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# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## FORM 10-K

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FOR ANNUAL AND TRANSITION REPORTS  
PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

(Mark One)

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

For the fiscal year ended December 26, 2004

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-6961

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### GANNETT CO., INC.

(Exact name of registrant as specified in its charter)

Delaware  
(State or Other Jurisdiction of  
Incorporation or Organization)

7950 Jones Branch Drive, McLean, Virginia  
(Address of principal executive offices)

16-0442930  
(I.R.S. Employer  
Identification No.)

22107-0910  
(Zip Code)

Registrant's telephone number, including area code: (703) 854-6000

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Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value \$1.00 per share	The New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes  No

The aggregate market value of the voting common equity held by non-affiliates of the registrant based on the closing sales price of the registrant's Common Stock as reported on The New York Stock Exchange on June 25, 2004, was \$22,717,076,274. The registrant has no non-voting common equity.

As of February 18, 2005, 252,198,649 shares of the registrant's Common Stock were outstanding.

#### DOCUMENTS INCORPORATED BY REFERENCE

The definitive proxy statement relating to the registrant's Annual Meeting of Shareholders to be held on April 14, 2005, is incorporated by reference in Part III to the extent described therein.

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## PART I

### ITEM 1. BUSINESS

#### Company Profile

Gannett Co., Inc. is a diversified news and information company that publishes newspapers, operates broadcasting stations, operates Web sites in connection with its newspaper and broadcast operations, and is engaged in marketing, commercial printing, a newswire service, data services and news programming. Gannett is an international company operating primarily in the U.S. and the United Kingdom (U.K.). Approximately 84% of its revenues are from domestic operations in 43 states, the District of Columbia, and Guam. It has foreign operations in the United Kingdom, Canada, and in certain European and Asian markets. Its headquarters are in McLean, Va., near Washington, D.C., and is home to approximately 600 corporate employees.

Gannett was founded by Frank E. Gannett and associates in 1906 and incorporated in 1923. The company went public in 1967. It reincorporated in Delaware in 1972. Its more than 254 million outstanding shares of common stock are held by approximately 12,400 shareholders of record in all 50 states and several foreign countries. The company has approximately 52,500 employees.

The company has two principal business segments: newspaper publishing and broadcasting (television). Financial information for each of the company's reportable segments can be found in our financial statements, as discussed under Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 18, and as presented under Item 8 "Financial Statements and Supplementary Data" beginning on page 30 of this Form 10-K.

Gannett is the largest newspaper group in terms of circulation in the U.S. The company's 101 U.S. daily newspapers have a combined daily paid circulation of approximately 7.6 million. They include USA TODAY, the nation's largest-selling daily newspaper, with a circulation of approximately 2.3 million. In addition, Gannett owns USA WEEKEND, a weekly newspaper magazine, and more than 750 non-daily publications in the United States.

Newsquest plc, a wholly owned Gannett subsidiary acquired in mid-1999 and expanded through further acquisitions since (including the publishing business of Scottish Media Group plc acquired in 2003), is the second largest regional newspaper publisher in the U.K. with a portfolio of more than 300 titles. Its publications include 17 daily newspapers with a combined circulation of approximately 703,000. Newsquest also publishes a variety of non-daily publications, including Berrow's Worcester Journal, the oldest continuously published English-language newspaper in the world.

Total average daily circulation of the company's domestic and U.K. daily newspapers was approximately 8.3 million at the end of 2004.

The newspaper segment also includes: Nursing Spectrum, publisher of biweekly periodicals specializing in advertising for nursing employment; Army Times Publishing Co., which publishes military and defense newspapers; Clipper Magazine, a direct mail advertising magazine that publishes more than 375 individual market editions in 26 states; a 19.49% interest in California Newspapers Partnership, a partnership that includes 22 daily California newspapers; a 66.2% interest in Texas-New Mexico Newspapers Partnership, a partnership that includes seven daily newspapers in Texas and New Mexico; and a 13.5% interest in Ponderay Newsprint Company in the state of Washington.

Certain of the company's newspaper subsidiaries are participants in joint operating agencies. Each joint operating agency performs the production, sales and distribution functions for the subsidiary and another newspaper publishing company under a joint operating agreement. The company's operating results in the Detroit and Tucson joint operating agencies are accounted for under the equity method, and are reported as a net amount in other operating revenues.

In addition to publishing, the newspaper segment includes the following: Gannett News Service, which provides news services for its newspaper operations; Gannett Retail Advertising Group, which represents the company's local newspapers in the sale of advertising to national and regional franchise businesses; and Gannett Offset, which is composed of the Gannett Offset print group and Gannett Marketing Services Group. The Gannett Offset print group currently includes five non-heatset printing plants and one heatset printing facility. Gannett Offset's dedicated commercial printing plants are located in Atlanta, Ga.; Minneapolis, Minn.; Miramar, Fla.; Norwood, Mass.; St. Louis, Mo.; and Springfield, Va. Gannett Marketing Services Group coordinates the sale of direct-marketing services through: Telematch, a database management and data enhancement company; and Gannett Direct Marketing Services, a direct-marketing company with operations in Louisville, Ky. The company also owns USATODAY.com and other Internet services at all of its local newspapers (domestic and U.K.) and television stations; and Gannett Media Technologies International, which develops and markets software and other products for the publishing industry.

The company also owns a one-third equity interest in CareerBuilder, LLC, an online service providing recruitment resources; a 21.9% ownership in Classified Ventures, an online business focused on the real estate and automotive advertising categories; and as of May 2004, a one-third equity interest in CrossMedia Services, Inc., a leading provider of Web-based marketing solutions for national and local retailers.

The broadcasting segment consists of 21 television stations covering 17.9 percent of the U.S. in markets with more than 19.6 million households and Captivate Network, Inc. acquired in April 2004. Captivate is a national news and entertainment network that delivers programming and full-motion video advertising through video screens located in elevators in office towers across North America.

#### Newspaper Publishing/United States

At the end of 2004, the company operated 101 U.S. daily newspapers, including USA TODAY, and more than 750 non-daily local publications in 40 states and Guam. The Newspaper Division is headquartered in McLean, Va., and on Dec. 26, 2004, it had approximately 39,600 full- and part-time employees.

USA TODAY was introduced in 1982 as the country's first national, general-interest daily newspaper. It is available in all 50 states to readers on the day of publication throughout the U.S.

USA TODAY is produced at facilities in McLean, Va., and is transmitted via satellite to offset printing plants around the country and internationally. It is printed at Gannett plants in 21 U.S. markets and at offset plants, not owned by Gannett, in 15 other U.S. markets. It is sold at newsstands and vending machines generally at 75 cents per copy. Mail subscriptions are available nationwide and abroad, and home, hotel and office delivery is offered in many markets. Approximately 65% of its net paid circulation results from single-copy sales at newsstands, vending machines or to hotel guests, and the remainder is from home and office delivery, mail, educational and other sales.

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USA TODAY International is printed from satellite transmission under contract in London, Frankfurt, Hong Kong and Belgium, and is distributed in Europe, the Middle East, Africa and Asia. It is available in more than 50 foreign countries.

For domestic editions, USA TODAY is party to a contract with one satellite transmission service which runs through April 2007 and provides for the satellite transmissions of USA TODAY from the McLean, Va., office (or Silver Spring, Md., its back-up facility) to 36 domestic print sites across the U.S.

For international editions, USA TODAY is party to a contract with a second satellite transmission provider which extends indefinitely (but is cancelable by either party with 60 days' notice) and provides for satellite transmissions to three contract print sites in Europe and one contract print site in Asia.

The company has adequate back-up for these transmission processes.

USATODAY.com, one of the most popular newspaper sites on the Web, had more than 48 million visits per month at the end of 2004.

Gannett News Service (GNS) is headquartered in McLean, Va., and operates bureaus in Washington, D.C., Newark, N.J., and five state capitals (see page 12 for more information). GNS provides national and regional news coverage and sports, features, photo and graphic services to Gannett newspapers. GNS is also syndicated to several non-Gannett newspapers.

The newspaper publishing segment also includes USA WEEKEND, the second-largest weekly magazine in circulation in the nation. As of January 2005, USA WEEKEND is distributed in 604 newspapers throughout the country, with a total circulation of approximately 22.7 million.

Nursing Spectrum is a communications company that promotes the recognition and support of the nursing community by providing timely, relevant and compelling information through its award-winning magazines, annual career guides and Web sites. On Feb. 2, 2004, the company acquired NurseWeek, an industry leader with print publications and an award-winning Web site focused on the nursing industry. Altogether, Nursing Spectrum publishes 12 regional magazines and has a combined circulation of more than one million registered nurses in the top 50 metropolitan markets each month, or almost half of the registered nurses in the U.S.

At the end of 2004, 75 of the company's domestic daily newspapers, including USA TODAY, were published in the morning and 26 were published in the evening.

For local U.S. newspapers, excluding USA TODAY, morning circulation accounts for approximately 88% of total daily volume, while evening circulation accounts for 12%.

Individually, Gannett newspapers are the leading news and information source with strong brand recognition in their markets. Their strength lies in the quality of their management, their flexibility, their focus on customer-driven programs, their ability to cross-brand the daily newspaper, online and weekly products, their continuous focus on customer service and quality, and their capacity to invest in new technology. Collectively, Gannett newspapers form a powerful network to distribute and share news and information across the nation.

In 2004, news departments across Gannett continued to emphasize coverage of local news as the key to successful news reporting and circulation growth. Newsrooms expanded the amount of local news and information on their Web sites. In 2003, in an effort to reach more readers, the Gannett Newspaper Division worked with its community newspapers to launch Gannett's program called "Real Life, Real News: Connecting with Readers' Lives." Throughout 2003 and 2004, Gannett's newspapers implemented aspects of that program for both print and online content. "Real Life, Real News" focuses on making the news more relevant to readers and capturing "Moments of Life" that are important to the lives of readers. For example, Gannett continued to emphasize reaching young readers, especially those in the 25-34 year-old age group. In 2004, free young-reader weekly publications began in Wilmington, Del., Greenville, S.C., Rochester, N.Y., and Nashville, Tenn. The company now has publications designed to attract younger readers in nine markets. Companion Web sites to these publications also extend the content reach.

Another example of the company's focus on news that is relevant to the lives of its readers was the extensive coverage provided by the company's three Florida newspapers of the four hurricanes that hit Florida in 2004. This outstanding print coverage prompted millions of page views of the newspapers' Web sites in Pensacola, Fort Myers and Brevard County.

In addition to quality local news gathering, all of the company's domestic daily newspapers receive Gannett News Service and subscribe to The Associated Press, and some receive various supplemental news services and syndicated features.

Gannett News Service provides strong coverage of topics of high interest to individual newspapers through its regional report, and it added emphasis on topics relating to "Real Life, Real News." On the national scene, it provided political coverage of the Republican and Democratic Party conventions and the presidential race and election. It also delivered focused coverage of the Olympics, providing stories on athletes from Gannett communities who were competing.

The company's efforts in 2004 to grow advertising revenue had several key elements. The company continued to emphasize increasing its revenue from medium-sized and smaller advertisers, and has been successful doing so. Initiatives have focused on sales and rate management and the construction of pre-packaged programs scalable to the company's largest and smallest markets which are attractive to advertisers of all sizes. Rate management programs focused on selling multiple advertising insertions and establishing rate structures to ensure they match the opportunities in the market. Sales management initiatives have increased the number and quality of sales calls, improved sales compensation and enhanced sales training. The company operates an Intranet site to provide its key advertising staff at all of its local newspapers with up-to-date sales and marketing tools and information 24 hours a day, seven days a week. Local market analysis of revenue potential is updated regularly and ad sales plans are modified accordingly. The company continues its training efforts to make its personnel competitive and effective in their leadership, strategic thinking and marketing skills.

The company's focus on growth of non-daily and online products also continued in 2004. During the year, there were approximately 150 non-daily products launched or acquired. The company has more than 750 non-daily publications in the U.S. The company's strategy around non-daily publications is to target these products at "communities of interest" defined in one of three ways: geographically, demographically (e.g. seniors, young readers or ethnic communities) or by lifestyle (e.g. golf or boating).

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enthusiasts). Revenues from non-daily products that operate in association with our local newspapers increased 27% in 2004. More new non-daily products are planned for 2005.

Three principles guide the online strategy at Gannett's newspapers. First, spending for the online business must be justified by additional revenues, additional customers and additional profits. Second, emphasis needs to be on serving our local markets. A key reason customers turn to a Gannett newspaper's online site is to find local news and information. The credibility of the local newspaper, the known and trusted information source, extends to the company's Web sites and thus differentiates Gannett from other Internet sites. This is a major factor that allows Gannett newspapers to compete successfully as Internet information providers. Third, the natural synergies between the local newspaper and local Web site should be emphasized. The local content already available, the customer relationships, the news and advertising sales forces, and the promotional vehicle are all advantages for the newspaper. The company's strategy is to use these advantages to create strong and timely content, sell packaged advertising products that meet the demands of its advertisers, operate efficiently, and leverage the known and trusted brand of the newspaper.

This strategy has served Gannett well in the development of our newspaper Internet efforts. The aggressive local focus, including advertising sales efforts, combined with the effective use of national economies of scale and standardized technology, resulted in solid results in 2004. The growth in online revenues also reflects the value of our partnerships with national online advertising providers including CareerBuilder and Classified Ventures. Online revenue for local newspaper Web sites increased by 60% in 2004, which followed a 45% increase in 2003 and a 25% increase in 2002. Recent traffic on our sites, excluding USATODAY.com, totaled more than 61 million visits and more than 350 million page views per month.

The company also continued to deploy its Advertising Matrix sales program, now installed at 30 Gannett newspapers. The Matrix is a program for selling multiple ads across multiple product lines and packaging them into one buy for its advertisers. A typical Matrix package might include a retail display ad, a classified help wanted ad, a print-and-deliver insert targeted to specific zones, an online directory listing and an online coupon. The Bundle Wizard, which performs some of the functions of the Matrix on a more limited scale, is available to markets not using the Matrix. These sales programs will be installed at more of the company's newspapers in 2005.

The company also continued to enhance and implement proprietary customer contact and relationship management software in some of its markets. The system is used to reach potential employment advertisers, retailers and real estate agents.

During 2004, Gannett expanded its use of online classified ad order entry software, doubling its installations from 13 to 26 locations. The software allows customers to place their classified ad via the newspaper's Web site. It permits customers to build both their print and online ad using templates provided by the newspaper or to customize the ad to meet their specific requirements. It also facilitates upsell opportunities such as bolding, attention-getters, photos and e-mail hyperlinks. When customers complete the design of their ads and select a product schedule, they receive a real-time price quote. Customers can then book their ads without further involvement by company personnel. Gannett will continue to expand this program to additional newspapers in 2005.

In 2004, Gannett continued to implement the latest release of its advertising software at newspaper locations. The latest release contains a new pricing engine that permits the packaging and selling of multiple products across multiple mediums and that supports advertising initiatives such as the Matrix sales program. By the end of 2005, all Gannett newspapers running the software will have the latest release.

The Newspaper Division's advertising quality initiative, known as ADQ, produced its 10th consecutive year of improved ad and bill quality. ADQ efforts focus on accuracy and customer service in ad placement and billing functions. ADQ has significantly reduced errors and make-good costs.

Advancements were also made in circulation information and management systems. A total of 92 newspapers now offer their subscribers seamless online services on their Web sites to start new subscriptions, make payments, schedule vacation stops and restarts or to make delivery complaints.

In addition, all newspapers offer the EZ-Pay system to subscribers so they can have payments automatically charged to their credit card or deducted from their checking account. Use of the EZ-Pay system reduces billing and customer account administration costs and facilitates customer retention. By the end of 2004, 17% of all subscribers were using EZ-Pay, as compared to 12% of all subscribers at year end 2003.

Gannett Media Technologies International (GMTI) provides important technological support and products for the company's domestic newspapers, including ad software and database management, editorial production and archiving, and Web site hosting. In addition, GMTI provides similar services to other newspaper companies.

With respect to newspaper production, 70 domestic daily newspaper plants print by the offset process, and nine newspaper plants print using various letterpress processes.

In recent years, improved technology has resulted in greater speed and accuracy and in a reduction in the number of production hours worked for all of the company's newspapers. The company expects this trend to continue in 2005.

The company continues to evaluate press capacity in markets where there is increasing demand for color advertising. Color towers were added at several of the company's newspapers in 2004 and more investment in color capacity is expected in 2005. New state-of-the-art presses came on line in 2004 in Louisville, Ky., Honolulu and Oxford, England.

**Newspaper revenues:** The principal sources of newspaper revenues are circulation and advertising.

**Circulation:** Detailed information about the circulation of the company's newspapers may be found on pages 10-11, 13 and 22-23 of this Form 10-K. Seventeen of the company's local newspapers reported gains in daily circulation in 2004, and 10 increased Sunday circulation. Circulation volume declines in other markets were experienced which were generally consistent with the domestic newspaper industry as a whole.

Home-delivery prices for the company's newspapers are established individually for each newspaper and range from \$1.62 to \$3.11 per week for daily newspapers and from \$0.71 to \$2.75 per copy for Sunday newspapers. Price increases for certain elements of local circulation were initiated at three newspapers in 2004. The National Do Not Call Registry had a profound impact on the way newspapers sell home-delivery circulation, particularly for the

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larger newspapers which historically have relied heavily on telemarketing. During 2004, total telemarketing orders were down by 33%. The company has turned to other methods to replace these telemarketing orders such as direct mail, sales crews and kiosk sales, however the result is a higher cost per order using these methods. The company is also focused on the retention of current customers to help offset the reduction of new starts from telemarketing orders.

**Advertising:** The newspapers have advertising departments that sell retail, classified and national advertising. The Gannett Retail Advertising Group also sells advertising on behalf of the company's local newspapers to national and regional franchise businesses. The company also contracts with outside representative firms that specialize in the sale of national advertising. Analyses of newspaper advertising revenues are presented on pages 21-23 of this Form 10-K.

Retail advertising is display advertising associated with local merchants, such as department and grocery stores. Classified advertising includes ads listed together in sequence by the nature of the ads, such as automobile sales, real estate sales and help wanted. National advertising is display advertising principally from advertisers who are promoting products or brand names nationally. Retail and national advertising may appear in the newspaper itself or in preprinted sections. Ad revenues from newspaper Internet operations are reported along with revenue from publishing. Generally there are different rates for each category of advertising, and the rates for each newspaper are set independently, varying from city to city.

The newspapers have made continuing efforts to serve their readers and advertisers by introducing complete market coverage programs and by targeting specific market segments desired by many advertisers through the use of specially zoned editions and other specialty publications.

Continuing and comprehensive efforts are also underway to leverage Web site and newspaper marketing and advertising sales opportunities.

**Competition:** The company's newspapers compete with other media for advertising principally on the basis of their advertising rates and their performance in helping to sell the advertisers' products or services. They compete for circulation principally on the basis of their content and price. While most of the company's newspapers do not have daily newspaper competitors that are published in the same city, in certain of the company's larger markets, there is such direct competition. Most of the company's newspapers compete with other newspapers published in nearby cities and towns and with free-distribution and paid-advertising weeklies, as well as other print and non-print media.

The rate of development of opportunities in, and competition from, emerging electronic communications services, including those related to the Internet, is increasing. Through internal development programs, acquisitions and partnerships, the company's efforts to explore new opportunities in news, information and communications businesses have expanded and will continue to do so.

At the end of 2004, The Cincinnati Enquirer, The Detroit News and the Tucson (Ariz.) Citizen were published under joint operating agreements with non-Gannett newspapers located in the same cities. All of these agreements provide for joint business, advertising, production and circulation operations and a contractual division of profits. The editorial and reporting staffs of the company's newspapers, however, are separate and autonomous from those of the non-Gannett newspapers. In January 2004, the company provided notice to The E.W. Scripps Company, as required under the terms of the Joint Operating Agreement (JOA) involving The Cincinnati Enquirer, The Cincinnati Post and The Kentucky Post, that the JOA would not be renewed when it expires on Dec. 31, 2007.

**Environmental regulation:** Gannett is committed to protecting the environment. The company's goal is to ensure its facilities comply with federal, state, local and foreign environmental laws and to incorporate appropriate environmental practices and standards in its operations. The company retains a corporate environmental consultant who is responsible for overseeing regulatory compliance and taking preventive measures where appropriate.

The company is one of the industry leaders in the use of recycled newsprint and increased its purchases of newsprint containing some recycled content from 42,000 metric tons in 1989 to 775,000 metric tons in 2004. During 2004, all of the company's newspapers consumed some recycled newsprint. For the year, nearly 74% of the company's newsprint purchases contained recycled content.

The company's newspapers use inks, photographic chemicals, solvents and fuels. The use, management, and disposal of these substances may be regulated by federal, state, local and foreign agencies. Some of the company's newspaper subsidiaries have been included among the potentially responsible parties in connection with the alleged disposal of ink or other wastes at disposal sites that have been subsequently identified as requiring remediation. Additional information about these matters can be found on page 15 of this Form 10-K. The company does not believe that these matters will have a material impact on its financial position or results of operations.

**Raw materials:** Newsprint, which is the basic raw material used to publish newspapers, has been and may continue to be subject to significant price changes from time to time. During 2004, the company's total newsprint consumption was 1,283,000 metric tons, including the company's portion of newsprint consumed at joint operating agencies, consumption by USA WEEKEND, USA TODAY tonnage consumed at non-Gannett print sites and consumption by Newsquest. Newsprint consumption was slightly higher than in 2003, up approximately 13,000 metric tons or 1%, primarily due to increased circulation at USA TODAY and increased advertising demand in the U.K. The company purchases newsprint from 23 domestic and global suppliers under contracts that expire at various times through 2025.

In 2004, newsprint supplies were adequate. The company believes that the available sources of newsprint, together with present inventories, will continue to be adequate to supply the needs of its newspapers.

The average cost per ton of newsprint consumed in 2004 increased 11% compared to the 2003 average cost. The average cost per ton of newsprint is expected to increase further in 2005.



## **Newspaper Publishing/United Kingdom**

In the second quarter of 2003, the company purchased the publishing business of Scottish Media Group plc (SMG), consisting of three Scottish regional newspapers; 11 specialty consumer and business-to-business magazine titles; and an online advertising and content business. Including the former SMG titles, Newsquest publishes more than 300 titles in the United Kingdom, including 17 daily newspapers.

Newsquest operates its newspaper publishing activities around geographic clusters to maximize the use of management, finance, printing and personnel resources. This approach enables the group to offer readers and advertisers a range of attractive products across the market. The clustering of titles and, usually, the publication of a free newspaper alongside a paid-for newspaper, allows cross-selling of advertising among newspapers serving the same or contiguous markets, thus satisfying the needs of its advertisers and audiences. At the end of 2004, Newsquest had 17 such clusters in the United Kingdom. Newsquest's policy is to produce free and paid-for newspapers with an attractive level of quality local editorial content. Newsquest also distributes a substantial volume of advertising leaflets in the communities it serves and it offers a travel/vacation booking service.

At the end of 2004, Newsquest had approximately 9,200 full-time and part-time employees. Newsquest's revenues for 2004 were approximately \$1.2 billion. As with U.S. newspapers, advertising is the largest component of revenue, comprising approximately 79%. Circulation revenue represents 12% of revenues and printing activities account for much of the remainder.

Newsquest actively seeks to maximize the value of its local information expertise through development of opportunities offered by the Internet. Through internal growth and in partnership with other businesses, Newsquest has established a number of local and national Web sites that offer news and other information of special interest to its communities, as well as classified and retail advertising and shopping services.

Newsquest newspapers operate in competitive markets. Their principal competitors include other regional and national newspaper and magazine publishers, other advertising media such as radio and billboard, and Internet-based news, information and communication businesses.

Newsquest's ability to offer additional color to readers and advertisers was enhanced by new press equipment in Oxford, which went into operation in 2004, along with the addition of color capacity in Worcester and Colchester.

New product launches in 2004 include an additional edition of the News Shopper series – the Gravesend News Shopper, an additional edition of the North London Guardian – the Stratford Guardian in East London and Engaged Investor, an entirely new product launched to complement Newsquest's existing financial magazine portfolio.

