent 12 month period ended December 31, 1994 and for the six months ended June 30, 1995.

The Company believes that the assumptions used in preparing the unaudited pro forma combined financial statements provide a reasonable basis for presenting all of the significant effects of the merger (other than any synergies anticipated by Gannett, nonrecurring charges directly attributable to the merger and nonrecurring charges that will result from combining operations), and that the pro forma adjustments give effect to those assumptions in the unaudited pro forma combined financial statements.

Note 2 - Pro forma Adjustments

A. Pro forma adjustments to the unaudited condensed combined balance sheet are made to reflect the following:

(1) Proceeds from exercise of all outstanding Multimedia stock options.

(2) Adjustment to record the fixed assets of Multimedia at estimated fair value at the acquisition date. The fair value of fixed assets was estimated on a property-by-property basis using certain information provided by Multimedia, and in general consideration of the age, condition and replacement value of the assets. Estimated useful lives for depreciation purposes have been assigned which give appropriate effect to the age, condition and productiveness of the assets.

(3) Adjustment to record the excess of acquisition cost over the fair value of net assets acquired (goodwill). The acquisition cost was allocated to each business segment based on the value of the segment, which was estimated by The Company using internal and external valuation reports. Goodwill for each business segment was calculated as the excess of allocated purchase price over the estimated fair value of the assets of the segment. For purposes of the unaudited pro forma condensed combined statements of income, goodwill is being amortized over various lives ranging from ten to forty years.

(4) Tax benefit of options exercised. The effective tax rate for this adjustment assumes that a portion of the compensation element of the options exercised will be deductible for federal and state income tax purposes.

(5) Deferred tax on step-up of fixed assets, using the Company's combined federal and state tax rate of 40.5%.

(6) The issuance of $1.83 billion in commercial paper necessary to finance the merger.

(7) The elimination of the shareholders' equity accounts of Multimedia.

B. Pro forma adjustments to the June 25, 1995 unaudited condensed combined income statement are made to reflect the following:

(1) Elimination of Multimedia's historical depreciation expense.

(2) Depreciation expense based on estimated fair market value and useful lives of Multimedia assets (see note A.2.)

(3) Elimination of Multimedia's historical amortization expense.

(4) Amortization expense on the estimated excess of acquisition cost over fair value of assets, assuming lives ranging from ten to forty years.

(5) Interest expense on amount assumed borrowed for consideration paid ($1.83 billion). The rate used to calculate interest expense, 5.98%, is based on the weighted average rate paid by Gannett for commercial paper during the six-month period ended June 25, 1995.

(6) Record income tax effect of pro forma adjustments. The effective tax rate on pro forma combined income before taxes of 42.4% differs from the Company's statutory tax rate of 35% due primarily to non-deductible goodwill and state income taxes.

C. Pro forma adjustments to the December 25, 1994 unaudited condensed combined income statement are made to reflect the following:

(1) Elimination of Multimedia's historical depreciation expense.

(2) Depreciation expense based on estimated fair market value and useful lives of Multimedia assets (see note A.2.)

(3) Elimination of Multimedia's historical amortization expense.

(4) Amortization expense on the estimated excess of acquisition cost over fair value of assets, assuming lives ranging from ten to forty years.

(5) Interest expense on amount assumed borrowed for consideration paid ($1.83 billion). The rate used to calculate interest expense, 4.2%, is based on the weighted average rate paid by Gannett for commercial paper in 1994.

(6) Record income tax effect of pro forma adjustments. The effective tax rate on pro forma combined income before taxes of 42.5% differs from the Company's statutory tax rate of 35% due primarily to non-deductible goodwill and state income taxes.