Product quality was recognized by awards. The Sunday Herald won the Scottish Newspaper of the Year and Best Sunday Newspaper, while The Herald won Best Daily Newspaper in the 2004 Scottish Newspaper of the Year awards. In England and Wales, The Oxford Times won the Regional Weekly Newspaper of the Year award.

Product development in the year also included the conversion of two broadsheet titles, The Evening Press (York) and The Watford Observer, into a tabloid format.

## **Broadcasting**

At the end of 2004, the company's broadcasting division, headquartered in McLean, Va., included 21 television stations in markets with a total of more than 19.6 million households and Captivate Network, Inc., which was acquired in April 2004.

At the end of 2004, the broadcasting division had approximately 3,100 full-time and part-time employees. Broadcasting revenues accounted for approximately 11% of the company's reported operating revenues in 2004 and 2003, and 12% in 2002.

The principal sources of the company's television revenues are: 1) local advertising focusing on the immediate geographic area of the stations; 2) national advertising; 3) compensation paid by the networks for carrying commercial network programs; 4) advertising on the stations' Web sites; and 5) payments by advertisers to television stations for other services, such as the production of advertising material. The advertising revenues derived from a station's local news programs make up a significant part of its total revenues. Captivate derives its revenue principally from national advertising on video screens in elevators of office buildings.

Advertising rates charged by a television station are based on the ability of a station to deliver a specific audience to an advertiser. The larger a station's ratings in any particular daypart, the more leverage a station has in asking for a price advantage. As the market fluctuates with supply and demand, so does the station's rate card. Practically all national advertising is placed through independent advertising representatives. Local advertising time is sold by each station's own sales force.

Generally, a network provides programs to its affiliated television stations, sells commercial advertising announcements within the network programs and compensates the local stations by paying an amount based on the television station's network-affiliation agreement.

For all of its stations, the company is party to network-affiliation agreements. The company's three ABC affiliates have agreements which expire in 2014. The agreements for the company's CBS affiliates in Columbia, S.C., and Tampa, Fla., expire in August 2005 and agreements for the remaining four CBS affiliates expire in December 2005. The company's 12 NBC-affiliated stations have agreements that will expire in December 2005. The company expects that all of the affiliation agreements will be renewed upon their expiration.

**Programming:** The costs of locally produced and purchased syndicated programming are a significant portion of television operating expenses. Syndicated programming costs are determined based upon largely uncontrollable market factors, including demand from the independent and affiliated stations within the market. In recent years, the company's television stations have emphasized their locally produced news and entertainment programming in an effort to provide programs that distinguish the stations from the competition and to better control costs.

**Competition:** In each of its broadcasting markets, the company's stations compete for revenues with other network-affiliated and independent television and radio broadcasters and with other advertising media, such as cable television, newspapers, magazines and outdoor advertising. The stations also compete in the emerging local electronic media space, which includes Internet or Internet-enabled devices and any digital spectrum opportunities associated with digital television (DTV). The company's broadcasting stations compete principally on the basis of their market share, advertising rates and audience composition.



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Local news is most important to a station's success, and there is a growing emphasis on other forms of programming that relate to the local community. Network and syndicated programming constitute the majority of all other programming broadcast on the company's television stations, and the company's competitive position is directly affected by viewer acceptance of this programming. Other sources of present and potential competition for the company's broadcasting properties include pay cable, home video and audio recorders and video disc players, direct broadcast satellite and low-power television. Some of these competing services have the potential of providing improved signal reception or increased home entertainment selection, and they are continuing development and expansion.

Pursuant to the Satellite Home Viewer Extension Reauthorization Act of 2004, a number of the company's television stations are currently being delivered by satellite carriers to subscribers within the stations' local markets. The company has entered into retransmission consent agreements with satellite carriers that authorize such delivery, one of which expires in 2009 and another that expires in mid-2005. The company anticipates the latter agreement will be renewed when it expires. This law also permits satellite carriers to retransmit distant network television stations into areas served by local television stations if it is determined, using FCC-approved signal strength measurement standards, that local stations do not deliver an acceptable viewing signal.

**Regulation:** The company's television stations are operated under the authority of the Federal Communications Commission (FCC) under the Communications Act of 1934, as amended (Communications Act), and the rules and policies of the FCC (FCC Regulations).

Television broadcast licenses are granted for periods of eight years. They are renewable by broadcasters upon application to the FCC and usually are renewed except in rare cases in which a conflicting application, a petition to deny, a complaint or an adverse finding as to the licensee's qualifications results in loss of the license. The company believes it is in substantial compliance with all applicable provisions of the Communications Act and FCC Regulations. At the end of 2004, all of the company's stations have converted to digital television operations in accordance with applicable FCC regulations. Eight of the company's stations filed for license renewals in 2004 and another seven will do so in 2005. As of Feb. 15, 2005, three of the eight applications filed in 2004 were granted and the company expects the remaining five, as well as all future renewal applications, to be granted in the ordinary course.

FCC Regulations also prohibit concentrations of broadcasting control and regulate network programming. FCC Regulations governing multiple ownership limit, or in some cases, prohibit the common ownership or control of most communications media serving common market areas (for example, television and radio; television and daily newspapers; or radio and daily newspapers). FCC rules permit common ownership of two television stations in the same market in certain circumstances provided that at least one of the commonly owned stations is not among the market's top four rated stations at the time of acquisition. It is under this standard that the company acquired a second television station in Jacksonville, Fla.

In 2003, the FCC substantially changed its ownership rules to allow greater media ownership opportunities, including 1) permitting common ownership of different properties in the same market (depending on market size) but retaining limitations in markets of three or fewer television stations where cross-ownership is prohibited; 2) permitting ownership of a number of television stations in a market (depending on market size); and 3) increasing the national TV ownership cap, covering the number of U.S. TV households one company is permitted to serve from 35% to 45%. In January, 2004, Congress passed legislation setting the national ownership cap figure at 39%. Presently the company's 21 television stations reach an aggregate of 17.9% of U.S. TV households.

In 2004, a federal appeals court found that the FCC had not adequately justified some of the rule changes and remanded the matter back to the FCC. In February 2005, the company in a joint filing with the Newspaper Association of America, sought review of the decision in the U.S. Supreme Court. Several other media companies filed similar requests for review. While this appeal is pending, the FCC's pre-2003 ownership rules remain in effect. The company is unable to predict the outcome of these proceedings. However, if the Supreme Court overturns the 2004 appeals court ruling and the 2003 FCC rules are upheld, it could present opportunities for the company to acquire additional properties in markets it currently serves.

Under current FCC rules, the company has a waiver which permits it to own a newspaper-television combination in Phoenix, Ariz. Unless the cross-ownership rules are amended or the waiver is extended, it will expire on Oct. 1, 2006.

### **Employee relations**

At the end of 2004, the company and its subsidiaries had approximately 52,500 full-time and part-time employees. Three of the company's newspapers were published in 2004 together with non-company newspapers pursuant to joint operating agreements, and the employment total above includes the company's pro-rata share of employees at those joint production and business operations.

Approximately 13% of those employed by the company and its subsidiaries are represented by labor unions. They are represented by 94 local bargaining units, most of which are affiliated with one of seven international unions under collective bargaining agreements. These agreements conform generally with the pattern of labor agreements in the newspaper and broadcasting industries. The company does not engage in industrywide or companywide bargaining. The company's U.K. subsidiaries bargain with three unions over working practices, wages and health and safety issues only.

The company provides competitive group life and medical insurance programs for full-time domestic employees at each location. The company pays a substantial portion of these costs and employees contribute the balance. Nearly all of the company's units provide retirement or profit-sharing plans which cover all eligible part-time and full-time employees.

In 1990, the company established a 401(k) Savings Plan, which is available to most of its domestic employees and a small number of unionized employees.

Newsquest employees have local staff councils for consultation and communication with local Newsquest management. Newsquest provides the majority of its employees with 1) the option to participate in a stock option-linked savings plan; 2) the option to purchase Gannett shares through a share incentive plan; and 3) a retirement plan that incorporates life insurance.

The company strives to maintain good relationships with its employees.

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**MARKETS WE SERVE**

**NEWSPAPERS AND NEWSPAPER DIVISION**

**Daily newspapers**

State Territory	City	Newspaper	Circulation			Founded	Joined Gannett (a)
			Morning	Afternoon	Sunday		
Alabama	Montgomery	Montgomery Advertiser	49,789		59,413	1829	1995 (61)
Arizona	Phoenix	The Arizona Republic	435,527		555,252	1890	2000 (89)
	Tucson	Tucson Citizen		30,937		1870	1976 (30)
Arkansas	Mountain Home	The Baxter Bulletin	11,343			1901	1995 (62)
California	Palm Springs	The Desert Sun	51,733		53,821	1927	1986 (55)
	Salinas	The Salinas Californian	17,867			1871	1977 (36)
	Tulare	Tulare Advance-Register		7,536		1882	1993 (60)
	Visalia	Visalia Times-Delta	21,268			1859	1977 (37)
Colorado	Fort Collins	Fort Collins Coloradoan	28,326		34,090	1873	1977 (38)
Connecticut	Norwich	Norwich Bulletin	27,064		30,288	1791	1981 (48)
Delaware	Wilmington	The News Journal	116,779		139,625	1871	1978 (43)
Florida	Brevard County	FLORIDA TODAY	85,322		103,868	1966	1966 (9)
	Fort Myers	The News-Press	90,142		108,884	1884	1971 (24)
	Pensacola	Pensacola News Journal	63,257		80,317	1889	1969 (11)
Guam	Hagatna	Pacific Daily News	20,829		19,629	1944	1971 (23)
Hawaii	Honolulu	The Honolulu Advertiser	143,036		163,232	1856	1993 (59)
Idaho	Boise	The Idaho Statesman	64,017		84,757	1864	1971 (16)
Illinois	Rockford	Rockford Register Star	65,107		77,708	1855	1967 (10)
Indiana	Indianapolis	The Indianapolis Star	252,387		356,995	1903	2000 (90)
	Lafayette	Journal and Courier	36,735		43,267	1829	1971 (17)
	Marion	Chronicle-Tribune	17,498		20,026	1867	1971 (20)
	Muncie	The Star Press	32,616		35,238	1899	2000 (91)
	Richmond	Palladium-Item		17,919	22,107	1831	1976 (29)
Iowa	Des Moines	The Des Moines Register	152,895		242,390	1849	1985 (52)
	Iowa City	Iowa City Press-Citizen	14,732			1860	1977 (40)
Kentucky	Louisville	The Courier-Journal	211,616		275,015	1868	1986 (57)
Louisiana	Alexandria	Alexandria Daily Town Talk	34,416		39,464	1883	2000 (92)
	Lafayette	The Daily Advertiser	46,449		55,730	1865	2000 (70)
	Monroe	The News-Star	35,886		40,038	1890	1977 (42)
	Opelousas	Daily World	9,804		11,303	1939	2000 (93)
	Shreveport	The Times	63,407		77,594	1871	1977 (41)
Maryland	Salisbury	The Daily Times	26,794		30,688	1900	2000 (71)
Michigan	Battle Creek	Battle Creek Enquirer	24,954		33,323	1900	1971 (18)
	Detroit	The Detroit News		221,470		1873	1986 (54)
		The Detroit News and Free Press				706,349	
	Lansing	Lansing State Journal	71,945		91,175	1855	1971 (15)
Port Huron	Times Herald		28,789	38,887	1900	1970 (12)	
Minnesota	St. Cloud	St. Cloud Times	28,112		37,034	1861	1977 (35)
Mississippi	Hattiesburg	Hattiesburg American		21,436	25,380	1897	1982 (50)
	Jackson	The Clarion-Ledger	97,421		108,738	1837	1982 (49)
Missouri	Springfield	Springfield News-Leader	60,889		88,970	1893	1977 (34)
Montana	Great Falls	Great Falls Tribune	33,344		36,568	1885	1990 (58)
Nevada	Reno	Reno Gazette-Journal	66,442		82,651	1870	1977 (31)
New Jersey	Asbury Park	Asbury Park Press	159,390		213,513	1879	1997 (67)
	Bridgewater	Courier News	40,326		40,471	1884	1927 (5)
	Cherry Hill	Courier-Post	76,348		91,939	1875	1959 (7)
	East Brunswick	Home News Tribune	59,631		65,985	1879	1997 (68)
	Morristown	Daily Record	41,501		43,259	1900	1998 (69)
	Vineland	The Daily Journal	17,701			1864	1986 (56)

(a) Number in parentheses notes chronological order in which existing newspapers joined Gannett.

**Non-daily publications:** see listing of U.S. non-daily locations on page 12.



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Daily newspapers

State Territory	City	Newspaper	Circulation			Founded	Joined Gannett (a)
			Morning	Afternoon	Sunday		
New Mexico	Alamogordo	Alamogordo Daily News†		7,164	8,395	1898	2003 (94)
	Carlsbad	Carlsbad Current-Argus†	7,927		8,108	1889	2003 (95)
	Deming	The Deming Headlight†	*			1881	2003 (96)
	Farmington	The Daily Times†	18,199		20,055	1894	2003 (97)
	Las Cruces	Las Cruces Sun-News†	24,752		24,914	1881	2003 (98)
	Silver City	Silver City Sun-News†		*	*	1995	2003 (99)
New York	Binghamton	Press & Sun-Bulletin	54,802		68,564	1904	1943 (6)
	Elmira	Star-Gazette	28,416		39,148	1828	1906 (1)
	Ithaca	The Ithaca Journal	17,746			1815	1912 (2)
	Poughkeepsie	Poughkeepsie Journal	39,969		49,158	1785	1977 (33)
	Rochester	Rochester Democrat and Chronicle	167,851		225,092	1833	1918 (3)
	Utica	Observer-Dispatch	43,192		50,259	1817	1922 (4)
	Westchester County	The Journal News	140,937		163,991	1829	1964 (8)
North Carolina	Asheville	Asheville Citizen-Times	58,504		68,116	1870	1995 (63)
Ohio	Bucyrus	Telegraph-Forum		7,062		1923	2000 (72)
	Chillicothe	Chillicothe Gazette		15,553	15,645	1800	2000 (73)
	Cincinnati	The Cincinnati Enquirer	192,375		302,038	1841	1979 (44)
	Coshocton	Coshocton Tribune		6,938	7,229	1842	2000 (74)
	Fremont	The News-Messenger		13,267		1856	1975 (27)
	Lancaster	Lancaster Eagle-Gazette		14,375	14,626	1807	2000 (75)
	Mansfield	News Journal		31,665	40,744	1885	2000 (76)
	Marion	The Marion Star		13,929	13,790	1880	2000 (77)
	Newark	The Advocate		21,247	22,461	1820	2000 (78)
	Port Clinton	News Herald		5,797		1864	1975 (28)
Oklahoma	Muskogee	Muskogee Daily Phoenix and Times-Democrat	16,732		17,826	1888	1977 (39)
Oregon	Salem	Statesman Journal	53,663		61,658	1851	1974 (26)
Pennsylvania	Chambersburg	Public Opinion		17,431		1869	1971 (14)
South Carolina	Greenville	The Greenville News	88,898		116,455	1874	1995 (64)
South Dakota	Sioux Falls	Argus Leader	54,192		76,319	1881	1977 (32)
Tennessee	Clarksville	The Leaf-Chronicle	22,264		26,327	1808	1995 (65)
	Jackson	The Jackson Sun	35,219		40,717	1848	1985 (53)
	Murfreesboro	The Daily News Journal	15,383		18,306	1848	2004 (100)
	Nashville	The Tennessean	173,890		239,187	1812	1979 (45)
Texas	El Paso	El Paso Times†	73,172		88,410	1879	1972 (25)
Utah	St. George	The Spectrum	22,468		23,667	1963	2000 (80)
Vermont	Burlington	The Burlington Free Press	48,042		56,295	1827	1971 (13)
Virginia	McLean	USA TODAY	2,301,569			1982	1982 (51)
	Staunton	The Daily News Leader	18,339		21,186	1904	1995 (66)
Washington	Bellingham	The Bellingham Herald	24,061		30,594	1890	1971 (21)
	Olympia	The Olympian	34,019		41,497	1889	1971 (19)
West Virginia	Huntington	The Herald-Dispatch	29,799		35,892	1909	1971 (22)
Wisconsin	Appleton	The Post-Crescent		52,605	68,532	1853	2000 (81)
	Fond du Lac	The Reporter		18,632	19,318	1870	2000 (82)
	Green Bay	Green Bay Press-Gazette	57,675		83,166	1915	1980 (46)
	Green Bay	Green Bay News Chronicle	3,931		5,197	1972	2004 (101)
	Manitowoc	Herald Times Reporter		15,806	16,382	1898	2000 (83)
	Marshfield	Marshfield News-Herald		13,168		1927	2000 (84)
	Oshkosh	Oshkosh Northwestern	21,652		25,477	1868	2000 (85)
	Sheboygan	The Sheboygan Press		23,387	25,659	1907	2000 (86)
	Stevens Point	Stevens Point Journal		12,245		1873	2000 (87)
			Central Wisconsin Sunday			19,306	
		Wausau	Wausau Daily Herald		22,120	28,716	1903
	Wisconsin Rapids	The Daily Tribune		12,407		1914	2000 (88)

\* Circulation figures included with Las Cruces Sun-News amounts.



**NEWSPAPERS AND NEWSPAPER DIVISION (continued)**

**Army Times Publishing Co.**

**Headquarters:** Springfield, Va.

**Advertising offices:** Chicago, Ill.; Detroit, Mich.; Los Angeles, Calif.; New York, N.Y.

**Publications:** Army Times, Navy Times, Marine Corps Times, Air Force Times, Federal Times, Defense News, Armed Forces Journal, C4ISR Journal, Training and Simulation Journal

**Clipper Magazine, Inc.**

**Headquarters:** Mountville, Pa.

**Nursing Spectrum (including NurseWeek acquired in 2004)**

**Offices:** Dallas/Fort Worth, Texas (serving Texas and Louisiana); Falls Church, Va. (serving Washington, D.C./Baltimore, Md.); Ft. Lauderdale, Fla. (serving Ft. Lauderdale and Tampa); Hoffman Estates, Ill. (serving Illinois, Indiana, Michigan and Ohio); King of Prussia, Pa. (serving Philadelphia and the Delaware Valley); Lexington, Mass. (serving New England states); San Jose, Calif. (serving California and the Western States); Westbury, N.Y. (serving New York and New Jersey)

**Non-daily publications**

Weekly, semi-weekly, monthly or bimonthly publications in Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Guam, Hawaii, Idaho, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin and Juarez, Mexico

**USA WEEKEND**

**Headquarters:** McLean, Va.

**Advertising offices:** Chicago, Ill.; Detroit, Mich.; Los Angeles, Calif.; New York, N.Y.

**Gannett Media Technologies International:** Cincinnati, Ohio; Norfolk, Va.; Tempe, Ariz.

**Gannett Offset**

**Headquarters:** Springfield, Va.

**Offset sites:** Atlanta, Ga.; Minneapolis, Minn.; Miramar, Fla.; Norwood, Mass.; St. Louis, Mo.; Springfield, Va.

**Gannett Offset Marketing Services Group**

**Gannett Direct Marketing Services, Inc.:** Louisville, Ky.

**Telematch:** Springfield, Va.

**Gannett Retail Advertising Group:** Chicago, Ill.

**Gannett Satellite Information Network:** McLean, Va.

**Gannett News Service**

**Headquarters:** McLean, Va.

**Bureau:** Washington, D.C.

**State bureaus:** Albany, N.Y.; Baton Rouge, La.; Newark, N.J.; Sacramento, Calif.; Springfield, Ill.; Tallahassee, Fla.

**USA TODAY**

**Headquarters and editorial offices:** McLean, Va.

**Print sites:** Arlington, Texas; Atlanta, Ga.; Batavia, N.Y.; Brevard County, Fla.; Chandler, Ariz.; Chicago, Ill.; Columbia, S.C.; Fort Collins, Colo.; Fort Myers, Fla.; Hattiesburg, Miss.; Kankakee, Ill.; Honolulu, Hawaii; Lansing, Mich.; Las Vegas, Nev.; Lawrence, Kan.; Mansfield, Ohio; Marin County, Calif.; Minneapolis, Minn.; Miramar, Fla.; Nashville, Tenn.; Newark, Ohio; Norwood, Mass.; Olympia, Wash.; Pasadena, Texas; Port Huron, Mich.; Raleigh, N.C.; Richmond, Ind.; Rockaway, N.J.; St. Louis, Mo.; Salisbury, N.C.; Salt Lake City, Utah; San Bernardino, Calif.; Springfield, Va.; Warrendale, Pa.; White Plains, N.Y.; Wilmington, Del.

**International print sites:** Frankfurt, Germany; Gosselies, Belgium; Hong Kong; London, England

**National offices:** Atlanta, Ga.; Boston, Mass.; Buffalo, N.Y.; Charlotte, N.C.; Chicago, Ill.; Cincinnati, Ohio; Dallas, Texas; Denver, Colo.; Detroit, Mich.; Houston, Texas; Los Angeles, Calif.; Minneapolis, Minn.; Nashville, Tenn.; New York, N.Y.; Orlando, Fla.; Philadelphia, Pa.; Phoenix, Ariz.; San Francisco, Calif.; Seattle, Wash.; St. Louis, Mo.; Washington, D.C.

**International offices:** Hong Kong; London, England; Singapore

**Advertising offices:** McLean, Va.; Atlanta, Ga.; Chicago, Ill.; Dallas, Texas; Detroit, Mich.; London, England; Los Angeles, Calif.; New York, N.Y.; San Francisco, Calif.

**USA TODAY SPORTS WEEKLY**

**Editorial offices:** McLean, Va.

**Advertising offices:** Chicago, Ill.; McLean, Va.; New York, N.Y.

**USATODAY.com**

**Headquarters and editorial offices:** McLean, Va.

**Advertising offices:** Atlanta, Ga.; Chicago, Ill.; Dallas, Texas; Detroit, Mich.; Los Angeles, Calif.; McLean, Va.; New York, N.Y.; San Francisco, Calif.

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**Daily newspapers/Newsquest PLC**

City	Newspaper	Circulation			Founded	Joined Gannett
		Morning	Afternoon	Saturday		
Basildon	Evening Echo		39,444		1969	1999
Blackburn	Lancashire Evening Telegraph		36,309	31,134	1886	1999
Bolton	Bolton Evening News		36,162	28,513	1867	1999
Bournemouth	Daily Echo		35,126*		1900	2000
Bradford	Telegraph & Argus		46,584	41,183	1868	1999
Brighton	The Argus		41,383	40,472	1880	1999
Colchester	Evening Gazette		26,981		1970	1999
Darlington	The Northern Echo	57,092*			1870	1999
Glasgow	Evening Times		95,121	50,476	1876	2003
Glasgow	The Herald	83,383		83,813	1783	2003
Newport	South Wales Argus		31,803	28,262	1892	2000
Oxford	Oxford Mail		27,245	25,370	1928	1999
Southampton	Southern Daily Echo		43,579*		1888	2000
Swindon	Evening Advertiser		24,042	20,298	1854	1999
Weymouth	Dorset Echo		21,422*		1921	2000
Worcester	Worcester Evening News		20,528	18,288	1937	1999
York	Evening Press		37,208*		1882	1999

\* Monday-Saturday inclusive

**Non-daily publications:** Essex, London, Midlands, North East, North West, South Coast, South East, South and East Wales, South West, Yorkshire

**BROADCASTING**

**Television stations**

State	City	Station	Channel/Network	Weekly Audience(a)	Founded	Joined Gannett
Arizona	Flagstaff	KNAZ-TV	Channel 2/NBC	(b)	1970	1997
	Phoenix	KPNX-TV*	Channel 12/NBC	1,256,000	1953	1979
Arkansas	Little Rock	KTHV-TV	Channel 11/CBS	435,000	1955	1994
California	Sacramento	KXTV-TV	Channel 10/ABC	1,012,000	1955	1999
Colorado	Denver	KUSA-TV	Channel 9/NBC	1,204,000	1952	1979
District of Columbia	Washington	WUSA-TV	Channel 9/CBS	1,921,000	1949	1986
Florida	Jacksonville	WJXX-TV	Channel 25/ABC	433,000	1989	2000
		WTLV-TV	Channel 12/NBC	513,000	1957	1988
	Tampa-St. Petersburg	WTSP-TV	Channel 10/CBS	1,327,000	1965	1996
Georgia	Atlanta	WXIA-TV	Channel 11/NBC	1,669,000	1948	1979
	Macon	WMAZ-TV	Channel 13/CBS	210,000	1953	1995
Maine	Bangor	WLBZ-TV	Channel 2/NBC	104,000	1954	1998
	Portland	WCSH-TV	Channel 6/NBC	383,000	1953	1998
Michigan	Grand Rapids	WZZM-TV	Channel 13/ABC	407,000	1962	1997
Minnesota	Minneapolis-St. Paul	KARE-TV	Channel 11/NBC	1,442,000	1953	1983
Missouri	St. Louis	KSDK-TV	Channel 5/NBC	1,087,000	1947	1995
New York	Buffalo	WGRZ-TV	Channel 2/NBC	556,000	1954	1997
North Carolina	Greensboro	WFMY-TV	Channel 2/CBS	588,000	1949	1988
Ohio	Cleveland	WKYC-TV	Channel 3/NBC	1,386,000	1948	1995
South Carolina	Columbia	WLTX-TV	Channel 19/CBS	286,000	1953	1998
Tennessee	Knoxville	WBIR-TV	Channel 10/NBC	474,000	1956	1995

**Captivate Network, Inc.**

**Headquarters:** Westford, Mass.

**Advertising offices:** Atlanta, Ga.; Chicago, Ill.; Dallas, Texas; Los Angeles, Calif.; New York, N.Y.; San Francisco, Calif.; Toronto, Ontario; Washington, D.C.

(a) Weekly audience is number of TV households reached, according to the November 2004 Nielsen book.

(b) Audience numbers fall below minimum reporting standards.

\* Includes audience numbers for KNAZ-TV.



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### **GANNETT ON THE NET**

News and information about Gannett is available on our Web site, [www.gannett.com](http://www.gannett.com). In addition to news and other information about our company, we provide access through this site to our annual report on Form 10-K, our quarterly reports on Form 10-Q, our current reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after we file or furnish them electronically with the Securities and Exchange Commission.

We also provide access on this Web site to our Principles of Corporate Governance, the charters of our Audit, Executive Compensation and Nominating and Public Responsibility Committees and other important governance documents and policies, including our Ethics and Inside Trading Policies. Copies of all of these corporate governance documents are available to any shareholder upon written request made to our Secretary at our headquarters address. In addition, we will disclose on this Web site changes to, or waivers of, our corporate Ethics Policy.

Gannett properties also offer online services or informational sites on the Internet as follows, alphabetical by market:

### **GANNETT CORPORATE**

Gannett Co., Inc.

[www.gannett.com](http://www.gannett.com)

### **U.S. NEWSPAPERS AND NEWSPAPER DIVISION**

USA TODAY	<a href="http://www.usatoday.com">www.usatoday.com</a>
USA WEEKEND	<a href="http://www.usaweekend.com">www.usaweekend.com</a>
Alexandria (La.) Daily Town Talk	<a href="http://www.thetowntalk.com">www.thetowntalk.com</a>
The Post-Crescent, Appleton, Wis.	<a href="http://www.postcrescent.com">www.postcrescent.com</a>
Asbury Park (N.J.) Press	<a href="http://www.app.com">www.app.com</a>
Asheville (N.C.) Citizen-Times	<a href="http://www.citizen-times.com">www.citizen-times.com</a>
Battle Creek (Mich.) Enquirer	<a href="http://www.battlecreekenquirer.com">www.battlecreekenquirer.com</a>
The Bellingham (Wash.) Herald	<a href="http://www.bellinghamherald.com">www.bellinghamherald.com</a>
Press & Sun-Bulletin, Binghamton, N.Y.	<a href="http://www.pressconnects.com">www.pressconnects.com</a>
The Idaho Statesman, Boise	<a href="http://www.idahostatesman.com">www.idahostatesman.com</a>
Telegraph-Forum, Bucyrus, Ohio	<a href="http://www.bucyrustelegraphforum.com">www.bucyrustelegraphforum.com</a>
FLORIDA TODAY, Brevard County	<a href="http://www.floridatoday.com">www.floridatoday.com</a>
Courier News, Bridgewater, N.J.	<a href="http://www.c-n.com">www.c-n.com</a>
The Burlington (Vt.) Free Press	<a href="http://www.burlingtonfreepress.com">www.burlingtonfreepress.com</a>
Public Opinion, Chambersburg, Pa.	<a href="http://www.publicopiniononline.com">www.publicopiniononline.com</a>
Courier-Post, Cherry Hill, N.J.	<a href="http://www.courierpostonline.com">www.courierpostonline.com</a>
Chillicothe (Ohio) Gazette	<a href="http://www.chillicothegazette.com">www.chillicothegazette.com</a>
The Cincinnati Enquirer	<a href="http://www.cincinnati.com">www.cincinnati.com</a>
The Leaf-Chronicle, Clarksville, Tenn.	<a href="http://www.theleafchronicle.com">www.theleafchronicle.com</a>
Coshocton (Ohio) Tribune	<a href="http://www.coshoctontribune.com">www.coshoctontribune.com</a>
The Des Moines Register	<a href="http://DesMoinesRegister.com">DesMoinesRegister.com</a>
The Detroit News	<a href="http://detnews.com">detnews.com</a>
Home News Tribune, East Brunswick, N.J.	<a href="http://www.thnt.com">www.thnt.com</a>
Star-Gazette, Elmira, N.Y.	<a href="http://www.stargazette.com">www.stargazette.com</a>
The Reporter, Fond du Lac, Wis.	<a href="http://www.fdlreporter.com">www.fdlreporter.com</a>
Fort Collins Coloradoan	<a href="http://www.coloradoan.com">www.coloradoan.com</a>
The News-Press, Fort Myers, Fla.	<a href="http://www.news-press.com">www.news-press.com</a>
The News-Messenger, Fremont, Ohio	<a href="http://www.thenews-messenger.com">www.thenews-messenger.com</a>
Great Falls (Mont.) Tribune	<a href="http://www.greatfallstribune.com">www.greatfallstribune.com</a>
Green Bay (Wis.) News-Chronicle	<a href="http://www.greenbaynewschron.com">www.greenbaynewschron.com</a>
Green Bay (Wis.) Press-Gazette	<a href="http://www.greenbaypressgazette.com">www.greenbaypressgazette.com</a>
The Greenville (S.C.) News	<a href="http://greenvilleonline.com">greenvilleonline.com</a>
Pacific Daily News, Hagatna, Guam	<a href="http://www.guampdn.com">www.guampdn.com</a>
Hattiesburg (Miss.) American	<a href="http://www.hattiesburgamerican.com">www.hattiesburgamerican.com</a>
The Honolulu Advertiser	<a href="http://www.honoluluadvertiser.com">www.honoluluadvertiser.com</a>
The Herald-Dispatch, Huntington, W.Va.	<a href="http://www.herald-dispatch.com">www.herald-dispatch.com</a>
The Indianapolis Star	<a href="http://www.indystar.com">www.indystar.com</a>
Iowa City (Iowa) Press-Citizen	<a href="http://www.press-citizen.com">www.press-citizen.com</a>
The Ithaca (N.Y.) Journal	<a href="http://www.theithacajournal.com">www.theithacajournal.com</a>
The Clarion-Ledger, Jackson, Miss.	<a href="http://www.clarionledger.com">www.clarionledger.com</a>
The Jackson (Tenn.) Sun	<a href="http://www.jacksonsun.com">www.jacksonsun.com</a>
Journal and Courier, Lafayette, Ind.	<a href="http://www.jconline.com">www.jconline.com</a>
The Daily Advertiser, Lafayette, La.	<a href="http://www.theadvertiser.com">www.theadvertiser.com</a>
Lancaster (Ohio) Eagle-Gazette	<a href="http://www.lancastereaglegazette.com">www.lancastereaglegazette.com</a>
Lansing (Mich.) State Journal	<a href="http://www.lansingstatejournal.com">www.lansingstatejournal.com</a>
The Courier-Journal, Louisville, Ky.	<a href="http://www.courier-journal.com">www.courier-journal.com</a>
Herald Times Reporter, Manitowoc, Wis.	<a href="http://www.htnnews.com">www.htnnews.com</a>
News Journal, Mansfield, Ohio	<a href="http://www.mansfieldnewsjournal.com">www.mansfieldnewsjournal.com</a>
Chronicle-Tribune, Marion, Ind.	<a href="http://www.chronicle-tribune.com">www.chronicle-tribune.com</a>
The Marion (Ohio) Star	<a href="http://www.marionstar.com">www.marionstar.com</a>
Marshfield (Wis.) News-Herald	<a href="http://www.marshfieldnews herald.com">www.marshfieldnews herald.com</a>
The News-Star, Monroe, La.	<a href="http://www.thenewsstar.com">www.thenewsstar.com</a>
The Montgomery (Ala.) Advertiser	<a href="http://www.montgomeryadvertiser.com">www.montgomeryadvertiser.com</a>
Daily Record, Morristown, N.J.	<a href="http://www.dailyrecord.com">www.dailyrecord.com</a>
The Baxter Bulletin, Mountain Home, Ark.	<a href="http://www.baxterbulletin.com">www.baxterbulletin.com</a>
The Star Press, Muncie, Ind.	<a href="http://www.thestarpress.com">www.thestarpress.com</a>

The Daily News Journal, Murfreesboro, Tenn.	<a href="http://www.dnj.com">www.dnj.com</a>
Muskogee Daily Phoenix and Times-Democrat	<a href="http://www.muskogee phoenix.com">www.muskogee phoenix.com</a>
The Tennessean, Nashville	<a href="http://www.tennessean.com">www.tennessean.com</a>
The Advocate, Newark, Ohio	<a href="http://www.newarkadvocate.com">www.newarkadvocate.com</a>
Newspaper Network of Central Ohio	<a href="http://www.centralohio.com">www.centralohio.com</a>
Norwich (Conn.) Bulletin	<a href="http://www.norwichbulletin.com">www.norwichbulletin.com</a>
The Olympian, Olympia, Wash.	<a href="http://www.theolympian.com">www.theolympian.com</a>
Daily World, Opelousas, La.	<a href="http://www.dailyworld.com">www.dailyworld.com</a>
Oshkosh (Wis.) Northwestern	<a href="http://www.thenorthwestern.com">www.thenorthwestern.com</a>
The Desert Sun, Palm Springs, Calif.	<a href="http://www.thedesertsun.com">www.thedesertsun.com</a>
Pensacola (Fla.) News Journal	<a href="http://www.PensacolaNewsJournal.com">www.PensacolaNewsJournal.com</a>
The Arizona Republic, Phoenix	<a href="http://www.azcentral.com">www.azcentral.com</a>
News Herald, Port Clinton, Ohio	<a href="http://www.portclintonnewsherald.com">www.portclintonnewsherald.com</a>
Times Herald, Port Huron, Mich.	<a href="http://www.thetimesherald.com">www.thetimesherald.com</a>
Poughkeepsie (N.Y.) Journal	<a href="http://www.poughkeepsiejournal.com">www.poughkeepsiejournal.com</a>
Reno (Nev.) Gazette-Journal	<a href="http://www.rgj.com">www.rgj.com</a>
Palladium-Item, Richmond, Ind.	<a href="http://www.pal-item.com">www.pal-item.com</a>
Rochester (N.Y.) Democrat and Chronicle	<a href="http://www.DemocratandChronicle.com">www.DemocratandChronicle.com</a>
Rockford (Ill.) Register Star	<a href="http://www.rstar.com">www.rstar.com</a>
Statesman Journal, Salem, Ore.	<a href="http://www.statesmanjournal.com">www.statesmanjournal.com</a>
The Salinas Californian	<a href="http://www.thecalifornian.com">www.thecalifornian.com</a>
The Daily Times, Salisbury, Md.	<a href="http://www.delmarvanow.com">www.delmarvanow.com</a>
The Sheboygan (Wis.) Press	<a href="http://www.sheboygan-press.com">www.sheboygan-press.com</a>
Argus Leader, Sioux Falls, S.D.	<a href="http://www.argusleader.com">www.argusleader.com</a>
St. Cloud (Minn.) Times	<a href="http://www.sctimes.com">www.sctimes.com</a>
The Spectrum, St. George, Utah	<a href="http://www.thespectrum.com">www.thespectrum.com</a>
The Times, Shreveport, La.	<a href="http://www.shreveporttimes.com">www.shreveporttimes.com</a>
Springfield (Mo.) News-Leader	<a href="http://www.news-leader.com">www.news-leader.com</a>
The Daily News Leader, Staunton, Va.	<a href="http://www.newsleader.com">www.newsleader.com</a>
Stevens Point (Wis.) Journal	<a href="http://www.stevenspointjournal.com">www.stevenspointjournal.com</a>
Tucson (Ariz.) Citizen	<a href="http://www.tucsoncitizen.com">www.tucsoncitizen.com</a>
Tulare (Calif.) Advance-Register	<a href="http://www.tulareadvanceregister.com">www.tulareadvanceregister.com</a>
Observer-Dispatch, Utica, N.Y.	<a href="http://www.uticaod.com">www.uticaod.com</a>
The Daily Journal, Vineland, N.J.	<a href="http://www.thedailyjournal.com">www.thedailyjournal.com</a>
Visalia (Calif.) Times-Delta	<a href="http://www.visaliatimesdelta.com">www.visaliatimesdelta.com</a>
Wausau (Wis.) Daily Herald	<a href="http://www.wausaudailyherald.com">www.wausaudailyherald.com</a>
The Journal News, Westchester County, N.Y.	<a href="http://www.thejournalnews.com">www.thejournalnews.com</a>
The News Journal, Wilmington, Del.	<a href="http://www.delawareonline.com">www.delawareonline.com</a>
The Daily Tribune, Wisconsin Rapids, Wis.	<a href="http://www.wisconsinrapidstribune.com">www.wisconsinrapidstribune.com</a>
Times Recorder, Zanesville, Ohio	<a href="http://www.zanesvilletimesrecorder.com">www.zanesvilletimesrecorder.com</a>
Army Times	<a href="http://www.armytimes.com">www.armytimes.com</a>
Navy Times	<a href="http://www.navytimes.com">www.navytimes.com</a>
Marine Corps Times	<a href="http://www.marinetimes.com">www.marinetimes.com</a>
Air Force Times	<a href="http://www.airforcetimes.com">www.airforcetimes.com</a>
Federal Times	<a href="http://www.federaltimes.com">www.federaltimes.com</a>
Defense News	<a href="http://www.defensenews.com">www.defensenews.com</a>
Military City	<a href="http://www.militarycity.com">www.militarycity.com</a>
Nursing Spectrum	<a href="http://www.nursingspectrum.com">www.nursingspectrum.com</a>
Gannett Offset	<a href="http://www.gannettoffset.com">www.gannettoffset.com</a>
Gannett Direct Marketing Services	<a href="http://www.gdms.com">www.gdms.com</a>
Gannett Media Technologies International	<a href="http://www.gmti.com">www.gmti.com</a>
101 Things to Do Magazine	<a href="http://www.101thingstodo.com">www.101thingstodo.com</a>
Action Advertising	<a href="http://www.actionadvertiser.com">www.actionadvertiser.com</a> & <a href="http://www.actionprinting.com">www.actionprinting.com</a>
Clipper Magazine	<a href="http://www.clippermagazine.com">www.clippermagazine.com</a>

**Newsquest PLC/U.K.**

Newsquest Media Group	<a href="http://www.newsquest.co.uk">www.newsquest.co.uk</a>
Evening Echo, Basildon	<a href="http://www.thisissessex.co.uk">www.thisissessex.co.uk</a>
Lancashire Evening Telegraph, Blackburn	<a href="http://www.thisislancashire.co.uk">www.thisislancashire.co.uk</a>
Bolton Evening News, Bolton	<a href="http://www.thisislancashire.co.uk">www.thisislancashire.co.uk</a>
Daily Echo, Bournemouth	<a href="http://www.thisisdorset.net">www.thisisdorset.net</a>
Telegraph & Argus, Bradford	<a href="http://www.thisisbradford.co.uk">www.thisisbradford.co.uk</a>
The Argus, Brighton	<a href="http://www.theargus.co.uk">www.theargus.co.uk</a>
Evening Gazette, Colchester	<a href="http://www.thisissessex.co.uk">www.thisissessex.co.uk</a>
The Northern Echo, Darlington	<a href="http://www.thisisthenortheast.co.uk">www.thisisthenortheast.co.uk</a>
Evening Times, Glasgow	<a href="http://www.eveningtimes.co.uk">www.eveningtimes.co.uk</a>
The Herald, Glasgow	<a href="http://www.theherald.co.uk">www.theherald.co.uk</a>
South Wales Argus, Newport	<a href="http://www.thisisgwent.co.uk">www.thisisgwent.co.uk</a>
Oxford Mail, Oxford	<a href="http://www.thisisoxfordshire.co.uk">www.thisisoxfordshire.co.uk</a>
Southern Daily Echo, Southampton	<a href="http://www.thisishampshire.net">www.thisishampshire.net</a>
Evening Advertiser, Swindon	<a href="http://www.thisiswiltshire.co.uk">www.thisiswiltshire.co.uk</a>
Dorset Echo, Weymouth	<a href="http://www.thisisdorset.net">www.thisisdorset.net</a>
Worcester Evening News, Worcester	<a href="http://www.thisisworcestershire.co.uk">www.thisisworcestershire.co.uk</a>
Evening Press, York	<a href="http://www.thisisyork.co.uk">www.thisisyork.co.uk</a>

**BROADCASTING DIVISION**

WXIA-TV, Atlanta	<a href="http://www.11alive.com">www.11alive.com</a>
WLBZ-TV, Bangor, Maine	<a href="http://www.wlbz2.com">www.wlbz2.com</a>
WGRZ-TV, Buffalo, N.Y	<a href="http://www.wgrz.com">www.wgrz.com</a>
WKYC-TV, Cleveland, Ohio	<a href="http://www.wkyc.com">www.wkyc.com</a>
WLTX-TV, Columbia, S.C.	<a href="http://www.wltx.com">www.wltx.com</a>
KUSA-TV, Denver	<a href="http://www.9news.com">www.9news.com</a>
WZZM-TV, Grand Rapids-Kalamazoo-Battle Creek, Mich.	<a href="http://www.wzzm13.com">www.wzzm13.com</a>
WFMY-TV, Greensboro, N.C.	<a href="http://www.wfmynews2.com">www.wfmynews2.com</a>
WTLV-TV/WJXX-TV, Jacksonville, Fla.	<a href="http://www.firstcoastnews.com">www.firstcoastnews.com</a>
WBIR-TV, Knoxville, Tenn.	<a href="http://www.wbir.com">www.wbir.com</a>
KTHV-TV, Little Rock, Ark.	<a href="http://www.kthv.com">www.kthv.com</a>
WMAZ-TV, Macon, Ga.	<a href="http://www.13wmaz.com">www.13wmaz.com</a>
KARE-TV, Minneapolis-St. Paul	<a href="http://www.kare11.com">www.kare11.com</a>
KPNX-TV, Phoenix, Ariz.	<a href="http://www.azcentral.com">www.azcentral.com</a>
WCSH-TV, Portland, Maine	<a href="http://www.wcsh6.com">www.wcsh6.com</a>
KXTV-TV, Sacramento, Calif.	<a href="http://www.news10.net">www.news10.net</a>
KSDK-TV, St. Louis, Mo.	<a href="http://www.ksdk.com">www.ksdk.com</a>
WTSP-TV, Tampa-St. Petersburg, Fla.	<a href="http://www.tampabay10.com">www.tampabay10.com</a>
WUSA-TV, Washington, D.C.	<a href="http://www.wusatv9.com">www.wusatv9.com</a>
Captivate Network	<a href="http://www.captivatenetwork.com">www.captivatenetwork.com</a>

In addition to the Internet sites listed above for wholly owned subsidiaries, the Texas-New Mexico Newspapers Partnership, in which Gannett has a 66.2% ownership interest, provides online services or information at [www.alamogordonews.com](http://www.alamogordonews.com), [www.currentargus.com](http://www.currentargus.com), [www.demingheadlight.com](http://www.demingheadlight.com), [www.elpasotimes.com](http://www.elpasotimes.com), [www.daily-times.com](http://www.daily-times.com), [www.lcsun-news.com](http://www.lcsun-news.com) and [www.scsun-news.com](http://www.scsun-news.com).

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### ITEM 2. PROPERTIES

#### Newspaper Publishing/United States

Generally, the company owns the plants that house all aspects of the newspaper publication process. In the case of USA TODAY, at Dec. 26, 2004, 15 non-Gannett printers were used to print the newspaper in U.S. markets where there are no company newspapers with appropriate facilities. Four non-Gannett printers in foreign countries are used to print USA TODAY International. USA WEEKEND, Clipper Magazine and Nursing Spectrum are also printed under contracts with commercial printing companies. Many of the company's newspapers have outside news bureaus and sales offices, which generally are leased. In a few markets, two or more of the company's newspapers share combined facilities; and in certain locations, facilities are shared with other newspaper properties. The company's newspaper properties have rail siding facilities or access to main roads for newsprint delivery purposes and are conveniently located for distribution purposes.

During the past five years, new or substantial additions or remodeling of existing facilities have been completed or are at some stage of construction at 31 of the company's newspaper operations. Gannett continues to make significant investments in renovations or new facilities, where the investment improves the products for its readers and advertisers as well as productivity and operating efficiency. The company's facilities are adequate for present operations. A listing of newspaper publishing centers and key properties may be found on pages 10-12.

#### Newspaper Publishing/United Kingdom

Newsquest owns certain of the plants where its newspapers are produced and leases other facilities. In 2004, Newsquest moved its headquarters to Weybridge, Surrey. Substantial additions to Newsquest's printing capacity and color capabilities have been made since Gannett acquired Newsquest in 1999. All of Newsquest's properties are adequate for present purposes. A listing of Newsquest publishing centers and key properties may be found on page 13.

#### Broadcasting

The company's broadcasting facilities are adequately equipped with the necessary television broadcasting equipment. The company owns transmitter sites in 25 locations and leases one site.

During the past five years, new broadcasting facilities or substantial improvements to existing facilities were completed in Knoxville, Tenn; Columbia, S.C.; Cleveland, Ohio; and Tampa, Fla. Technical facility expansion to accommodate DTV was completed at 20 sites between 1999 and 2004. At the end of 2004, all of the company's stations have converted to digital television operations in accordance with applicable FCC regulations. The company's broadcasting facilities are adequate for present purposes. A listing of broadcasting stations and Captivate's offices may be found on page 13.

#### Corporate facilities

The company's headquarters and USA TODAY are located in McLean, Va. The company also owns a data and network operations center in nearby Maryland. Headquarters facilities are adequate for present operations.

### ITEM 3. LEGAL PROCEEDINGS

Information regarding legal proceedings may be found on page 50 in Note 10 of the Notes to Consolidated Financial Statements.

#### Environmental

Some of the company's newspaper subsidiaries have been identified as potentially responsible parties for cleanup of contaminated sites as a result of their alleged disposal of ink or other wastes at disposal sites that have been subsequently identified as requiring remediation. In five such matters, the company's liability could exceed \$100,000.

In March 2004, the United States Environmental Protection Agency, or EPA, notified Phoenix Newspapers, Inc. (PNI), a wholly owned Gannett subsidiary, that the company is considered a potentially responsible party for costs incurred in the investigation and potential remediation of contamination at a property in Phoenix, Ariz., formally owned by PNI. PNI is currently negotiating the terms of an Administrative Order on Consent with the EPA; we expect that this Order will require PNI to (1) investigate the extent, if any, to which PNI's use of that property contributed to contamination of the site, (2) if warranted, evaluate options for remediation, and (3) reimburse EPA's oversight costs. PNI's liability on this matter will depend on the findings of the investigation.

Poughkeepsie Newspapers is required by a consent order with the EPA to fund a portion of the remediation costs at the Hertel Landfill site in Plattekill, N.Y. Poughkeepsie Newspapers is currently paying 6.25% of the remediation costs, currently estimated at \$1.7 million.

In September 2003, the EPA notified Multimedia, Inc., a wholly owned Gannett subsidiary, that the company is considered a *de minimis* potentially responsible party for costs associated with the Operating Industries, Inc. Superfund Site in Monterey, Calif. Based on the most recent information from the EPA, Multimedia, Inc. expects to settle this matter for approximately \$95,000.

In 2002, The Journal News entered into a tolling agreement with other potentially responsible parties and the New York Department of Environmental Conservation pursuant to its investigation of contamination at the Clarkstown, N.Y., landfill site. In 2003, The Journal News made an initial payment of \$5,000. No estimate of the newspaper's liability at the site is available.

In July 2000, the state of New Jersey notified the Courier-Post in Cherry Hill that it was seeking to recover from the newspaper and other parties cleanup costs totaling approximately \$1.9 million. These costs were allegedly expended by the New Jersey Department of Environmental Protection to clean up discharges of hazardous substances at the Noble Oil Company site at 30 Cramer Road, Tabernacle, Burlington County, N.J. To date, the Courier-Post has not made any payments to New Jersey in connection with this matter, and no estimate of the newspaper's liability at the site is available.

### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

**PART II****ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

Gannett Co., Inc. shares are traded on the New York Stock Exchange with the symbol GCI.

Information regarding outstanding shares, shareholders and dividends may be found on pages 1, 4 and 28 of this Form 10-K.

**Gannett Common stock prices**

High-low range by fiscal quarters based on NYSE-composite closing prices.

<u>Year</u>	<u>Quarter</u>	<u>Low</u>	<u>High</u>
<b>1994</b>	First	\$ 26.69	\$ 29.19
	Second	\$ 25.32	\$ 27.44
	Third	\$ 24.19	\$ 25.82
	Fourth	\$ 23.38	\$ 26.69
<b>1995</b>	First	\$ 25.07	\$ 27.50
	Second	\$ 26.00	\$ 27.88
	Third	\$ 26.50	\$ 27.75
	Fourth	\$ 26.44	\$ 32.19
<b>1996</b>	First	\$ 29.63	\$ 35.38
	Second	\$ 32.25	\$ 35.82
	Third	\$ 32.00	\$ 35.07
	Fourth	\$ 34.75	\$ 39.25
<b>1997</b>	First	\$ 35.81	\$ 44.75
	Second	\$ 40.50	\$ 50.66
	Third	\$ 48.00	\$ 53.00
	Fourth	\$ 51.13	\$ 61.81
<b>1998</b>	First	\$ 57.25	\$ 69.94
	Second	\$ 65.13	\$ 74.69
	Third	\$ 55.81	\$ 73.56
	Fourth	\$ 48.94	\$ 68.06
<b>1999</b>	First	\$ 61.81	\$ 70.25
	Second	\$ 61.81	\$ 75.44
	Third	\$ 66.81	\$ 76.94
	Fourth	\$ 68.81	\$ 79.31
<b>2000</b>	First	\$ 61.75	\$ 83.25
	Second	\$ 59.25	\$ 72.13
	Third	\$ 49.25	\$ 60.06
	Fourth	\$ 48.69	\$ 63.06
<b>2001</b>	First	\$ 56.50	\$ 67.74
	Second	\$ 59.58	\$ 69.38
	Third	\$ 55.55	\$ 69.11
	Fourth	\$ 58.55	\$ 71.10
<b>2002</b>	First	\$ 65.03	\$ 77.85
	Second	\$ 71.50	\$ 79.87
	Third	\$ 63.39	\$ 77.70
	Fourth	\$ 66.62	\$ 79.20
<b>2003</b>	First	\$ 67.68	\$ 75.10
	Second	\$ 70.43	\$ 79.70
	Third	\$ 75.86	\$ 79.18
	Fourth	\$ 77.56	\$ 88.93
<b>2004</b>	First	\$ 84.50	\$ 90.01
	Second	\$ 84.95	\$ 91.00
	Third	\$ 79.56	\$ 86.78
	Fourth	\$ 78.99	\$ 85.62
<b>2005</b>	First	\$ 78.94	\$ 82.41*

\* Through February 22, 2005

[Table of Contents](#)**Purchases of Equity Securities**

<u>Period</u>	<u>(a) Total Number of Shares Purchased</u>	<u>(b) Average Price Paid per Share</u>	<u>(c) Total Number of Shares Purchased as Part of Publicly Announced Program</u>	<u>(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Program</u>
9/27/04 – 10/31/04	2,379,932	\$ 81.68	2,377,000	\$ 720,691,210
11/1/04 – 11/28/04	267,600	\$ 82.56	267,600	\$ 698,599,410
11/29/04 – 12/26/04	961,500*	\$ 79.86	961,500*	\$ 621,812,772
<b>Total 4th Quarter 2004</b>	<b>3,609,032</b>	<b>\$ 81.26</b>	<b>3,606,100</b>	<b>\$ 621,812,772</b>

All the shares included in the table above were repurchased as part of the repurchase program announced on Feb. 1, 2000, authorizing \$500 million in repurchases. An additional \$500 million was authorized for the repurchase program on Feb. 23, 2000. On May 12, 2004, July 13, 2004 and Oct. 26, 2004, the company announced that its authority to repurchase shares was increased by \$500 million, \$1 billion and \$500 million, respectively. There is no expiration date for the repurchase program. No repurchase programs expired during the periods presented above, and management does not intend to terminate the repurchase program. In October 2004, an employee paid for the exercise of options by an attestation of personally held shares of the company. All other share repurchases were part of the publicly announced repurchase program.

\* In addition to the above, at the end of December 2004, 100,000 shares were repurchased as part of the publicly announced repurchase program, at an average price of \$79.73, but were settled subsequent to the end of the quarter. The effect of these repurchases would decrease the maximum dollar value available under the program to \$614 million.

**ITEM 6. SELECTED FINANCIAL DATA**

Selected financial data for the years 2000 through 2004 is contained under the heading “Selected Financial Data” on pages 53-55 and is derived from financial statements for those years which were audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm. The information contained in the “Selected Financial Data” is not necessarily indicative of the results of operations to be expected for future years, and should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in Item 7 and the consolidated financial statements and related notes thereto included in Item 8 of this Form 10-K.

**ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS****Executive Summary**

Gannett Co., Inc. is a diversified news and information company operating primarily in the United States and the United Kingdom (U.K.). We generated approximately 84% of our 2004 consolidated revenues from domestic operations in 43 states, the District of Columbia, and Guam, and approximately 16% from our foreign operations primarily in the U.K. Our goal is to deliver quality products and results for our readers, viewers, advertisers and other customers. We believe that well-managed newspapers, television stations, Internet products, magazine/specialty publications and programming efforts will lead to higher profits for our shareholders. To that end, our strategy has three major components:

- delivering customer satisfaction and expanding our customer base by raising the standards for and enhancing the quality of our products;
- making acquisitions and investments in news, information and communications and related fields that make strategic and economic sense; and
- capitalizing on opportunities presented by changing technologies to expand our information and advertising businesses.

We implement our strategy and manage our operations through two business segments: newspaper publishing and broadcasting (television). The newspaper publishing segment includes the operations of 118 daily newspapers, more than 750 non-daily local publications in the United States and Guam and approximately 300 titles in the U.K. Our 101 U.S. daily newspapers, including USA TODAY, the nation’s largest-selling daily newspaper, with a circulation of approximately 2.3 million, have a combined daily paid circulation of 7.6 million, making us the nation’s largest newspaper group in terms of circulation. Together with the 17 daily newspapers our Newsquest division publishes in the U.K., the total average daily circulation of our 118 domestic and U.K. daily newspapers was approximately 8.3 million at the end of 2004. The newspaper publishing segment also includes the operations of our commercial printing, newswire, marketing and data services operations.

Through our broadcasting segment, we own and operate 21 television stations covering 17.9 percent of the U.S. in markets with more than 19.6 million households. We also include in this segment the results of Captivate Network, a national news and entertainment network that delivers programming and full motion video advertising through video screens located in elevators of office towers across North America, which we acquired in 2004.

**2004 Operating Highlights:** We produced record results in 2004, reporting significant increases over 2003 in operating revenues, operating income, net income and diluted net income per share.

*In thousands, except per share amounts*

	2004	2003	Change
Operating revenues	\$7,381,283	\$6,711,115	10%
Operating income	\$2,147,679	\$1,981,018	8%
Net income	\$1,317,186	\$1,211,213	9%
Net income per share – diluted	\$ 4.92	\$ 4.46	10%
Operating cash flow (1)	\$2,391,700	\$2,212,550	8%

- (1) Represents operating income plus depreciation and amortization of intangible assets. This non-GAAP financial measure varies from amounts reported in the audited Consolidated Statements of Cash Flows and is more fully described on page 20.

The favorable comparisons with 2003 can be attributed to a number of key drivers, including:

- record political advertising as a result of the hotly contested 2004 presidential election, and generally improved economic conditions, both of which increased demand for advertising;
- the Summer Olympics in Athens, which was carried by our 12 NBC-affiliated television stations, and contributed significantly to our broadcasting revenues for the year;
- continued strong growth in newspaper ad revenues in all categories and particularly employment revenues (including those from online operations);
- solid revenue and earnings growth from Newsquest together with a strengthening of the British pound against the U.S. dollar;
- continued focus on publication of new non-daily products in many U.S. and U.K. markets;
- a decrease in the overall shares outstanding due to the significant investments made in share repurchases, representing what management and the board determined was the best use of cash in 2004; and
- a full year of results for recent acquisitions such as Clipper Magazine purchased on Oct. 31, 2003, and SMG purchased in April 2003.



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On a segment basis, total newspaper publishing revenues were \$6.6 billion for 2004, an increase of 9% over 2003. These revenues are derived principally from sales of advertising (including sales of Internet advertising) and circulation, which accounted for 75% and 19%, respectively, of total newspaper publishing revenues for 2004. Our Newsquest operations generated approximately 19% and 11% of these advertising and circulation revenues, respectively. The remaining \$409 million in newspaper publishing revenues were produced primarily by our commercial printing operations and earnings from our 50% share of the results in the Detroit and Tucson joint operating agencies and our 19.49% equity interest in California Newspapers Partnership, a partnership that includes 22 daily California newspapers.

Newspaper publishing expenses increased 11% over 2003 to \$4.7 billion. Newspaper cost increases were driven by higher newsprint costs, the impact of recent acquisitions and new non-daily products, and higher foreign exchange rates for Newsquest operations.

Through our broadcasting segment, we produced \$822 million in revenues for 2004, an increase of 14% over 2003. Broadcast revenue growth was fueled by political and Olympic related advertising, and also reflects revenue added from the acquisition of Captivate. On the expense side, broadcasting expenses increased 8% to \$421 million primarily as a result of higher advertising sales and marketing costs associated with the higher revenue levels and the added costs from Captivate.

**Challenges for 2005:** Looking forward to 2005, the company faces several important challenges, including:

- ad revenue and volume growth for our newspapers is expected to be modest, but growth is expected to be uneven on a month-to-month basis over the course of the year;
- the weakening or strengthening in the British pound-to-U.S. dollar exchange will impact the earnings contribution of our Newsquest operations;
- the absence of political and Olympic related advertising revenues in 2005 will impact our broadcast results;
- pension as well as other employee benefit costs are expected to increase;
- increases in newsprint prices by suppliers will have a significant impact on the newspaper segment costs; and
- interest rates are expected to increase, which could raise our borrowing costs significantly.

Gannett will continue to monitor and control costs and pursue ways to continue to improve its top line revenue growth.

### **Basis of reporting**

Following is a discussion of the key factors that have affected the company's business over the last three fiscal years. This commentary should be read in conjunction with the company's financial statements, Selected Financial Data and the remainder of this Form 10-K.

**Critical accounting policies and the use of estimates:** The company prepares its financial statements in accordance with generally accepted accounting principles (GAAP) which require the use of estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and related disclosure of contingent matters. The company bases its estimates on historical experience, actuarial studies and other assumptions, as appropriate, concerning the carrying values of its assets and liabilities and disclosure of contingent matters. The company re-evaluates its estimates on an ongoing basis. Actual results could differ from these estimates.

Critical accounting policies for the company involve its assessment of the recoverability of its long-lived assets, including goodwill and other intangible assets, which are based on such factors as estimated future cash flows and current fair value estimates of businesses. The company's accounting for pension and retiree medical benefits requires the use of various estimates concerning the work force, interest rates, plan investment return, and involves the use of advice from consulting actuaries. The company's accounting for income taxes in the U.S. and foreign jurisdictions is sensitive to interpretation of various laws and regulations therein, and to company policy and expectations as to the repatriation of earnings from foreign sources.

Please refer to pages 37-39 of this Form 10-K for a more complete discussion of all of the company's significant accounting policies.

The company's fiscal year ends on the last Sunday of the calendar year. The company's 2004 fiscal year ended on Dec. 26, 2004, and encompassed a 52-week period. The company's 2003 and 2002 fiscal years also encompassed 52-week periods.

### **Business acquisitions, exchanges, dispositions and investments**

**2004:** On Feb. 2, 2004, the company acquired NurseWeek, a multimedia company with print publications and an award-winning Web site focused on the recruitment, recognition and education of nurses. NurseWeek is published as a separate publication of Nursing Spectrum, a wholly owned subsidiary of the company. Altogether, Nursing Spectrum operations now include 12 regional magazines with a combined circulation of more than 1 million registered nurses.

On Feb. 16, 2004, the company exchanged its daily newspaper, The Times, in Gainesville, Ga., and non-daily publications in the Gainesville area for two daily newspapers and non-daily publications in Tennessee, plus cash consideration. The company recorded this transaction as two simultaneous but separate events; that is, the sale of its publications in Gainesville for which a non-operating gain was recognized and the acquisition of the publications in Tennessee accounted for under the purchase method of accounting. The non-monetary gain from the exchange transaction is reflected in non-operating income.

In April 2004, the company acquired the assets of Captivate Network, Inc., a national news and entertainment network that delivers programming and full motion video advertising through wireless digital video screens in the elevators of premier office towers across North America.

In May 2004, the company acquired a one-third interest in CrossMedia Services, Inc., a leading provider of Web-based marketing solutions for national and local retailers, with Knight Ridder, Inc. and Tribune Company.

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The company also purchased a small daily newspaper in Wisconsin and several small non-daily publications in the U.S. and the U.K.

The 2004 business acquisitions (excluding the non-monetary exchange transaction) had an aggregate cash purchase price of approximately \$169 million and were recorded under the purchase method of accounting. The company is in the process of completing valuations of recently acquired businesses, thus the allocation of the purchase price is preliminary.

On August 31, 2004, the company completed the sale of its NBC affiliate in Kingman, Ariz., KMOH-TV.

**2003:** In March 2003, the company completed a non-monetary transaction under which it contributed its newspaper in El Paso to a newly formed partnership, Texas-New Mexico Newspapers Partnership. The partnership includes the El Paso newspaper and six other daily newspapers in nearby New Mexico that were contributed by MediaNews Group. The company recorded this non-monetary transaction as two simultaneous but separate events; that is, a sale of 33.8% of its interest in the El Paso Times for which a non-operating gain was recognized, and the acquisition of a 66.2% interest in the partnership. The non-monetary gain from the partnership transaction is reflected in non-operating income.

In April 2003, the company purchased 100% of the stock of the publishing business of Scottish Media Group plc (SMG). The SMG publishing business consists of three Scottish regional newspapers; 11 specialty consumer and business-to-business magazine titles; and an online advertising and content business.

In late August 2003, the company acquired the majority interest in the Ashland Media Group in Phoenix, Ariz. Ashland Media publishes TV y Más, La Voz and TV Shopper, which are weekly publications. Ashland Media also has a direct marketing business, AZ Mail.

On Oct. 31, 2003, the company acquired the assets of Clipper Magazine, Inc., one of the nation's largest direct-mail advertising magazine companies and several affiliated operations.

The company also purchased several small non-daily publications in the U.S. and in the U.K.

The acquisitions of SMG, Ashland Media, Clipper Magazine and non-daily publications, which had an aggregate cash purchase price of approximately \$483 million, were recorded under the purchase method of accounting.

**2002:** The company purchased several small non-daily publications in the U.S. and in the U.K., a commercial printing business in Wisconsin and a defense industry magazine in McLean, Va. These acquisitions, which had an aggregate purchase price of approximately \$35 million, were accounted for under the purchase method of accounting. The company contributed its Vincennes (Ind.) Sun-Commercial newspaper to the Gannett Foundation in July 2002. The Gannett Foundation is a not-for-profit, private foundation that makes charitable awards in the communities in which Gannett operates its newspapers and television stations. These business acquisitions and dispositions did not materially affect the company's financial position or results of operations.

In October 2002, the company acquired a one-third equity interest in CareerBuilder, LLC, an online service providing recruitment resources, for approximately \$98 million.

## RESULTS OF OPERATIONS

### Consolidated summary

A consolidated summary of the company's results is presented below.

*In millions of dollars, except per share amounts*

	2004	Change	2003	Change	2002
Operating revenues	\$7,381	10%	\$6,711	4%	\$6,422
Operating expenses	\$5,233	11%	\$4,730	5%	\$4,496
Operating income	\$2,148	8%	\$1,981	3%	\$1,926
Net income, as reported	\$1,317	9%	\$1,211	4%	\$1,160
Earnings per share, as reported					
Basic	\$ 4.98	11%	\$ 4.49	3%	\$ 4.35
Diluted	\$ 4.92	10%	\$ 4.46	3%	\$ 4.31

A discussion of operating results of the company's newspaper and broadcasting segments, along with other factors affecting net income, follows. All references to "operating cash flow" are to a non-GAAP financial measure. Management believes that use of this measure allows investors and management to measure, analyze and compare the cash resources generated from its business segments in a meaningful and consistent manner. The focus on operating cash flow is appropriate given the consistent and generally predictable strength of cash flow generation by newspaper and television operations, and the short period of time it takes to convert new orders to cash. A reconciliation of these non-GAAP amounts to the company's operating income, which the company believes is the most directly comparable financial measure calculated and presented in accordance with GAAP in the company's consolidated statements of income, is presented in Note 11 "Business Operations and Segment Information" of the consolidated financial statements.

The company's growth over the years has been through, in part, the acquisition of businesses. Certain operating results information discussed below is on a pro forma basis, which means that results are presented as if all properties owned at the end of 2004 were owned throughout the periods covered by the discussion. The company consistently uses, for individual businesses and for aggregated business data, pro forma reporting of operating results in its internal financial reports, because it enhances measurement of performance by permitting comparisons with prior period historical data. Likewise, the company uses this same pro forma data in its external reporting of key financial results and benchmarks.

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**Newspapers**

In addition to its domestic local newspapers, the company's newspaper publishing operations include USA TODAY, USA WEEKEND, Newsquest (including the SMG operations acquired in 2003), which publishes daily and non-daily newspapers in the United Kingdom, and Gannett Offset commercial printing. The newspaper segment in 2004 contributed 89% of the company's revenues and 84% of its operating income.

Record earnings were achieved by the newspaper segment in 2004, driven by revenue gains in all major advertising categories, and reflecting the results from the newly acquired SMG Publishing business, Clipper Magazine, Inc. and NurseWeek. In addition, a favorable currency exchange rate positively impacted newspaper earnings. Newsquest's financial results (including SMG) were translated from British pounds to U.S. dollars using a weighted average rate of \$1.82 for 2004, as compared to \$1.63 for 2003.

Newspaper operating results were as follows:

*In millions of dollars*

	2004	Change	2003	Change	2002
Revenues	\$6,560	9%	\$5,991	6%	\$5,651
Expenses	\$4,746	11%	\$4,278	6%	\$4,035
Operating income	\$1,814	6%	\$1,713	6%	\$1,616
Operating cash flow	\$2,013	6%	\$1,903	6%	\$1,797

**Newspaper operating revenues:** Newspaper operating revenues are derived principally from advertising and circulation sales, which accounted for 75% and 19%, respectively, of total newspaper revenues in 2004. Ad revenues also include those derived from advertising placed with newspaper Internet products. Other newspaper publishing revenues are mainly from commercial printing businesses, earnings from the company's 50% owned joint operating agencies in Detroit and Tucson and earnings from its 19.49% equity interest in the California Newspapers Partnership. The table below presents these components of reported revenues for the last three years.

*Newspaper operating revenues, in millions of dollars*

	2004	Change	2003	Change	2002
Advertising	\$4,913	12%	\$4,397	7%	\$4,123
Circulation	\$1,238	2%	\$1,213	3%	\$1,182
Commercial printing and other	\$ 409	7%	\$ 381	10%	\$ 346
<b>Total</b>	<b>\$6,560</b>	<b>9%</b>	<b>\$5,991</b>	<b>6%</b>	<b>\$5,651</b>

The table below presents the components of reported advertising revenues for the last three years.

*Advertising revenues, in millions of dollars*

	2004	Change	2003	Change	2002
Local	\$2,079	12%	\$1,849	5%	\$1,761
National	\$ 789	8%	\$ 732	8%	\$ 678
Classified	\$2,045	13%	\$1,816	8%	\$1,684
Total ad revenue	\$4,913	12%	\$4,397	7%	\$4,123

Reported advertising revenues for 2004 increased \$516 million or 12%, while pro forma revenues presented in a separate table below reflect an 8% increase. The variance between reported amounts and pro forma amounts relates principally to the acquisition of NurseWeek in 2004 and the acquisitions of Clipper Magazine and SMG Publishing in 2003.

In the tables that follow, newspaper advertising lineage, circulation volume statistics and related revenue results are presented on a pro forma basis.

For Newsquest, advertising and circulation revenues are fully reflected in the pro forma amounts below, as are daily paid circulation volumes. Advertising lineage for Newsquest is not reflected, however.

*Advertising revenues, in millions of dollars (pro forma)*

	2004	Change	2003	Change	2002
Local	\$2,087	6%	\$1,969	3%	\$1,908
National	\$ 789	7%	\$ 738	6%	\$ 696
Classified	\$2,045	11%	\$1,835	5%	\$1,742
Total ad revenue	\$4,921	8%	\$4,542	5%	\$4,346

*Advertising lineage, in millions of inches, and preprint distribution (pro forma)*

	2004	Change	2003	Change	2002
Local	37.9	—	38.0	(2)%	38.8
National	4.2	2%	4.1	8%	3.8
Classified	59.8	2%	58.9	4%	56.7
Total Run-of-Press	101.9	1%	101.0	2%	99.3
Preprint distribution (millions)	11,707	3%	11,347	9%	10,455

The table below reconciles advertising revenues on a pro forma basis to advertising revenues on a GAAP basis.

*In millions of dollars*

	2004	2003	2002
Pro forma ad revenues	\$4,921	\$4,542	\$4,346

<i>Add</i> : Effect of dispositions	1	10	12
<i>Less</i> : Effect of acquisitions	(9)	(155)	(235)
	<u>          </u>	<u>          </u>	<u>          </u>
As reported ad revenues	\$4,913	\$4,397	\$4,123
	<u>          </u>	<u>          </u>	<u>          </u>

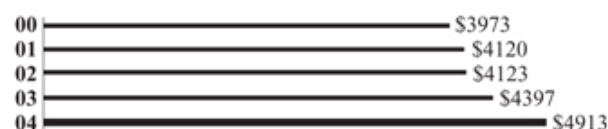
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Reported local ad revenues were up \$230 million or 12% in 2004. Pro forma local ad revenues were up 6%, with pro forma lineage down slightly from last year. Local ad revenues benefited from the full year effect of the Clipper and SMG acquisitions in 2003, the acquisition of NurseWeek in 2004 and growth in revenues from non-daily publications and preprints. The performance of the company's small and medium-sized advertisers in its domestic newspapers outpaced the revenue performance of its largest advertisers.

Reported national ad revenues were up \$57 million or 8% in 2004. Pro forma national ad revenues increased 7% on a 2% pro forma volume increase. This reflects improvement at certain of the company's larger domestic newspapers, including USA TODAY, and the U.K. properties. National revenues at USA TODAY increased 7%, reflecting strength in the entertainment, retail and financial categories, which more than offset weakness in the travel, technology and telecommunications categories.

Reported classified ad revenues increased \$229 million or 13%. On a pro forma basis, classified ad revenues rose 11%, with pro forma lineage up 2%. Classified ad revenue gains were driven by strength in the employment and real estate categories and online advertising at our local domestic and U.K. newspapers. On a pro forma basis, employment ad revenues rose 20% and real estate ad revenues improved 12% for the year. Automotive ad revenues declined 1% in 2004 due to decreased spending by local dealers in the company's domestic newspaper markets.

### Newspaper advertising revenues in millions, as reported.



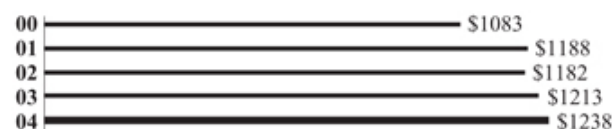
Looking to 2005, modest ad revenue and volume growth are anticipated in most categories and in most newspaper markets but with growth expected to be uneven on a month-to-month basis. The company will continue to develop and invest in new non-daily products throughout the newspaper group to enhance revenue growth. Revenue results for 2005 will be affected by the general economic performance in the U.S. and the U.K., consumer confidence, the strength of the job market, weakening or strengthening in the British pound-to-U.S. dollar exchange rate and the geopolitical environment.

Reported 2004 newspaper circulation revenues increased \$25 million or 2% over 2003, primarily as a result of the full year effect of the SMG acquisition, a higher foreign exchange rate for Newsquest operations and improvement at USA TODAY. Circulation revenues at USA TODAY rose 10% in 2004, benefiting from a \$0.25 single-copy price increase implemented on Sept. 7, 2004, and an increase in average daily circulation. The price increase affected approximately 900,000 copies sold each day at newsstands and newsracks.

USA TODAY's average daily circulation for 2004 increased 2% to 2,301,569. USA TODAY reported an average daily paid circulation of 2,311,954 in the Audit Bureau of Circulations (ABC) Publisher's Statement for the 26 weeks ended Sept. 26, 2004, a 3% increase over the comparable period a year earlier.

For local newspapers, morning circulation accounts for approximately 80% of total daily volume, while evening circulation accounts for 20%.

### Newspaper circulation revenues in millions, as reported.



Pro forma circulation volume for the company's local newspapers is summarized in the table below and includes data for the company's newspapers participating in joint operating agencies.

*Average net paid circulation volume, in thousands (pro forma)*

	2004	Change	2003	Change	2002
Local Newspapers					
Morning	4,747	(2)%	4,829	(1)%	4,898
Evening	1,207	(3)%	1,238	(3)%	1,277
Total daily	5,954	(2)%	6,067	(2)%	6,175
Sunday	6,866	(2)%	7,026	(1)%	7,087

Readership studies indicate that a typical newspaper's reach is considerably greater than its paid circulation. That's attributed in part to "pass-along" readership, or those reading newspapers that they didn't subscribe to or purchase, such as multiple adults reading the newspaper in a household, those reading restaurant copies or newspapers at work, in libraries, etc.

According to the ABC, an independent auditing firm, there has been increased emphasis on readership (the actual number of people reading newspapers) as a meaningful circulation measurement tool within the U.S. newspaper industry. Therefore, readership has become increasingly important to advertisers as they decide where to place their advertising.

The ABC Reader Profiles include the number of people reading each newspaper sold, a "readers per copy" measure, for both weekday and Sunday editions. Based on data from ABC Reader Profiles reported for certain of the company's newspapers, an average of 2.39 adults read a typical copy of a weekday Gannett newspaper; on Sunday the average is 2.34.

For 2003, reported advertising revenues increased \$274 million, or 7%. A higher foreign exchange rate for Newsquest operations favorably impacted revenue comparisons and also the SMG and Texas-New Mexico transactions.

Reported local ad revenues were up \$88 million or 5% in 2003. Pro forma local ad revenues were up 3%, with pro forma lineage down 2%. Local ad revenues benefited from growth in preprint ad demand and revenues from non-daily publications. Ad spending by some of the larger retailers declined in 2003.

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Reported national ad revenues were up \$54 million or 8% in 2003. Pro forma national ad revenues increased 6% on an 8% pro forma volume increase. This reflects improvement at certain of the company's larger domestic newspapers, including USA TODAY, and the U.K. properties. National revenues at USA TODAY increased 4%, reflecting strong gains from automotive, telecommunications, retail and pharmaceutical-related advertising, which more than offset weakness in the technology and travel advertising categories.

Reported classified ad revenues increased \$132 million or 8%. On a pro forma basis, classified ad revenues increased 5%, with pro forma linage up 4%. Classified ad revenue gains were driven by strength in the automotive and real estate categories and online advertising at our local domestic and U.K. newspapers. Employment ad revenues were adversely impacted by the weak U.S. labor market. Overall, on a reported and pro forma basis, the company's classified results from Newsquest were stronger than its domestic results

Reported 2003 newspaper circulation revenues increased \$31 million or 3% primarily as a result of the SMG and Texas-New Mexico transactions. On a pro forma basis, local morning and Sunday circulation volumes declined 1% and evening circulation declined 3% from 2002. Selected circulation price increases were implemented in 2003 at certain newspapers.

USA TODAY's average daily circulation for 2003 increased 1% to 2,251,035. USA TODAY reported an average daily paid circulation of 2,243,142 in the ABC Publisher's Statement for the 26 weeks ended Sept. 28, 2003, a slight increase over the comparable period a year earlier.

**Newspaper operating expense:** Newspaper operating costs rose \$468 million or 11%, in 2004, primarily due to the SMG, Clipper Magazine and NurseWeek acquisitions, increased newsprint and sales expenses, higher insurance and benefit costs, and a higher foreign exchange rate for Newsquest operations. In 2003, benefit costs were tempered due to changes in certain retiree benefits at U.S. locations. Expenses associated with non-daily publications also increased as a result of the overall growth in these products. The company incurred significant costs for the conversion of the coin mechanisms and the promotion of USA TODAY's single-copy price increase. Newsprint expense increased 12% reflecting higher year-over-year prices and a 1% increase in consumption. Newspaper payroll costs were up 9% for the year reflecting the added costs from the recent acquisitions and the unfavorable impact of currency on expense comparisons. Newspaper operating costs, excluding the SMG, Clipper Magazine and NurseWeek transactions, increased \$296 million or 7%.

For 2005, newsprint consumption is expected to be lower, however average prices are expected to increase. Payroll and benefit costs are also expected to increase.

Newspaper operating costs rose \$243 million, or 6%, in 2003 primarily as a result of the SMG, Clipper Magazine and Texas- New Mexico transactions, increased commercial printing volume, higher newsprint expense and higher insurance, pension and other employee benefit costs. Benefit cost increases in 2003 were tempered by modifications to certain retiree and employee benefit programs. The higher foreign exchange rate in 2003 for Newsquest operations also adversely impacted expense comparisons. Newsprint expense increased 10% reflecting higher year-over-year prices and increased consumption due primarily to the aforementioned transactions and increased commercial printing activity. Newsprint expense, excluding the 2003 transactions mentioned above, increased 7%. Newsprint consumption increased 4%. Newspaper payroll costs were up 7% for the year again reflecting added costs from the 2003 acquisitions and the unfavorable impact of currency on expense comparisons. Newspaper operating costs, excluding the SMG, Clipper Magazine and Texas-New Mexico transactions, increased \$131 million or 3%.

**Newspaper operating income:** Operating income increased \$101 million or 6% over 2003, reflecting improved operating results in the U.S. and U.K. The improvement is largely due to the solid growth in all categories of advertising revenue, the positive impact from the SMG, Clipper and NurseWeek acquisitions, and favorable foreign exchange rates. The earnings growth was partially offset by increased newsprint expense and sales, insurance and benefit costs. The company has expanded its market reach in many of its newspaper locations by investing in non-daily publications. These publications have contributed to advertising revenue and earnings growth, however operating margins for these products are generally lower than daily newspaper margins.

Newsquest's financial results were translated from British pounds to U.S. dollars using a weighted average rate of \$1.82 for 2004, as compared to \$1.63 for 2003.

For 2005, newspaper operating income is expected to show continued growth, reflecting modest ad revenue gains, partially offset by higher newsprint, payroll and benefit costs.

Operating income for 2003 increased \$97 million or 6% over 2002. The operating income improvement was largely due to the impact of earnings from the SMG and Texas-New Mexico transactions, favorable foreign exchange rates and gains in advertising revenues. Earnings growth was tempered by overall increased employee benefit costs and newsprint expense.

Newsquest's financial results were translated from British pounds to U.S. dollars using a weighted average rate of \$1.63 for 2003, as compared to \$1.50 for 2002.

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### Broadcasting

The company's broadcasting operations at the end of 2004 included 21 television stations in markets reaching 17.9% of U.S. television homes and Captivate Network, Inc., which was acquired in April 2004.

Over the last three years, reported broadcasting revenues, expenses, operating income and operating cash flows were as follows:

*In millions of dollars*

	<u>2004</u>	<u>Change</u>	<u>2003</u>	<u>Change</u>	<u>2002</u>
Revenues	\$822	14%	\$720	(7)%	\$771
Expenses	\$421	8%	\$390	(3)%	\$400
Operating income	\$401	22%	\$330	(11)%	\$371
Operating cash flow	\$430	21%	\$356	(10)%	\$397

Reported broadcast revenues increased \$102 million or 14% for 2004. Revenues benefited from a record level of political and Olympic related advertising revenues. Local and national advertising revenues increased 7% and 22%, respectively, over 2003. Political and Olympic related revenues exceeded \$120 million in 2004. Excluding Captivate, broadcast revenues increased 12%.

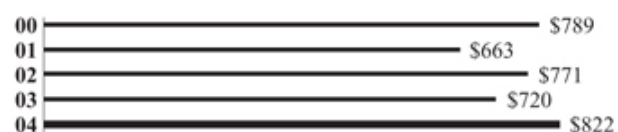
Reported operating expenses increased \$31 million or 8%. Excluding Captivate, television operating expenses increased 4% in 2004 primarily due to higher advertising sales and marketing costs associated with higher revenue levels, and to higher benefit costs. Payroll costs were 7% higher for the year, reflecting the added cost from the Captivate acquisition.

For 2005, television revenues and earnings comparisons with 2004 levels will be challenging because of the absence of political and Olympic related advertising.

Total broadcast revenues declined \$51 million or 7% for 2003. The revenue decline reflected a challenging comparison with 2002, which benefited from approximately \$100 million in political and Olympic related ad spending. Ad demand in 2003 was also negatively impacted by the hostilities overseas. Local and national advertising revenues decreased 1% and 15%, respectively, from 2002.

Reported operating expenses declined \$10 million or 3% in 2003 as lower programming and advertising sales costs were partially offset by increased news and employee benefit costs.

#### Broadcasting revenues in millions, as reported.



#### Consolidated operating expenses

Over the last three years, the company's consolidated operating expenses were as follows:

*Consolidated operating expenses, in millions of dollars*

	<u>2004</u>	<u>Change</u>	<u>2003</u>	<u>Change</u>	<u>2002</u>
Cost of sales	\$3,821	11%	\$3,454	6%	\$3,254
Selling, general and admin. expenses	\$1,168	12%	\$1,045	2%	\$1,019
Depreciation	\$ 232	4%	\$ 223	4%	\$ 215
Amortization of intangible assets	\$ 12	50%	\$ 8	14%	\$ 7

Cost of sales for 2004 increased \$367 million or 11%, reflecting the full-year effect of the 2003 SMG and Clipper Magazine acquisitions, increased costs from the 2004 NurseWeek and Captivate acquisitions, higher newsprint expense and higher medical and other employee benefit costs. In 2003, benefit costs were tempered due to changes in certain retiree benefits at U.S. locations. Average newsprint prices were up 11% over 2003. The higher foreign exchange rate in 2004 for Newsquest operations adversely impacted expense comparisons and expenses associated with non-daily products increased as a result of the overall growth of these products.

Selling, general and administrative expenses (SG&A) increased by \$123 million or 12% in 2004 also due primarily to new businesses acquired in 2003 and 2004 and the higher foreign exchange rate for U.K. operations. Higher newspaper ad sales expenses, as well as higher sales and marketing costs in broadcasting were incurred, reflecting higher revenue levels for both business segments in 2004.

Depreciation expense increased 4% in 2004 and amortization of intangible assets increased 50%, primarily due to businesses acquired and the higher exchange rate for U.K. operations.

For 2005, the company expects employee benefit costs to increase further. Medical costs are expected to increase as the high rate of medical cost inflation continues throughout the U.S. Pension costs are also expected to increase because of a lower discount rate at the end of 2004.

Cost of sales for 2003 increased \$200 million or 6%, reflecting businesses acquired during the year, higher newsprint expense, and increased pension and other employee benefit costs. Benefit cost increases were tempered by modifications to certain retiree and employee benefits. Average newsprint prices increased 5% in 2003.

SG&A increased in 2003 by \$26 million or 2% due also primarily to new businesses acquired during the year and to generally higher newspaper advertising sales expenses.

Depreciation expense increased 4% in 2003 and amortization of intangible assets increased 13%, primarily due to businesses acquired and the higher exchange rate for U.K. operations.

Payroll, benefits and newsprint costs (along with certain other production material costs), the largest elements of the company's operating expenses, are presented below, expressed as a percentage of total pre-tax operating expenses.



	<u>2004</u>	<u>2003</u>	<u>2002</u>
Payroll and employee benefits	49.0%	49.5%	47.6%
Newsprint and other production material	18.2%	17.2%	16.7%

## Non-operating income and expense

Interest expense in 2004 increased \$1 million or 1% reflecting higher debt levels in the last six months due to share repurchases and higher short-term interest rates. Most of the company's debt is in commercial paper for which the daily average outstanding balance was \$2.3 billion and \$2.4 billion during 2004 and 2003, respectively. The weighted average interest rate on commercial paper was 1.4% for 2004 and 1.2% for 2003.

In 2005, the company's average borrowing rates are expected to increase; however, the company expects that lower debt levels in 2005 will partially offset the effect of higher borrowing rates.

Interest expense in 2003 decreased \$7 million or 5% due to lower average commercial paper balances outstanding and lower interest rates on commercial paper debt. The lower interest expense from commercial paper debt was partially offset by incremental interest expense in the first quarter of 2003 from the fixed-rate notes issued in March 2002 (discussed below). The daily average outstanding balance of commercial paper was \$2.4 billion during 2003 and \$3.1 billion during 2002. The weighted average interest rate on commercial paper was 1.2% for 2003 and 1.8% for 2002.

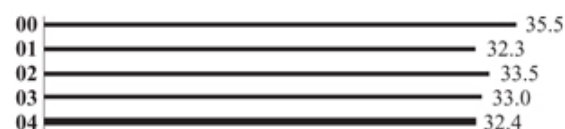
In March 2002, the company issued \$1.8 billion aggregate principal amount of unsecured global notes. These notes consist of \$600 million aggregate principal amount of 4.95% notes due 2005, \$700 million aggregate principal amount of 5.50% notes due 2007 and \$500 million aggregate principal amount of 6.375% notes due 2012. The net proceeds of the offering were used to pay down commercial paper borrowings.

In all years shown, non-operating income and expense includes costs associated with certain minority interest investments in online/new technology businesses. In 2004, other non-operating items also include a non-monetary gain from the exchange of the company's daily newspaper in Gainesville, Ga., for two daily newspapers in Tennessee. In 2003, other non-operating items also include the non-monetary gain on the company's sale of 33.8% of its interest in the El Paso Times (see further discussion on page 18). For 2004 and 2003, non-operating items also include minority interest expense related to the Texas-New Mexico Newspapers Partnership and the Ashland Media partnership.

## Operating cash flow

The company's consolidated operating cash flow totaled \$2.392 billion in 2004 compared to \$2.213 billion in 2003 and \$2.149 billion in 2002. The 8% increase in operating cash flow for 2004 reflects the increase in earnings for newspapers and television. The table below presents operating cash flow as a percent of revenue over the last 5 years.

### Operating cash flow, as a percent of revenue.



Management considers the operating cash flow as a percent of revenue along with other measures to evaluate the financial performance of the company. The company uses this metric because it is a common alternative measure of financial performance used by rating agencies, financial analysts and investors.

## Provision for income taxes

The company's effective income tax rate was 34.0% in 2004, 34.2% in 2003 and 34.3% in 2002. The American Jobs Creation Act will favorably affect the company's effective tax rate in 2005.

## Net income

In 2004, the company reported net income of \$1.32 billion or \$4.92 per diluted share, up 9% and 10%, respectively, reflecting higher operating income from newspapers and broadcasting. Net non-operating costs were higher in 2004, principally due to the non-monetary gain recognized in 2003 on the El Paso Times transaction. In 2004, a similar, but smaller non-monetary gain was recognized on the exchange of the Gainesville, Ga., daily newspaper for two dailies in Tennessee.

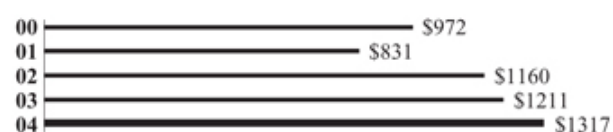
Average diluted shares outstanding for 2004 totaled 267,590,000, compared to 271,872,000 in 2003. Basic shares totaled 264,714,000 for 2004 and 269,559,000 for 2003. The decline in diluted and basic shares outstanding in 2004 is primarily due to the company's repurchase of 20.0 million shares of common stock, most of which occurred in the second half of the year.

The share repurchases will have a favorable impact on earnings per share in 2005, particularly in the first half.

Refer to page 29 for discussion of a new accounting rule for stock based compensation, which will negatively impact earnings beginning in the third quarter of 2005.

In 2003, the company reported net income of \$1.21 billion or \$4.46 per diluted share, up 4% and 3%, respectively. Operating income from newspapers increased in 2003 while it declined for the broadcasting segment. Net non-operating costs were lower principally due to lower interest expense and the non-monetary gain recognized on the sale of the company's 33.8% interest in its El Paso newspaper in the first quarter of 2003.

### Income from continuing operations, in millions.



## FINANCIAL POSITION

### Liquidity and capital resources

The company's cash flow from operating activities was nearly \$1.6 billion in 2004, reflecting solid newspaper and broadcasting results partially offset by pension contributions of \$50 million to the Gannett Retirement Plan and \$37 million to the U.K. Retirement Plans. Cash used by the company for investing activities totaled \$463 million. This reflects capital spending of \$280 million; \$169 million for the acquisitions of NurseWeek, Captivate, and several smaller businesses, and \$51 million for a one-third equity interest in CrossMedia Services, Inc. and other investments such as CareerBuilder. Cash used by the company for financing activities totaled \$1 billion in 2004. This reflects repurchase of approximately 20 million shares of the company's stock for \$1.7 billion (see further discussion on page 28) and the payment of dividends totaling \$273 million. These financing cash flows were partially offset by proceeds from commercial paper borrowings, net of debt issuance costs, totaling \$773 million, and proceeds from the exercise of stock options totaling \$116 million.

There were no significant changes in the make up or level of the company's working capital accounts in 2004.

Certain key measurements of the elements of working capital for the last three years are presented in the following chart:

#### Working capital measurements

	2004	2003	2002
Current ratio	1.4-to-1	1.3-to-1	1.2-to-1
Accounts receivable turnover	7.9	7.7	7.9
Newsprint inventory turnover	6.2	6.3	6.2

The company's operations have historically generated strong positive cash flow, which, along with the company's program of issuing commercial paper and maintaining bank revolving credit agreements, has provided adequate liquidity to meet the company's requirements, including those for acquisitions.

The company regularly issues commercial paper for cash requirements and maintains revolving credit agreements equal to or in excess of any commercial paper outstanding. The company's commercial paper has been rated A-1 and P-1 by Standard & Poor's and Moody's Investors Service, respectively. The company's senior unsecured long-term debt is rated A by Standard & Poor's and A2 by Moody's Investors Service. The company has a shelf registration statement with the Securities and Exchange Commission under which up to \$2.5 billion of additional debt securities may be issued. The company's Board of Directors has established a maximum aggregate level of \$7 billion for amounts which may be raised through borrowings or the issuance of equity securities.

### Long-term debt

The long-term debt of the company is summarized below.

#### In thousands of dollars

	Dec. 26, 2004	Dec. 28, 2003
Unsecured promissory notes	\$ 2,711,316	\$ 1,927,500
Unsecured global notes	1,796,023	1,794,455
Other indebtedness	100,404	112,556
<b>Total long-term debt</b>	<b>\$ 4,607,743</b>	<b>\$ 3,834,511</b>

The unsecured promissory notes at Dec. 26, 2004, were due from Dec. 27, 2004, to Jan. 28, 2005, with rates varying from 2.10% to 2.30%.

The unsecured promissory notes at Dec. 28, 2003, were due from Dec. 29, 2003, to Jan. 29, 2004, with rates varying from 1.04% to 1.08%.

The maximum amount of such promissory notes outstanding at the end of any period during 2004 and 2003 was \$2.9 billion and \$2.7 billion, respectively. The daily average outstanding balance was \$2.3 billion during 2004 and \$2.4 billion during 2003 and the weighted average interest rate on commercial paper was 1.4% for 2004 and 1.2% for 2003. The weighted average interest rate on all debt was 3.3% for 2004 and 3.1% for 2003.

In March 2002, the company issued \$1.8 billion aggregate principal amount of unsecured global notes in an underwritten public offering. These notes consist of \$600 million aggregate principal amount of 4.95% notes due 2005, \$700 million aggregate principal amount of 5.50% notes due 2007 and \$500 million aggregate principal amount of 6.375% notes due 2012. The net proceeds of the offering were used to pay down commercial paper borrowings.

Other indebtedness includes the loan notes issued in the U.K. to the former shareholders of Newsquest and Newscom in connection with those acquisitions. The Newsquest and Newscom notes (\$9.9 million and \$73.8 million, respectively) bear interest at .5% below the Sterling London Interbank Offered Rate (LIBOR), subject to a cap of 6.5% and 6.75%, respectively. The Newsquest and Newscom notes are due on Dec. 31, 2006, and Dec. 31, 2007, respectively, but may be redeemed by the company on each interest payment date. The noteholders are entitled to require the company to repay all or part of the notes on any interest payment date by giving 30 days' written notice. The remaining other indebtedness at Dec. 26, 2004, consists primarily of industrial revenue bonds with maturities in 2008 and 2009 at variable interest rates (1.9% at Dec. 26, 2004).

In March 2004, the company terminated its \$1.53 billion multi-year revolving credit agreement that was due to expire in July 2005. The company also terminated its \$1.3375 billion 364-day revolving credit facility that was due to expire in March 2004. Coincident with the termination of the two credit agreements, the company entered into a \$2.46 billion revolving credit agreement, which consisted of a \$622.5 million 364-day facility that extends to March 2005 and a \$1.8375 billion 5-year facility that extends to March 2009. At the end of the 364-day period, any borrowings outstanding under the 364-day credit facility are convertible into a

## [Table of Contents](#)

one-year term loan at the company's option. Also in March 2004, the company entered into a \$200 million two-year revolving credit facility that extends to March 2006. At the end of the two-year period, any borrowings outstanding under the two-year credit facility are convertible into a one-year term loan at the company's option. At December 26, 2004, the company had a total of \$4.025 billion of credit available under three revolving credit agreements.

In December 2004, the company received commitments of \$691.875 million from a group of banks to provide a 5-year facility to replace the \$622.5 million 364-day facility that was scheduled to mature in March 2005. At the same time, the company also amended and extended the existing 2002 \$1.365 billion five-year facility until January 2010. These facilities became effective in January 2005, at which time the company's credit available under four revolving credit agreements increased to \$4.094 billion.

The revolving credit agreements provide backup for commercial paper and for general corporate purposes; therefore, the unsecured promissory notes, unsecured global notes due in 2005 and Newsquest and Newscom notes are classified as long-term debt.

The commitment fee rates for the March 2004 revolving credit agreements may range from .05% to .25%, depending on Standard & Poor's or Moody's credit rating of the company's senior unsecured long-term debt. The rates in effect on Dec. 26, 2004, were .06% for the 364-day facility and .08% for the multi-year facilities. At the option of the company, the interest rate on borrowings under these agreements may be .17% to .55% above the prime rate, the Eurodollar base rate or the Federal Funds Effective Rate plus .50%. The percentages that apply depend on Standard & Poor's or Moody's credit rating of the company's senior unsecured long-term debt.

The commitment fee rates for the 2002 5-year revolving credit agreement may range from .07% to .25%, depending on Standard & Poor's or Moody's credit rating of the company's senior unsecured long-term debt. The rate in effect on Dec. 26, 2004, was .08%. At the option of the company, the interest rate on borrowings under this agreement may be .17% to .50% above the prime rate, the Eurodollar base rate or the Federal Funds Effective Rate plus .50%. The percentages that apply depend on Standard & Poor's or Moody's credit rating of the company's senior unsecured long-term debt.

The revolving credit agreements in place at Dec. 26, 2004, contain restrictive provisions that require the maintenance of net worth of at least \$3.5 billion and an interest coverage ratio of 3:1. At Dec. 26, 2004, and Dec. 28, 2003, net worth was \$8.2 billion and \$8.4 billion, respectively. The interest coverage ratio for the year ended Dec. 26, 2004, was 16:1. Subsequent to the January 2005 effective date for the new credit agreements (discussed above), none of the company's credit agreements contain interest coverage ratio provisions.

Under a shelf registration that became effective with the Securities and Exchange Commission in April 2002, an additional \$2.5 billion of unsecured debt securities can be issued. Proceeds from the sale of such securities may be used for general corporate purposes, including capital expenditures, working capital, securities repurchase programs, repayment of long-term and short-term debt and financing of future acquisitions. The company may also invest borrowed funds that are not required immediately for other purposes in short-term marketable securities.

Approximate annual maturities of long-term debt, assuming that the company had used its \$4.025 billion of revolving credit agreements to refinance existing unsecured promissory notes and the unsecured global notes due in 2005 on a long-term basis and assuming the company's other indebtedness was paid on its scheduled pay dates, are as follows:

*In thousands of dollars*

<b>2005</b>	\$ —
<b>2006</b>	9,911
<b>2007</b>	697,746
<b>2008</b>	80,764
<b>2009</b>	1,264,073
<b>Later years</b>	2,555,249
<b>Total</b>	<u>\$4,607,743</u>

The fair value of the company's total long-term debt, determined based on quoted market prices for similar issues of debt with the same remaining maturities and similar terms, totaled \$4.7 billion at Dec. 26, 2004, compared with a book value of \$4.6 billion.

At Dec. 26, 2004 and Dec. 28, 2003, the company estimates that the amount reported on the balance sheet for financial instruments, including cash and cash equivalents, trade and other receivables, and other long-term liabilities, approximates fair value.

The company has a capital expenditure program (not including business acquisitions) of approximately \$280 million planned for 2005, including approximately \$47 million for land and buildings or renovation of existing facilities, \$205 million for machinery and equipment, and \$28 million for vehicles and other assets. Management reviews the capital expenditure program periodically and modifies it as required to meet current business needs. It is expected that the 2005 capital program will be funded from operating cash flow.

### **Off balance sheet arrangements and contractual obligations**

The following table summarizes the expected cash outflows resulting from financial contracts and commitments.

#### **Contractual obligations**

*In millions of dollars*

	Payments due by period				
	Total	2005	2006-07	2008-09	Thereafter
Long-term debt (1)	\$4,608	\$ —	\$ 708	\$ 1,345	\$ 2,555
Operating leases (2)	305	49	82	63	111
Purchase obligations (3)	536	198	138	74	126
Programming contracts	123	41	56	19	7
Other long-term liabilities	519	46	54	93	326
<b>Total</b>	<u>\$6,091</u>	<u>\$ 334</u>	<u>\$ 1,038</u>	<u>\$ 1,594</u>	<u>\$ 3,125</u>

- 
- (1) See Note 5 to the Financial Statements. The amounts included above do not include any periodic interest payments.
  - (2) See Note 10 to the Financial Statements.
  - (3) Includes purchase obligations related to printing contracts, capital projects, wire services and other legally binding commitments. Amounts which the company is liable for under purchase orders outstanding at Dec. 26, 2004, are reflected in the consolidated balance sheets as accounts payable and accrued liabilities and are excluded from the table above.

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Programming contracts include television commitments reflected in the consolidated balance sheet and commitments to purchase programming to be produced in future years.

Other long-term liabilities primarily consist of amounts expected to be paid under postretirement benefit plans.

The company has a 13.5% general partnership interest in Ponderay Newsprint Company. The company, on a several basis, is a guarantor of 13.5% of the principal and interest on a term loan that totals approximately \$72 million held by Ponderay.

In connection with the acquisition of Clipper Magazine, Inc., the company is contingently liable to pay additional cash consideration of up to \$45 million, dependent on whether certain operating performance metrics are achieved by Clipper. The additional consideration would be payable beginning in 2006 and continue through 2009.

In December 1990, the company adopted a Transitional Compensation Plan (the Plan). The Plan provides termination benefits to key executives whose employment is terminated under certain circumstances within two years following a change in control of the company. Benefits under the Plan include a severance payment of up to three years' compensation and continued life and medical insurance coverage.

### Capital stock

In February 2004, the company announced the reactivation of its existing share repurchase program that was last utilized in February 2000. Under the program, the company had remaining authority to repurchase up to \$291 million of its common stock. On May 12, 2004, July 13, 2004 and Oct. 26, 2004, the company announced that its authority to repurchase shares was increased by \$500 million, \$1.0 billion and \$500 million, respectively. During 2004, the company purchased approximately 20.0 million shares for \$1.7 billion, leaving \$614 million available for future share repurchases. The shares will be repurchased at management's discretion, either in the open market or in privately negotiated block transactions. Management's decision to repurchase shares will depend on price, availability and other corporate developments. Purchases will occur from time to time and no maximum purchase price has been set. Certain of the shares previously acquired by the company have been reissued in settlement of employee stock awards.

In December 2004, the company amended certain option award agreements to accelerate vesting of approximately 3.9 million options for which the exercise price was above the then current market price. The options affected by the acceleration of vesting were principally comprised of the entire grant made on December 12, 2003, which had an option price of \$87.33 (equal to the market price on the grant date) and a fair value established using the Black-Scholes pricing model of \$21.73 per option.

Because the company has accounted for stock based compensation using the intrinsic value method prescribed in Accounting Principles Board (APB) No. 25, and because these options were priced above current market, the acceleration of vesting of these options did not require accounting recognition in the company's financial statements. However, the impact of the vesting acceleration on pro forma stock based compensation required to be disclosed in the financial statement footnotes under the provisions of SFAS No. 123, was to increase such disclosed cost by approximately \$52 million.

The options were accelerated to reduce the expense impact in 2005 and beyond of a new accounting standard for stock based compensation. The action also provides employees with the opportunity to improve the timing of their ability to realize potential stock price appreciation above \$87, following a year in which the company's stock price had declined. A discussion of the new accounting standard is included on page 29 and in Note 1 to the financial statements on page 39.

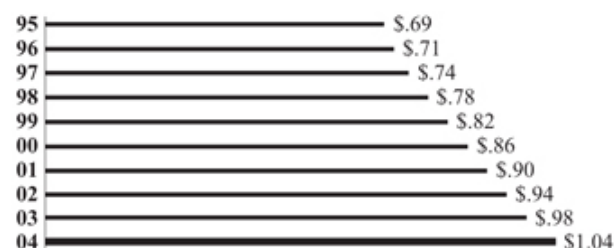
An employee 401(k) Savings Plan was established in 1990, which includes a company matching contribution in the form of Gannett stock. To fund the company's matching contribution, an Employee Stock Ownership Plan (ESOP) was formed which acquired 2,500,000 shares of Gannett stock from the company for \$50 million. The stock purchase was financed with a loan from the company. In June 2003, the debt was fully repaid and all of the shares had been fully allocated to participants. The company elected not to add additional shares to the ESOP and began funding future contributions in cash. The ESOP uses the cash match to purchase on the open market an equivalent number of shares of company stock on behalf of the participants.

The company's common stock outstanding at Dec. 26, 2004, totaled 254,344,624 shares, compared with 272,417,046 shares at Dec. 28, 2003.

### Dividends

Dividends declared on common stock amounted to \$274 million in 2004, compared with \$264 million in 2003, reflecting an increase in the dividend rate partially offset by a decrease in shares outstanding.

#### Dividends declared per share.



On Oct. 1, 2004, the quarterly dividend was increased from \$.25 to \$.27 per share.

Cash dividends		Payment date	Per share
2004	4th Quarter	Jan. 3, 2005	\$ .27
	3rd Quarter	Oct. 1, 2004	\$ .27
	2nd Quarter	July 1, 2004	\$ .25
	1st Quarter	April 1, 2004	\$ .25
2003	4th Quarter	Jan. 2, 2004	\$ .25
	3rd Quarter	Oct. 1, 2003	\$ .25
	2nd Quarter	July 1, 2003	\$ .24
	1st Quarter	April 1, 2003	\$ .24

### **Effects of inflation and changing prices and other matters**

The company's results of operations and financial condition have not been significantly affected by inflation and changing prices. In both of its principal businesses, subject to normal competitive conditions, the company generally has been able to pass along rising costs through increased selling prices. Further, the effects of inflation and changing prices on the company's property, plant and equipment and related depreciation expense have been reduced as a result of an ongoing capital expenditure program and the availability of replacement assets with improved technology and efficiency.

The company is exposed to foreign exchange rate risk primarily due to its ownership of Newsquest, which uses the British pound as its functional currency, which is then translated into U.S. dollars. The company's foreign currency translation adjustment, related to Newsquest and reported as part of shareholders' equity, totaled \$630 million at Dec. 26, 2004. This reflects an overall strengthening of the British pound against the U.S. dollar since the Newsquest acquisition. Newsquest's assets and liabilities were translated from British pounds to U.S. dollars at the Dec. 26, 2004, exchange rate of \$1.92. Refer to Item 7A below for additional detail.

**Other matters:** On Oct. 22, 2004, the company entered into an agreement, conditional upon regulatory consent, to acquire the assets of HomeTown Communications Network, Inc., a community publishing company with newspapers, telephone directories, shoppers and niche publications in Michigan, Ohio and Kentucky. The HomeTown Communications Network features one daily and 62 weekly and twice-weekly community newspapers, with an aggregate, audited circulation greater than 740,000. The network also includes 24 community telephone directories with a total distribution of nearly 1.5 million; a shopping guide; and other specialty and niche publications. The company has a digital operation, with Web sites and Web-based services including design and production, as well as commercial typesetting and printing from four plants.

The transaction is under regulatory review however, as of the date of this report, the company has not received clearance. The company is complying with the data requests made by the U.S. Department of Justice.

**New accounting pronouncements:** On December 16, 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 123(R) (SFAS No. 123(R)), "Share-Based Payment," which is a revision of SFAS No. 123, "Accounting for Stock-Based Compensation." SFAS No. 123(R) supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees." SFAS No. 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. SFAS No. 123(R) must be adopted by the company no later than the beginning of its third quarter of 2005. Management has not determined which transition alternative it will elect upon adoption of SFAS No. 123(R).

As permitted by SFAS No. 123, the company currently accounts for share-based payments to employees using APB No. 25's intrinsic value method and, as such, generally recognizes no compensation cost for employee stock options. Accordingly, the adoption of SFAS No. 123(R)'s fair value method will have an impact on the company's results of operations, although it will have no impact on the company's overall financial position or cash flows. The impact of adoption of SFAS No. 123(R) will be to reduce operating results for the second half of 2005. Had SFAS No. 123(R) been applied in prior periods, the impact of that standard would have approximated the impact of SFAS No. 123 as described in the disclosure of pro forma net income and earnings per share in Note 1 to our consolidated financial statements on page 38.

### **Certain factors affecting forward-looking statements**

Certain statements in this Annual Report on Form 10-K contain forward-looking information. The words "expect," "intend," "believe," "anticipate," "likely," "will" and similar expressions generally identify forward-looking statements. These forward-looking statements are subject to certain risks and uncertainties which could cause actual results and events to differ materially from those anticipated in the forward-looking statements.

Potential risks and uncertainties which could adversely affect the company's ability to obtain these results include, without limitation, the following factors: (a) increased consolidation among major retailers or other events which may adversely affect business operations of major customers and depress the level of local and national advertising; (b) an economic downturn in some or all of the company's principal newspaper or television markets leading to decreased circulation or local, national or classified advertising; (c) a decline in general newspaper readership patterns as a result of competitive alternative media or other factors; (d) an increase in newsprint or syndication programming costs over the levels anticipated; (e) labor disputes which may cause revenue declines or increased labor costs; (f) acquisitions of new businesses or dispositions of existing businesses; (g) a decline in viewership of major networks and local news programming; (h) rapid technological changes and frequent new product introductions prevalent in electronic publishing; (i) an increase in interest rates; (j) a weakening in the British-pound-to-U.S. dollar exchange rate; and (k) general economic, political and business conditions.

### **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The company is not subject to market risk associated with derivative commodity instruments, as the company is not a party to any such instruments. The company believes that its market risk from financial instruments, such as accounts receivable, payable and debt, is not material. The company is exposed to foreign exchange rate risk primarily due to its operations in the United Kingdom, which use the British pound as their functional currency, which is then translated into U.S. dollars. Translation gains or losses affecting the Consolidated Statements of Income have not been significant in the past. If the price of Sterling against the U.S. dollar had been 10% less than the actual price, reported net income for 2004 would have decreased approximately 1%.

Because the company has \$2.7 billion in commercial paper obligations outstanding at Dec. 26, 2004, that have relatively short-term maturity dates, the company is subject to significant changes in the amount of interest expense it might incur. Assuming the current level of commercial paper borrowings, a 1/2% increase or decrease in the average interest rate for commercial paper would result in an increase or decrease in annual interest expense of \$13.6 million, respectively.

Refer to page 26 for information regarding the fair value of the company's long-term debt.



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**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

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\* All other schedules prescribed under Regulation S-X are omitted because they are not applicable or not required.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Gannett Co., Inc.:

We have completed an integrated audit of Gannett Co., Inc.'s 2004 consolidated financial statements and of its internal control over financial reporting as of December 26, 2004 and audits of its 2003 and 2002 consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our opinions, based on our audits, are presented below.

### Consolidated financial statements and financial statement schedule

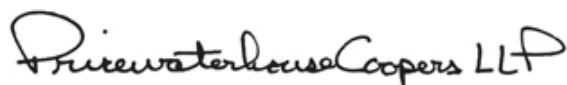
In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Gannett Co., Inc. and its subsidiaries at December 26, 2004 and December 28, 2003, and the results of their operations and their cash flows for each of the three years in the period ended December 26, 2004 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

### Internal control over financial reporting

Also, in our opinion, management's assessment, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A, that the Company maintained effective internal control over financial reporting as of December 26, 2004 based on criteria established in Internal Control –Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), is fairly stated, in all material respects, based on those criteria. Furthermore, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 26, 2004, based on criteria established in Internal Control – Integrated Framework issued by the COSO. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express opinions on management's assessment and on the effectiveness of the Company's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



PricewaterhouseCoopers LLP  
McLean, Virginia  
February 25, 2005

[Table of Contents](#)**GANNETT CO., INC.**  
**CONSOLIDATED BALANCE SHEETS***In thousands of dollars*

Assets	Dec. 26, 2004	Dec. 28, 2003
<i>Current assets</i>		
Cash and cash equivalents	\$ 135,874	\$ 67,188
Trade receivables (less allowance for doubtful receivables of \$44,413 and \$41,530, respectively)	954,432	907,619
Other receivables	77,976	66,348
Inventories	120,064	115,924
Prepaid expenses	82,349	66,182
<b>Total current assets</b>	<b>1,370,695</b>	<b>1,223,261</b>
<i>Property, plant and equipment</i>		
Land	242,139	239,437
Buildings and improvements	1,494,289	1,382,861
Machinery, equipment and fixtures	3,017,347	2,846,446
Construction in progress	117,174	219,154
<b>Total</b>	<b>4,870,949</b>	<b>4,687,898</b>
Less accumulated depreciation	(2,117,504)	(2,005,630)
<b>Net property, plant and equipment</b>	<b>2,753,445</b>	<b>2,682,268</b>
<i>Intangible and other assets</i>		
Goodwill	9,860,782	9,601,767
Indefinite-lived and other amortized intangible assets, less accumulated amortization of \$30,898 and \$19,264, respectively	256,355	108,736
Investments and other assets	1,157,974	1,090,207
<b>Total intangible and other assets</b>	<b>11,275,111</b>	<b>10,800,710</b>
<b>Total assets</b>	<b>\$ 15,399,251</b>	<b>\$ 14,706,239</b>

*The accompanying notes are an integral part of these consolidated financial statements.*

[Table of Contents](#)**GANNETT CO., INC.**  
**CONSOLIDATED BALANCE SHEETS***In thousands of dollars*

Liabilities and shareholders' equity	Dec. 26, 2004	Dec. 28, 2003
<i>Current liabilities</i>		
Accounts payable		
Trade	\$ 302,104	\$ 323,015
Other	28,504	29,807
Accrued liabilities		
Compensation	116,797	100,750
Interest	25,952	25,954
Other	167,647	150,890
Dividend payable	69,132	68,143
Income taxes	132,737	101,663
Deferred income	162,577	161,615
<b>Total current liabilities</b>	<b>1,005,450</b>	<b>961,837</b>
Deferred income taxes	821,949	743,975
Long-term debt	4,607,743	3,834,511
Postretirement medical and life insurance liabilities	322,616	337,989
Other long-term liabilities	386,130	312,507
<b>Total liabilities</b>	<b>7,143,888</b>	<b>6,190,819</b>
<b>Minority interests in consolidated subsidiaries</b>	<b>91,361</b>	<b>92,439</b>
<b>Commitments and contingent liabilities (see Note 10)</b>		
<i>Shareholders' equity</i>		
Preferred stock, par value \$1: Authorized, 2,000,000 shares: Issued, none		
Common stock, par value \$1: Authorized, 800,000,000 shares:		
Issued, 324,420,732 shares, as to both years	324,421	324,421
Additional paid-in capital	563,279	471,581
Retained earnings	10,487,960	9,444,791
Accumulated other comprehensive income	591,487	319,305
	11,967,147	10,560,098
Less Treasury stock, 70,076,108 shares and 52,003,686 shares, respectively, at cost	(3,803,145)	(2,137,117)
<b>Total shareholders' equity</b>	<b>8,164,002</b>	<b>8,422,981</b>
<b>Total liabilities, minority interests and shareholders' equity</b>	<b>\$ 15,399,251</b>	<b>\$ 14,706,239</b>

The accompanying notes are an integral part of these consolidated financial statements.

[Table of Contents](#)**GANNETT CO., INC.**  
**CONSOLIDATED STATEMENTS OF INCOME***In thousands of dollars*

<u>Fiscal year ended</u>	<u>Dec. 26, 2004</u>	<u>Dec. 28, 2003</u>	<u>Dec. 29, 2002</u>
<i>Net operating revenues</i>			
Newspaper advertising	\$4,912,603	\$4,397,244	\$4,122,685
Newspaper circulation	1,238,097	1,212,891	1,182,103
Broadcasting	821,543	719,884	771,303
All other	409,040	381,096	346,158
<b>Total</b>	<b>7,381,283</b>	<b>6,711,115</b>	<b>6,422,249</b>
<i>Operating expenses</i>			
Cost of sales and operating expenses, exclusive of depreciation	3,821,435	3,453,769	3,254,003
Selling, general and administrative expenses, exclusive of depreciation	1,168,148	1,044,796	1,019,493
Depreciation	232,387	223,261	215,117
Amortization of intangible assets	11,634	8,271	7,327
<b>Total</b>	<b>5,233,604</b>	<b>4,730,097</b>	<b>4,495,940</b>
<b>Operating income</b>	<b>2,147,679</b>	<b>1,981,018</b>	<b>1,926,309</b>
<i>Non-operating (expense) income</i>			
Interest expense	(140,647)	(139,271)	(146,359)
Interest income	4,548	5,207	3,448
Other non-operating items	(16,194)	(6,641)	(18,870)
<b>Total</b>	<b>(152,293)</b>	<b>(140,705)</b>	<b>(161,781)</b>
Income before income taxes	1,995,386	1,840,313	1,764,528
Provision for income taxes	678,200	629,100	604,400
<b>Net income</b>	<b>\$1,317,186</b>	<b>\$1,211,213</b>	<b>\$1,160,128</b>
<b>Net income per share - basic</b>	<b>\$ 4.98</b>	<b>\$ 4.49</b>	<b>\$ 4.35</b>
<b>Net income per share - diluted</b>	<b>\$ 4.92</b>	<b>\$ 4.46</b>	<b>\$ 4.31</b>

*The accompanying notes are an integral part of these consolidated financial statements.*

[Table of Contents](#)**GANNETT CO., INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS***In thousands of dollars*

<u>Fiscal year ended</u>	<u>Dec. 26, 2004</u>	<u>Dec. 28, 2003</u>	<u>Dec. 29, 2002</u>
<i>Cash flows from operating activities</i>			
Net income	\$ 1,317,186	\$ 1,211,213	\$ 1,160,128
Adjustments to reconcile net income to operating cash flows			
Depreciation	232,387	223,261	215,117
Amortization of intangibles	11,634	8,271	7,327
Minority interest	8,912	7,596	—
Provision for deferred income taxes	77,974	65,434	175,144
Pension contributions, net of pension expense	(15,273)	76,024	(300,707)
Other, net, including gains on sales	(27,098)	(47,253)	(5,671)
Increase in receivables	(42,263)	(69,948)	(16,783)
(Increase) decrease in inventories	(3,438)	(14,153)	3,647
Decrease in accounts payable	(10,162)	(12,666)	(15,869)
Increase (decrease) in interest and taxes payable	24,083	28,483	(155,299)
Change in other assets and liabilities, net	11,833	4,747	(35,334)
<b>Net cash flow from operating activities</b>	<b>1,585,775</b>	<b>1,481,009</b>	<b>1,031,700</b>
<i>Cash flows from investing activities</i>			
Purchase of property, plant and equipment	(279,790)	(281,264)	(274,828)
Payments for acquisitions, net of cash acquired	(169,262)	(482,650)	(35,266)
Payments for investments	(50,521)	(28,328)	(126,270)
Proceeds from investments	13,552	12,825	45,262
Proceeds from sale of certain assets	23,180	13,012	5,450
<b>Net cash used for investing activities</b>	<b>(462,841)</b>	<b>(766,405)</b>	<b>(385,652)</b>
<i>Cash flows from financing activities</i>			
Proceeds of unsecured global notes, net of debt issuance fees	—	—	1,786,687
Issuance (payments) of unsecured promissory notes and other indebtedness	773,232	(712,754)	(2,325,647)
Dividends paid	(273,028)	(260,737)	(247,721)
Cost of common shares repurchased	(1,668,760)	—	—
Proceeds from issuance of common stock upon exercise of stock options	115,984	235,939	84,899
Distributions to minority interest in consolidated partnerships	(9,490)	(1,900)	—
<b>Net cash used for financing activities</b>	<b>(1,062,062)</b>	<b>(739,452)</b>	<b>(701,782)</b>
<b>Effect of currency exchange rate change</b>	<b>7,814</b>	<b>1,662</b>	<b>5,479</b>
Increase (decrease) in cash and cash equivalents	68,686	(23,186)	(50,255)
Balance of cash and cash equivalents at beginning of year	67,188	90,374	140,629
<b>Balance of cash and cash equivalents at end of year</b>	<b>\$ 135,874</b>	<b>\$ 67,188</b>	<b>\$ 90,374</b>

*The accompanying notes are an integral part of these consolidated financial statements.*

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**GANNETT CO., INC.**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**
*In thousands of dollars*

Fiscal years ended December 29, 2002, December 28, 2003, and December 26, 2004	Common stock \$1 par value	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Deferred compensation related to ESOP	Total
<b>Balance: Dec. 30, 2001</b>	<b>\$324,421</b>	<b>\$210,256</b>	<b>\$ 7,589,069</b>	<b>\$ (103,287)</b>	<b>\$ (2,275,737)</b>	<b>\$ (8,800)</b>	<b>\$ 5,735,922</b>
Net income, 2002			1,160,128				1,160,128
Foreign currency translation adjustment				160,896			160,896
Unrealized loss on securities, net of tax benefit of \$1,548				(2,526)			(2,526)
Minimum pension liability adjustment, net of tax benefit of \$6,676				(10,893)			(10,893)
<b>Total comprehensive income</b>							<b>1,307,605</b>
Dividends declared, 2002: \$.94 per share			(251,217)				(251,217)
Stock options exercised		42,210			42,378		84,588
Stock issued under incentive plan		3,461			1,802		5,263
Tax benefit derived from stock incentive plans		23,851					23,851
Compensation expense related to ESOP						5,748	5,748
Tax benefit from ESOP			35				35
<b>Balance: Dec. 29, 2002</b>	<b>\$324,421</b>	<b>\$279,778</b>	<b>\$ 8,498,015</b>	<b>\$ 44,190</b>	<b>\$ (2,231,557)</b>	<b>\$ (3,052)</b>	<b>\$ 6,911,795</b>
Net income, 2003			1,211,213				1,211,213
Foreign currency translation adjustment				296,349			296,349
Other than temporary impairment, net of taxes of \$544				932			932
Minimum pension liability adjustment, net of tax benefit of \$13,586				(22,166)			(22,166)
<b>Total comprehensive income</b>							<b>1,486,328</b>
Dividends declared, 2003: \$.98 per share			(264,437)				(264,437)
Stock options exercised		143,076			92,586		235,662
Stock issued under incentive plan		3,975			1,854		5,829
Restricted stock issued under incentive plan		115					115
Tax benefit derived from stock incentive plans		44,637					44,637
Compensation expense related to ESOP						3,052	3,052
<b>Balance: Dec. 28, 2003</b>	<b>\$324,421</b>	<b>\$471,581</b>	<b>\$ 9,444,791</b>	<b>\$ 319,305</b>	<b>\$ (2,137,117)</b>	<b>\$ —</b>	<b>\$ 8,422,981</b>
Net income, 2004			1,317,186				1,317,186
Foreign currency translation adjustment				277,189			277,189
Minimum pension liability adjustment, net of tax benefit of \$3,070				(5,007)			(5,007)
<b>Total comprehensive income</b>							<b>1,589,368</b>
Dividends declared, 2004: \$1.04 per share			(274,017)				(274,017)
Treasury stock acquired					(1,668,760)		(1,668,760)
Stock options exercised		76,720			39,238		115,958
Restricted stock issued under incentive plan		334			19		353
Tax benefit derived from stock incentive plans		14,644					14,644
Other treasury stock activity					(36,525)		(36,525)
<b>Balance: Dec. 26, 2004</b>	<b>\$324,421</b>	<b>\$563,279</b>	<b>\$10,487,960</b>	<b>\$ 591,487</b>	<b>\$ (3,803,145)</b>	<b>\$ —</b>	<b>\$ 8,164,002</b>

*The accompanying notes are an integral part of these consolidated financial statements.*

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1

#### Summary of significant accounting policies

**Fiscal year:** The company's fiscal year ends on the last Sunday of the calendar year. The company's 2004 fiscal year ended on Dec. 26, 2004, and encompassed a 52-week period. The company's 2003 and 2002 fiscal years also encompassed 52-week periods.

**Consolidation:** The consolidated financial statements include the accounts of the company and its wholly and majority owned subsidiaries after elimination of all significant intercompany transactions and profits. Investments in entities for which the company does not have control, but has the ability to exercise significant influence over the operating and financial policies, are accounted for under the equity method. Accordingly, the company's share of net earnings and losses from these ventures is included in the Consolidated Statements of Income.

**Operating agencies:** Certain of the company's newspaper subsidiaries are participants in joint operating agencies. Each joint operating agency performs the production, sales and distribution functions for the subsidiary and another newspaper publishing company under a joint operating agreement. The company's operating results in the Detroit and Tucson joint operating agencies are accounted for under the equity method, reported as a net amount in other operating revenues. The company also owns a minority interest in a newspaper publishing partnership. Operating results for this partnership are accounted for under the equity method and reported as a net amount in other operating revenues.

**Critical accounting policies and the use of estimates:** The company prepares its financial statements in accordance with generally accepted accounting principles which require the use of estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and related disclosure of contingent matters. The company bases its estimates on historical experience, actuarial studies and other assumptions, as appropriate, concerning the carrying values of its assets and liabilities and disclosure of contingent matters. The company re-evaluates its estimates on an ongoing basis. Actual results could differ from these estimates.

Critical accounting policies for the company involve its assessment of the recoverability of its long-lived assets, including goodwill and other intangible assets, which are based on such factors as estimated future cash flows and current fair value estimates of businesses. The company's accounting for pension and retiree medical benefits requires the use of various estimates concerning the work force, interest rates, plan investment return, and involves the use of advice from consulting actuaries. The company's accounting for income taxes in the U.S. and foreign jurisdictions is sensitive to interpretation of various laws and regulations therein, and to company policy and expectations as to the repatriation of earnings from foreign sources.

A more complete discussion of all of the company's significant accounting policies follows.

**Cash and cash equivalents:** The company considers its marketable securities, which are readily convertible into cash (with original maturity dates of less than 90 days) and consist of short-term investments in government securities, commercial paper and money market funds, as cash equivalents.

**Trade receivables and allowances for doubtful accounts:** Trade receivables are recorded at invoiced amounts and generally do not bear interest. The allowance for doubtful accounts reflects the company's estimate of credit exposure, determined principally on the basis of its collection experience.

**Inventories:** Inventories, consisting principally of newsprint, printing ink, plate material and production film for the company's newspaper publishing operations, are valued primarily at the lower of cost (first-in, first-out) or market.

**Property and depreciation:** Property, plant and equipment is recorded at cost, and depreciation is provided generally on a straight-line basis over the estimated useful lives of the assets. The principal estimated useful lives are: buildings and improvements, 10 to 40 years; and machinery, equipment and fixtures, four to 30 years. Major renewals and improvements and interest incurred during the construction period of major additions are capitalized. Expenditures for maintenance, repairs and minor renewals are charged to expense as incurred.

**Goodwill and other intangible assets:** Intangible assets and goodwill represent the excess of acquisition cost over the fair value of other assets acquired net of liabilities assumed at the time operating properties were purchased. The company follows Statement of Financial Accounting Standards No. 142 (SFAS No. 142) "Goodwill and Other Intangible Assets." SFAS No. 142 prohibits the amortization of goodwill and other intangibles with indefinite useful lives unless the intangible asset is deemed to be impaired. The company annually performs an impairment test of its goodwill and indefinite lived intangible assets and has determined that no impairment of recorded goodwill or indefinite lived intangible assets existed at Dec. 26, 2004. Intangible assets that have finite useful lives are amortized over those useful lives. See additional detail in Note 3 on page 40.

**Valuation of long-lived assets:** In accordance with SFAS No. 144, the company evaluates the carrying value of long-lived assets to be held and used whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying value of a long-lived asset group is considered impaired when the projected undiscounted future cash flows are less than its carrying value. The company measures impairment based on the amount by which the carrying value exceeds the fair market value. Fair market value is determined primarily using the projected future cash flows discounted at a rate commensurate with the risk involved. Losses on long-lived assets to be disposed of are determined in a similar manner, except that fair market values are reduced for the cost to dispose.



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**Investments and other assets:** Investments in non-public businesses in which the company does not have control or does not exert significant influence are carried at cost and gains or losses resulting from periodic evaluations of the carrying value of these investments are included as a non-operating expense. At Dec. 26, 2004, and Dec. 28, 2003, such investments aggregated approximately \$24 million and \$21 million, respectively. Investments in public equity securities are classified as available for sale with related gains and losses included in equity as other comprehensive income.

The company's television stations are parties to program broadcast contracts. These contracts are recorded at the gross amount of the related liability when the programs are available for telecasting. Program assets are classified as current (as a prepaid expense) or noncurrent (as an other asset) in the Consolidated Balance Sheets, based upon the expected use of the programs in succeeding years. The amount charged to expense appropriately matches the cost of the programs with the revenues associated with them. The liability for these contracts is classified as current or noncurrent in accordance with the payment terms of the contracts. The payment period generally coincides with the period of telecast for the programs, but may be shorter.

**Revenue recognition:** The company's revenues include amounts charged to customers for space purchased in the company's newspapers, amounts charged to customers for commercial printing jobs, advertising broadcast on the company's television stations and for ads placed on its Internet Web sites. Newspaper revenues also include circulation revenues for newspapers purchased by readers or distributors reduced by the amount of discounts. Advertising revenues are recognized, net of agency commissions, in the period when advertising is printed or placed on Web sites or broadcast. Commercial printing revenues are recognized when the job is delivered to the customer. Circulation revenues are recognized when purchased newspapers are distributed. Amounts received from customers in advance of revenue recognition are deferred as liabilities.

**Retirement plans:** Pension costs under the company's retirement plans are actuarially determined. The company's policy is to fund costs accrued under its qualified pension plans.

The company recognizes the cost of postretirement medical and life insurance benefits on an accrual basis over the working lives of employees expected to receive such benefits.

**Stock-based employee compensation:** Stock-based compensation is accounted for using the intrinsic value-based method in accordance with Accounting Principles Board Opinion (APB) No. 25, "Accounting for Stock Issued to Employees." Under APB No. 25, because the exercise price of the company's employee stock options equals the market price of the underlying stock on the date of the grant, no compensation expense is recognized. As permitted, the company has elected to adopt the disclosure-only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation."

SFAS No. 123, "Accounting for Stock-Based Compensation," establishes a fair value-based method of accounting for employee stock-based compensation plans and encourages companies to adopt that method. However, it also allows companies to continue to apply the intrinsic value-based method currently prescribed under APB No. 25. The company has chosen to continue to report stock-based compensation in accordance with APB No. 25, and provides the following pro forma disclosure of the effects of applying the fair value method to all applicable awards granted. Under APB No. 25 and related interpretations, no compensation cost has been recognized for the company's stock options. Had compensation cost for the company's stock options been determined based on the fair value at the grant date for those awards as permitted (but not required) under the alternative method of SFAS No. 123, the company's results of operations and related per share amounts would have been reduced to the pro forma amounts indicated below:

*In thousands, except per share amounts*

	2004	2003	2002
<i>Net income</i>			
As reported	\$1,317,186	\$1,211,213	\$1,160,128
Less: compensation expense determined under SFAS No. 123, net of tax	(119,174)	(60,336)	(49,791)
Pro forma	\$1,198,012	\$1,150,877	\$1,110,337
<i>Net income per share - basic</i>			
As reported	\$ 4.98	\$ 4.49	\$ 4.35
Pro forma	\$ 4.53	\$ 4.27	\$ 4.16
<i>Net income per share - diluted</i>			
As reported	\$ 4.92	\$ 4.46	\$ 4.31
Pro forma	\$ 4.47	\$ 4.24	\$ 4.13

For the company's principal options grants, which occur in December of each year, the fair value of the options was established using the Black-Scholes pricing model with the following weighted-average assumptions used for grants in 2004, 2003 and 2002, respectively: dividend yields of 1.24%, 1.33% and 1.34%; expected volatility of 13.62%, 19.16% and 26.12%; risk-free interest rates of 3.71%, 3.83% and 3.89%; and expected lives of six years for grants in 2004 and seven years for grants in 2003 and 2002.

On December 23, 2004, the company amended certain employee option award agreements to accelerate vesting of approximately 3.9 million options for which the exercise price was above the then current market price. The options affected by the acceleration of vesting were principally comprised of the entire grant made on December 12, 2003, which had an option price of \$87.33 (equal to the market price on the grant date) and a fair value established using the Black-Scholes pricing model of \$21.73 per option. The company's stock price closed at \$80.69 on December 23, 2004.

Because the company has accounted for stock-based compensation using the intrinsic value method and because these options were priced above the then current market, the acceleration of vesting of these options did not require accounting recognition in the company's financial statements. However, the impact of the vesting acceleration was to increase pro forma stock-based compensation cost shown above and reduce pro forma net income by approximately \$52 million.

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**Income taxes:** The company accounts for certain income and expense items differently for financial reporting purposes than for income tax reporting purposes. Deferred income taxes are provided in recognition of these temporary differences.

**Per share amounts:** The company reports earnings per share on two bases, basic and diluted. All basic income per share amounts are based on the weighted average number of common shares outstanding during the year. The calculation of diluted earnings per share also considers the assumed dilution from the exercise of stock options and from stock incentive rights.

**Foreign currency translation:** The income statement of Newsquest operations has been translated to U.S. dollars using the average currency exchange rates in effect during the relevant period. Newsquest's balance sheet has been translated using the currency exchange rate as of the end of the accounting period. The impact of currency exchange rate changes on the translation of Newsquest's balance sheet is included in comprehensive income, and is classified as accumulated other comprehensive income (loss) in shareholders' equity.

**New accounting pronouncements:** On Dec. 16, 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 123(R) (SFAS No. 123(R)), "Share-Based Payment," which is a revision of SFAS No. 123, "Accounting for Stock-Based Compensation." SFAS No. 123(R) supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees." SFAS No. 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. SFAS No. 123(R) must be adopted by the company no later than the beginning of its third quarter of 2005. Management has not determined which transition alternative it will elect upon adoption of SFAS No. 123(R).

As permitted by SFAS No. 123, the company currently accounts for share-based payments to employees using APB No. 25's intrinsic value method and, as such, generally recognizes no compensation cost for employee stock options. Accordingly, the adoption of SFAS No. 123(R)'s fair value method will have an impact the company's results of operations, although it will have no impact on the company's overall financial position or cash flows. The impact of adoption of SFAS No. 123(R) will be to reduce operating results for the second half of 2005. Had SFAS No. 123(R) been applied in prior periods, the impact of that standard would have approximated the impact of SFAS No. 123 as described in the disclosure of pro forma net income and earnings per share in this Note 1 to the consolidated financial statements on page 38.

**Reclassifications:** Certain prior year amounts have been reclassified to conform with the current year presentation.

## NOTE 2

### Acquisitions, exchanges, dispositions and investments

**2004:** On Feb. 2, 2004, the company acquired NurseWeek, a multi-media company with print publications and an award-winning Web site focused on the recruitment, recognition and education of nurses. NurseWeek is published as a separate publication of Nursing Spectrum, a wholly owned subsidiary of the company. Altogether, Nursing Spectrum operations now include 12 regional magazines with a combined circulation of more than 1 million registered nurses.

On Feb. 16, 2004, the company exchanged its daily newspaper, The Times in Gainesville, Ga., and non-daily publications in the Gainesville area for two daily newspapers and non-daily publications in Tennessee, plus cash consideration. The company recorded this transaction as two simultaneous but separate events; that is, the sale of its publications in Gainesville for which a non-operating gain was recognized and the acquisition of the publications in Tennessee accounted for under the purchase method of accounting. The non-monetary gain from the exchange transaction is reflected in non-operating income.

In April 2004, the company acquired the assets of Captivate Network, Inc., a national news and entertainment network that delivers programming and full motion video advertising through wireless digital video screens in the elevators of premier office towers across North America.

In May 2004, the company acquired a one-third interest in CrossMedia Services, Inc., a leading provider of Web-based marketing solutions for national and local retailers, with Knight Ridder, Inc. and Tribune Company.

The company also purchased a small daily newspaper in Wisconsin and several small non-daily publications in the U.S. and the U.K.

The 2004 business acquisitions (excluding the non-monetary exchange transaction) had an aggregate cash purchase price of approximately \$169 million and were recorded under the purchase method of accounting. The company is in the process of completing valuations of recently acquired businesses, thus the allocation of the purchase price is preliminary.

On Aug. 31, 2004, the company completed the sale of its NBC affiliate in Kingman, Ariz., KMOH-TV.

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**2003:** In March 2003, the company completed a non-monetary transaction under which it contributed its newspaper in El Paso to a newly formed partnership, Texas-New Mexico Newspapers Partnership. The partnership includes the El Paso newspaper and six other daily newspapers in nearby New Mexico that were contributed by MediaNews Group. The company recorded this non-monetary transaction as two simultaneous but separate events; that is, a sale of 33.8% of its interest in the El Paso Times for which a non-operating gain was recognized, and the acquisition of a 66.2% interest in the partnership. The non-monetary gain from the partnership transaction is reflected in non-operating income.

In April 2003, the company purchased 100% of the stock of the publishing business of Scottish Media Group plc (SMG). The SMG publishing business consists of three Scottish regional newspapers; 11 specialty consumer and business-to-business magazine titles; and an online advertising and content business.

In August 2003, the company acquired the majority interest in the Ashland Media Group in Phoenix, Ariz. Ashland Media publishes TV y Más, La Voz and TV Shopper, which are weekly publications. Ashland Media also has a direct marketing business, AZ Mail.

On Oct. 31, 2003, the company acquired the assets of Clipper Magazine, Inc., one of the nation's largest direct-mail advertising magazine companies and several affiliated operations.

The company also purchased several small non-daily publications in the U.S. and in the U.K.

The 2003 business acquisitions (excluding the non-monetary exchange transaction) had an aggregate cash purchase price of approximately \$483 million and were recorded under the purchase method of accounting.

**2002:** The company purchased several small non-daily publications in the U.S. and in the U.K., a commercial printing business in Wisconsin and a defense magazine in McLean, Va. These acquisitions, which had an aggregate cash purchase price of approximately \$35 million, were accounted for under the purchase method of accounting. The company contributed its Vincennes (Ind.) Sun-Commercial newspaper to the Gannett Foundation in July 2002. The Gannett Foundation is a not-for-profit, private foundation that makes charitable awards in the communities in which Gannett operates its newspapers and television stations. These business acquisitions and dispositions did not materially affect the company's financial position or results of operations.

In October 2002, the company acquired a one-third equity interest in CareerBuilder, LLC, an online service providing recruitment resources, for approximately \$98 million.

### NOTE 3

#### Goodwill and other intangible assets

Pursuant to SFAS No. 142, goodwill and indefinite-lived intangible assets are not amortized but are reviewed at least annually for impairment. Recognized intangible assets that have finite useful lives are amortized over their useful lives and are subject to tests for impairment in accordance with the provisions of SFAS No. 144.

SFAS No. 142 requires that goodwill and indefinite-lived intangible assets be tested for impairment at the reporting unit level at least annually. The company has performed an impairment test of its goodwill and indefinite-lived intangible assets at Dec. 26, 2004, at Dec. 28, 2003, and at Dec. 29, 2002, and determined that no impairment of goodwill or indefinite-lived intangible assets existed.

The following table displays goodwill, indefinite-lived intangible assets, and amortized intangible assets at Dec. 26, 2004, and Dec. 28, 2003. Indefinite-lived intangible assets include mastheads and trade names. Amortized intangible assets primarily include customer relationships and real estate access rights.

*In thousands of dollars*

	<u>Gross</u>	<u>Accumulated Amortization</u>	<u>Net</u>
<b>Dec. 26, 2004</b>			
Goodwill	\$ 9,860,782	\$ —	\$ 9,860,782
Indefinite-lived intangibles	119,953	—	119,953
Amortized intangible assets:			
Customer relationships	159,472	29,818	129,654
Other	7,828	1,080	6,748
<b>Total</b>	<u>\$10,148,035</u>	<u>\$ 30,898</u>	<u>\$10,117,137</u>
<b>Dec. 28, 2003</b>			
Goodwill	\$ 9,601,767	\$ —	\$ 9,601,767
Customer relationships	128,000	19,264	108,736
<b>Total</b>	<u>\$ 9,729,767</u>	<u>\$ 19,264</u>	<u>\$ 9,710,503</u>

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Amortization expense was approximately \$11.6 million in 2004 and \$8.3 million in 2003. Customer relationships, which include subscriber lists and advertiser relationships, are amortized on a straight-line basis over three to 25 years. In 2004, ad archives, real estate access rights and patents were also acquired whose lives are between three and ten years and are amortized on a straight-line basis. For each of the next five years, amortization expense relating to the amortized intangibles is expected to be approximately \$15 million.

*In thousands of dollars*

	Newspaper Publishing	Broadcasting	Total
<b>Goodwill</b>			
Balance at Dec. 29, 2002	\$7,296,021	\$1,526,278	\$8,822,299
Acquisitions	498,968	—	498,968
Foreign currency exchange rate changes	280,500	—	280,500
<b>Balance at Dec. 28, 2003</b>	<b>\$8,075,489</b>	<b>\$1,526,278</b>	<b>\$9,601,767</b>
Acquisitions & adjustments	\$ 6,431	\$ 27,059	\$ 33,490
Dispositions	(6,535)	—	(6,535)
Foreign currency exchange rate changes	231,799	261	232,060
<b>Balance at Dec. 26, 2004</b>	<b>\$8,307,184</b>	<b>\$1,553,598</b>	<b>\$9,860,782</b>

*In thousands of dollars*

	Newspaper Publishing	Broadcasting	Total
<b>Indefinite-lived intangibles</b>			
Balance at Dec. 28, 2003	\$ —	\$ —	\$ —
Acquisitions & adjustments	\$ 114,641	\$ —	\$ 114,641
Foreign currency exchange rate changes	5,312	—	5,312
<b>Balance at Dec. 26, 2004</b>	<b>\$ 119,953</b>	<b>\$ —</b>	<b>\$ 119,953</b>

*In thousands of dollars*

	Newspaper Publishing	Broadcasting	Total
<b>Amortized intangible assets, net</b>			
Balance at Dec. 29, 2002	\$ 98,807	\$ —	\$ 98,807
Acquisitions	18,200	—	18,200
Amortization	(8,271)	—	(8,271)
<b>Balance at Dec. 28, 2003</b>	<b>\$ 108,736</b>	<b>\$ —</b>	<b>\$ 108,736</b>
Acquisitions	\$ 32,800	\$ 6,500	\$ 39,300
Amortization	(11,159)	(475)	(11,634)
<b>Balance at Dec. 26, 2004</b>	<b>\$ 130,377</b>	<b>\$ 6,025</b>	<b>\$ 136,402</b>

## NOTE 4

### Consolidated statements of cash flows

Cash paid in 2004, 2003 and 2002 for income taxes and for interest (net of amounts capitalized) was as follows:

*In thousands of dollars*

	2004	2003	2002
Income taxes	\$ 577,254	\$ 555,039	\$ 722,034
Interest	\$ 140,649	\$ 140,097	\$ 121,697

Interest in the amount of \$4.8 million, \$3.4 million and \$2.1 million was capitalized in 2004, 2003 and 2002, respectively.

### Other

In connection with the establishment of the Texas-New Mexico Newspapers Partnership in 2003, the company recorded a minority interest liability totaling \$90 million. No other significant liabilities were assumed in connection with the 2004, 2003 and 2002 acquisitions.

In 2003 and 2002, the company issued 87,263 and 82,942 shares of common stock, respectively, in settlement of previously granted stock incentive rights for the four-year period 1999-2002 and the compensation liability of \$9.0 million and \$7.7 million, respectively, for these rights was transferred to shareholders' equity. At Dec. 26, 2004, there are no remaining stock incentive rights.



**NOTE 5****Long-term debt**

The long-term debt of the company is summarized below:

*In thousands of dollars*

	Dec. 26, 2004	Dec. 28, 2003
Unsecured promissory notes	\$ 2,711,316	\$ 1,927,500
Unsecured global notes	1,796,023	1,794,455
Other indebtedness	100,404	112,556
<b>Total long-term debt</b>	<b>\$ 4,607,743</b>	<b>\$ 3,834,511</b>

The unsecured promissory notes at Dec. 26, 2004, were due from Dec. 27, 2004, to Jan. 28, 2005, with rates varying from 2.10% to 2.30%.

The unsecured promissory notes at Dec. 28, 2003, were due from Dec. 29, 2003, to Jan. 29, 2004, with rates varying from 1.04% to 1.08%.

The maximum amount of such promissory notes outstanding at the end of any period during 2004 and 2003 was \$2.9 billion and \$2.7 billion, respectively. The daily average outstanding balance was \$2.3 billion during 2004 and \$2.4 billion during 2003 and the weighted average interest rate on commercial paper was 1.4% for 2004 and 1.2% for 2003. The weighted average interest rate on all debt was 3.3% for 2004 and 3.1% for 2003.

In March 2002, the company issued \$1.8 billion aggregate principal amount of unsecured global notes in an underwritten public offering. These notes consist of \$600 million aggregate principal amount of 4.95% notes due 2005, \$700 million aggregate principal amount of 5.50% notes due 2007 and \$500 million aggregate principal amount of 6.375% notes due 2012. The net proceeds of the offering were used to pay down commercial paper borrowings.

Other indebtedness includes the loan notes issued in the U.K. to the former shareholders of Newsquest and Newscom in connection with those acquisitions. The Newsquest and Newscom notes (\$9.9 million and \$73.8 million, respectively) bear interest at .5% below the Sterling London Interbank Offered Rate (LIBOR), subject to a cap of 6.5% and 6.75%, respectively. The Newsquest and Newscom notes are due on Dec. 31, 2006, and Dec. 31, 2007, respectively, but may be redeemed by the company on each interest payment date. The noteholders are entitled to require the company to repay all or part of the notes on any interest payment date by giving 30 days' written notice. The remaining other indebtedness at Dec. 26, 2004, consists primarily of industrial revenue bonds with maturities in 2008 and 2009 at variable interest rates (1.9% at Dec. 26, 2004).

In March 2004, the company terminated its \$1.53 billion multi-year revolving credit agreement that was due to expire in July 2005. The company also terminated its \$1.3375 billion 364-day revolving credit facility that was due to expire in March 2004. Coincident with the termination of the two credit agreements, the company entered into a \$2.46 billion revolving credit agreement, which consisted of a \$622.5 million 364-day facility that extends to March 2005 and a \$1.8375 billion 5-year facility that extends to March 2009. At the end of the 364-day period, any borrowings outstanding under the 364-day credit facility are convertible into a one-year term loan at the company's option. Also in March 2004, the company entered into a \$200 million two-year revolving credit facility that extends to March 2006. At the end of the two-year period, any borrowings outstanding under the two-year credit facility are convertible into a one-year term loan at the company's option. At Dec. 26, 2004, the company had a total of \$4.025 billion of credit available under three revolving credit agreements.

In December 2004, the company received commitments of \$691.875 million from a group of banks to provide a 5-year facility to replace the \$622.5 million 364-day facility that was scheduled to mature in March 2005. At the same time, the company also amended and extended the existing 2002 \$1.365 billion five-year facility until January 2010. These facilities became effective in January 2005, at which time the company's credit available under four revolving credit agreements increased to \$4.094 billion.

The revolving credit agreements provide backup for commercial paper and for general corporate purposes; therefore, the unsecured promissory notes, unsecured global notes due in 2005 and Newsquest and Newscom notes are classified as long-term debt.

The commitment fee rates for the March 2004 revolving credit agreements may range from .05% to .25%, depending on Standard & Poor's or Moody's credit rating of the company's senior unsecured long-term debt. The rates in effect on Dec. 26, 2004, were .06% for the 364-day facility and .08% for the multi-year facilities. At the option of the company, the interest rate on borrowings under these agreements may be .17% to .55% above the prime rate, the Eurodollar base rate or the Federal Funds Effective Rate plus .50%. The percentages that apply depend on Standard & Poor's or Moody's credit rating of the company's senior unsecured long-term debt.

The commitment fee rates for the 2002 5-year revolving credit agreement may range from .07% to .25%, depending on Standard & Poor's or Moody's credit rating of the company's senior unsecured long-term debt. The rate in effect on Dec. 26, 2004, was .08%. At the option of the company, the interest rate on borrowings under this agreement may be .17% to .50% above the prime rate, the Eurodollar base rate or the Federal Funds Effective Rate plus .50%. The percentages that apply depend on Standard & Poor's or Moody's credit rating of the company's senior unsecured long-term debt.

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The revolving credit agreements in place at Dec. 26, 2004, contain restrictive provisions that require the maintenance of net worth of at least \$3.5 billion and an interest coverage ratio of 3:1. At Dec. 26, 2004, and Dec. 28, 2003, net worth was \$8.2 billion and \$8.4 billion, respectively. The interest coverage ratio for the year ended Dec. 26, 2004, was 16:1. Subsequent to the January 2005 effective date for the new credit agreements (discussed above), none of the company's credit agreements contain interest coverage ratio provisions.

Under a shelf registration that became effective with the Securities and Exchange Commission in April 2002, an additional \$2.5 billion of unsecured debt securities can be issued. Proceeds from the sale of such securities may be used for general corporate purposes, including capital expenditures, working capital, securities repurchase programs, repayment of long-term and short-term debt and financing of future acquisitions. The company may also invest borrowed funds that are not required immediately for other purposes in short-term marketable securities.

Approximate annual maturities of long-term debt, assuming that the company had used its \$4.025 billion of revolving credit agreements to refinance existing unsecured promissory notes and the unsecured global notes due in 2005 on a long-term basis and assuming the company's other indebtedness was paid on its scheduled pay dates, are as follows:

*In thousands of dollars*

<b>2005</b>	\$ —
<b>2006</b>	9,911
<b>2007</b>	697,746
<b>2008</b>	80,764
<b>2009</b>	1,264,073
<b>Later years</b>	2,555,249
<b>Total</b>	<b>\$4,607,743</b>

The fair value of the company's total long-term debt, determined based on quoted market prices for similar issues of debt with the same remaining maturities and similar terms, totaled \$4.7 billion at Dec. 26, 2004, compared with a book value of \$4.6 billion.

At Dec. 26, 2004, and Dec. 28, 2003, the company estimates that the amount reported on the balance sheet for financial instruments, including cash and cash equivalents, trade and other receivables, and other long-term liabilities, approximates fair value.

### NOTE 6

#### Retirement plans

The company and its subsidiaries have various retirement plans, including plans established under collective bargaining agreements, under which substantially all full-time employees are covered. The Gannett Retirement Plan is the company's principal retirement plan and covers most U.S. employees of the company and its subsidiaries. Benefits under the Gannett Retirement Plan are based on years of service and final average pay. The tables below also include the assets and obligations of Newsquest Retirement Plans in the U.K. The company uses a Dec. 31 measurement date for its retirement plans.

The company's pension costs, which include costs for its qualified, non-qualified and union plans, for 2004, 2003 and 2002 are presented in the following table:

*In thousands of dollars*

	2004	2003	2002
Service cost - benefits earned during the period	\$ 89,239	\$ 77,378	\$ 69,486
Interest cost on benefit obligation	165,594	155,933	152,534
Expected return on plan assets	(212,063)	(170,099)	(181,198)
Amortization of transition asset	(10)	(68)	(68)
Amortization of prior service credit	(21,435)	(20,340)	(19,594)
Amortization of actuarial loss	55,765	72,026	36,114
Pension expense for company-sponsored retirement plans	77,090	114,830	57,274
Union and other pension cost	12,429	7,388	7,150
Pension cost	<b>\$ 89,519</b>	<b>\$ 122,218</b>	<b>\$ 64,424</b>

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The following table provides a reconciliation of benefit obligations (on a Projected Benefit Obligation measurement basis), plan assets and funded status of the company-sponsored retirement plans, along with the related amounts that are recognized in the Consolidated Balance Sheets.

*In thousands of dollars*

	<u>Dec. 26, 2004</u>	<u>Dec. 28, 2003</u>
<b>Change in benefit obligation</b>		
Net benefit obligation at beginning of year	\$2,737,741	\$2,402,386
Service cost	89,239	77,378
Interest cost	165,594	155,933
Plan participants' contributions	13,165	10,500
Plan amendments	91	(4,327)
Actuarial loss	86,195	192,701
Foreign currency translation	18,394	40,530
Gross benefits paid	(142,637)	(137,360)
Net benefit obligation at end of year	\$2,967,782	\$2,737,741
<b>Change in plan assets</b>		
Fair value of plan assets at beginning of year	\$2,453,044	\$2,021,991
Actual return on plan assets	240,745	487,808
Plan participants' contributions	13,165	10,500
Employer contributions	92,363	35,091
Gross benefits paid	(142,637)	(137,360)
Foreign currency translation	15,985	35,014
Fair value of plan assets at end of year	\$2,672,665	\$2,453,044
Funded status at end of year	\$ (295,117)	\$ (284,697)
Unrecognized net actuarial loss	1,048,832	1,039,202
Unrecognized prior service credit	(143,203)	(160,576)
Unrecognized net transition asset	—	(10)
Net amount recognized at end of year	\$ 610,512	\$ 593,919
<b>Amounts recognized in Consolidated Balance Sheets</b>		
Prepaid benefit cost	\$ 730,257	\$ 702,656
Intangible assets	\$ 2,712	\$ 3,077
Accumulated other comprehensive loss related to minimum pension liability	\$ 32,040	\$ 23,144
Accrued benefit cost	\$ (154,497)	\$ (134,958)

**Pension costs:** The following assumptions were used to determine net pension costs.

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Discount rate	6.25%	6.75%	7.25%
Expected return on plan assets	8.75%	8.75%	9.50%
Rate of compensation increase	4.00%	4.00%	4.00%

The expected return on asset assumption was determined based on the plan's asset allocations, a review of historic capital market performance, historical plan performance and a forecast of expected future asset returns. The company lowered its expected return on asset assumption from 9.5% in 2002 to 8.75% in 2003 due to changes in the capital markets. The company reviews this long-term assumption on a periodic basis. The company also lowered its discount rate from 6.75% at the end of 2002, to 6.25% at the end of 2003 and 5.75% at the end of 2004.

**Benefit obligations and funded status:** The accumulated benefit obligation for all of the company-sponsored retirement plans was \$2.6 billion and \$2.4 billion at the end of 2004 and 2003, respectively. On an Accumulated Benefit Obligation measurement basis, the Gannett Retirement Plan and the company's plans in the U.K. were more than fully funded at the end of 2004. The Projected Benefit Obligation exceeds the fair value of plan assets for all of the company-sponsored retirement plans. The following assumptions were used to determine the year-end benefit obligation.

	<u>2004</u>	<u>2003</u>
Discount rate	5.75%	6.25%
Rate of compensation increase	4.00%	4.00%

The following table presents information for those company retirement plans for which assets exceed accumulated benefits:

*In thousands of dollars*

	<u>2004</u>	<u>2003</u>
Accumulated benefit obligation	\$2,455,221	\$2,264,172
Fair value of plan assets	2,672,665	2,453,044

The accumulated benefit obligation for the company's unfunded retirement plans was approximately \$154 million and \$135 million at Dec. 26, 2004 and Dec. 28, 2003, respectively.

The company did not contribute to the Gannett Retirement Plan in 2003; however, it contributed \$50 million to the plan in February 2004. In December 2002 the company contributed \$330 million to the Gannett Retirement Plan. The company contributed approximately \$37.2 million in 2004 and \$30.4 million in 2003 to its U.K. retirement plans. At this time, the company does not plan to make any substantial contribution to the Gannett Retirement Plan or its U.K. retirement plans in 2005.



Employer contributions and gross benefits paid reflected in the above tables include approximately \$5.1 million and \$4.7 million paid from company assets in 2004 and 2003, respectively.

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**Plan assets:** The fair value of plan assets is approximately \$2.7 billion and \$2.5 billion at the end of 2004 and 2003, respectively. The expected long-term rate of return on these assets was 8.75% for 2004 and 2003. The asset allocation for company-sponsored pension plans at the end of 2004 and 2003, and target allocations for 2005, by asset category, are presented in the table below.

	Target Allocation 2005	Allocation of Plan Assets	
		2004	2003
Equity securities	60%	60%	63%
Debt securities	32	32	29
Real estate	1	1	1
Other	7	7	7
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

The primary objective of company-sponsored retirement plans is to provide eligible employees with scheduled pension benefits: the “prudent man” guideline is followed with regard to the investment management of retirement plan assets. Consistent with prudent standards for preservation of capital and maintenance of liquidity, the goal is to earn the highest possible total rate of return while minimizing risk. The principal means of reducing volatility and exercising prudent investment judgment is diversification by asset class and by investment manager; consequently, portfolios are constructed to attain prudent diversification in the total portfolio, each asset class, and within each individual investment manager’s portfolio. Investment diversification is consistent with the intent to minimize the risk of large losses. All objectives are based upon an investment horizon spanning five years so that interim market fluctuations can be viewed with the appropriate perspective. The target asset allocation represents the long-term perspective. Retirement plan assets will be rebalanced at least annually to align them with the target asset allocations. Risk characteristics are measured and compared with an appropriate benchmark quarterly; periodic reviews are made of the investment objectives and the investment managers.

Retirement plan assets include approximately 1,242,300 shares of the company’s common stock valued at approximately \$100 million and \$111 million at the end of 2004 and 2003, respectively.

**Cash flows:** The company contributed \$50 million to the Gannett Retirement Plan in February 2004 and contributed approximately \$37.2 million to its U.K. retirement plans in 2004. In addition, the company plans to make the following benefit payments (from either retirement plan assets or directly from company funds), which reflect expected future service, as appropriate:

*In thousands of dollars*

<b>2005</b>	\$ 145,420
<b>2006</b>	153,038
<b>2007</b>	161,032
<b>2008</b>	170,832
<b>2009</b>	179,974
<b>2010-2014</b>	1,079,299

### NOTE 7

#### Postretirement benefits other than pensions

The company provides health care and life insurance benefits to certain retired employees who meet age and service requirements. Most of the company’s retirees contribute to the cost of these benefits and retiree contributions are increased as actual benefit costs increase. The cost of providing retiree health care and life insurance benefits is actuarially determined and accrued over the service period of the active employee group. The company’s policy is to fund benefits as claims and premiums are paid.

Postretirement benefit cost for health care and life insurance for 2004, 2003 and 2002 included the following components:

*In thousands of dollars*

	2004	2003	2002
Service cost - benefits earned during the period	\$ 2,039	\$ 3,132	\$ 3,535
Interest cost on net benefit obligation	15,561	19,756	19,337
Amortization of prior service credit	(12,461)	(11,839)	(10,888)
Amortization of actuarial loss	2,280	1,589	—
<b>Net periodic postretirement benefit cost</b>	<b>\$ 7,419</b>	<b>\$ 12,638</b>	<b>\$ 11,984</b>
Curtailment gain	\$ —	\$(30,710)	\$ —

In December 2003, the United States enacted into law the Medicare Prescription Drug Improvement and Modernization Act of 2003 (the “Act”). The Act establishes a prescription drug benefit under Medicare, known as “Medicare Part D,” and a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. The company and its actuarial advisors determined that, based on regulatory guidance currently available, benefits provided by the company were at least actuarially equivalent to Medicare Part D, and, accordingly, the company expects to be entitled to the federal subsidy in all years after 2005.

In May 2004, the FASB issued FASB Staff Position No. 106-2, “Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003” (“FAS 106-2”), which the company adopted in the third quarter of 2004. The provisions of the Act were adopted retroactively to the beginning of fiscal 2004, resulting in a \$23.5 million reduction in the accumulated post retirement benefit obligation (APBO). This reduction in the APBO due to the Act is treated as an actuarial gain. The effect of applying FAS 106-2 reduced the company’s net periodic postretirement benefit cost by approximately \$2.5 million.

In 2003, the company recognized a curtailment gain of \$30.7 million with respect to the elimination of postretirement medical and life insurance benefits for employees under 40 years of age on Jan. 1, 2004, and subsequent new hires.

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The table below provides a reconciliation of benefit obligations and funded status of the company's postretirement benefit plans:

In thousands of dollars

	Dec. 26, 2004	Dec. 28, 2003
<b>Change in benefit obligation</b>		
Net benefit obligation at beginning of year	\$ 280,896	\$ 331,814
Service cost	2,039	3,132
Interest cost	15,561	19,756
Plan participants' contributions	5,692	6,392
Plan amendment	—	(73,930)
Actuarial (gain) loss	(2,953)	24,848
Gross benefits paid	(29,125)	(31,116)
Net benefit obligation at end of year	\$ 272,110	\$ 280,896
<b>Change in plan assets</b>		
Fair value of plan assets at beginning of year	\$ 0	\$ 0
Employer contributions	23,433	24,724
Plan participants' contributions	5,692	6,392
Gross benefits paid	(29,125)	(31,116)
Fair value of plan assets at end of year	\$ 0	\$ 0
Benefit obligation at end of year	\$ 272,110	\$ 280,896
Unrecognized net actuarial loss	(63,691)	(69,588)
Unrecognized prior service credit	114,197	126,681
Accrued postretirement benefit cost	\$ 322,616	\$ 337,989

**Postretirement benefit costs:** The following assumptions were used to determine postretirement benefit cost:

	2004	2003	2002
Discount rate	6.25%	6.75%	7.25%
Health care cost trend on coverage – pre 65	12.00%	10.00%	7.00%
Health care cost trend on coverage – post 65	12.00%	10.00%	10.00%
Ultimate trend rate	5.00%	5.00%	5.00%
Year that ultimate trend rate is reached	2009	2008	2005

**Benefit obligations and funded status:** The following assumptions were used to determine the year-end benefit obligation:

	2004	2003
Discount rate	5.75%	6.25%
Health care cost trend rate assumed for next year	11.00%	12.00%
Ultimate trend rate	5.00%	5.00%
Year that ultimate trend rate is reached	2009	2009

An 11% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2005. Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. The effect of a 1% increase in the health care cost trend rate used would result in increases of approximately \$18 million in the 2004 postretirement benefit obligation and \$1 million in the aggregate service and interest components of the 2004 expense. The effect of a 1% decrease in the health care cost trend rate used would result in decreases of approximately \$16 million in the 2004 postretirement benefit obligation and \$1 million in the aggregate service and interest components of the 2004 expense.

**Cash flows:** The company expects to make the following benefit payments, which reflect expected future service, and to receive the following federal subsidy benefits as appropriate:

In thousands of dollars

	Benefit Payments	Subsidy Benefits
2005	\$ 31,159	\$ —
2006	32,634	1,405
2007	33,952	1,434
2008	35,102	1,445
2009	35,924	1,424
2010-2014	181,238	5,335

The above table includes the participants' share of the benefit cost. The company's policy is to fund benefits as claims and premiums are paid.

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**NOTE 8**

**Income taxes**

The provision for income taxes consists of the following:

*In thousands of dollars*

2004	Current	Deferred	Total
Federal	\$ 475,346	\$ 50,745	\$ 526,091
State and other	73,674	7,016	80,690
Foreign	51,206	20,213	71,419
<b>Total</b>	<b>\$ 600,226</b>	<b>\$ 77,974</b>	<b>\$ 678,200</b>

*In thousands of dollars*

2003	Current	Deferred	Total
Federal	\$ 458,871	\$ 42,390	\$ 501,261
State and other	70,990	5,860	76,850
Foreign	33,805	17,184	50,989
<b>Total</b>	<b>\$ 563,666</b>	<b>\$ 65,434</b>	<b>\$ 629,100</b>

*In thousands of dollars*

2002	Current	Deferred	Total
Federal	\$ 367,788	\$ 136,372	\$ 504,160
State and other	46,094	15,462	61,556
Foreign	15,374	23,310	38,684
<b>Total</b>	<b>\$ 429,256</b>	<b>\$ 175,144</b>	<b>\$ 604,400</b>

The components of earnings from continuing operations before income taxes consist of the following:

*In thousands of dollars*

	2004	2003	2002
Domestic	\$ 1,603,242	\$ 1,534,113	\$ 1,522,530
Foreign	392,144	306,200	241,998
<b>Total</b>	<b>\$ 1,995,386</b>	<b>\$ 1,840,313</b>	<b>\$ 1,764,528</b>

The provision for income taxes varies from the U.S. federal statutory tax rate as a result of the following differences:

Fiscal year	2004	2003	2002
U.S statutory tax rate	35.0%	35.0%	35.0%
Increase (decrease) in taxes resulting from:			
State/other income taxes net of federal income tax benefit	2.6	2.7	2.3
Earnings in jurisdictions taxed at rates different from the statutory U.S. federal rate	(3.0)	(3.2)	(2.5)
Other, net	(0.6)	(0.3)	(0.5)
<b>Effective tax rate</b>	<b>34.0%</b>	<b>34.2%</b>	<b>34.3%</b>

Deferred income taxes reflect temporary differences in the recognition of revenue and expense for tax reporting and financial statement purposes.

Deferred tax liabilities and assets were composed of the following at the end of 2004 and 2003:

*In thousands of dollars*

	Dec. 26, 2004	Dec. 28, 2003
<b>Liabilities</b>		
Accelerated depreciation	\$ 392,863	\$ 365,307
Accelerated amortization of deductible intangibles	348,974	301,776
Pension	170,954	196,956
Other	140,604	114,962
<b>Total deferred tax liabilities</b>	<b>1,053,395</b>	<b>979,001</b>
<b>Assets</b>		

Accrued compensation costs	(60,511)	(55,189)
Postretirement medical and life	(119,732)	(125,806)
Other	(51,203)	(54,031)
	<u>          </u>	<u>          </u>
Total deferred tax assets	(231,446)	(235,026)
	<u>          </u>	<u>          </u>
Net deferred tax liabilities	\$ 821,949	\$ 743,975
	<u>          </u>	<u>          </u>

Deferred U.S. income taxes have not been recorded for basis differences related to investments in foreign subsidiaries because such differences are expected to be essentially permanent in duration. These basis differences were approximately \$851 million and \$607 million at Dec. 26, 2004 and Dec. 28, 2003, respectively. Due to complexities in tax laws and the various assumptions that would have to be made, it is not practicable to estimate the amount of income taxes that might otherwise be recorded on such differences.

**NOTE 9****Capital stock, stock options, incentive plans**

The company's earnings per share from continuing operations (basic and diluted) for 2004, 2003 and 2002 are presented below:

*In thousands, except per share amounts*

	2004	2003	2002
Net income	\$ 1,317,186	\$ 1,211,213	\$ 1,160,128
Weighted average number of common shares outstanding (basic)	264,714	269,559	266,885
<i>Effect of dilutive securities</i>			
Stock options	2,873	2,312	2,221
Stock incentive rights	—	—	180
Restricted stock	3	1	—
Weighted average number of common shares outstanding (diluted)	267,590	271,872	269,286
Earnings per share (basic)	\$ 4.98	\$ 4.49	\$ 4.35
Earnings per share (diluted)	\$ 4.92	\$ 4.46	\$ 4.31

The diluted earnings per share amounts exclude the effects of approximately 5.2 million stock options outstanding for 2004 and 2003 and 2.4 million stock options for 2002, as their inclusion would be antidilutive.

In February 2004, the company announced the reactivation of its existing share repurchase program that was last utilized in February 2000. Under the program, the company had remaining authority to repurchase up to \$291 million of the company's common stock. On May 12, 2004, July 13, 2004 and Oct. 26, 2004, the company announced that its authority to repurchase shares was increased by \$500 million, \$1.0 billion and \$500 million, respectively. During 2004, the company purchased approximately 20.0 million shares for \$1.7 billion, leaving \$614 million available for future share repurchases. The shares will be repurchased at management's discretion, either in the open market or in privately negotiated block transactions. Management's decision to repurchase shares will depend on price, availability and other corporate developments. Purchases will occur from time to time and no maximum purchase price has been set. Certain of the shares previously acquired by the company have been reissued in settlement of employee stock awards.

In May 2001, the company's shareholders approved the adoption of the Omnibus Incentive Compensation Plan (the Plan), which replaced the 1978 Long-Term Executive Incentive Plan (1978 Plan). The Plan, as amended, is administered by the Executive Compensation Committee of the Board of Directors and provides for the issuance of up to 32.5 million shares of company common stock for awards granted on or after May 7, 2001. No more than 5,000,000 of the authorized shares may be granted in the aggregate in the form of Restricted Stock, Performance Shares and/or Performance Units. The Plan provides for the granting of stock options, stock appreciation rights, restricted stock and other equity-based and cash-based awards. Awards may be granted to employees of the company and members of the Board of Directors. The 1978 Plan did not provide for granting awards to members of the board. The Plan provides that shares of common stock subject to awards granted under the Plan become available again for issuance under the Plan if such awards are canceled or forfeited. A similar feature existed under the 1978 Plan but with the adoption of the Omnibus Plan, canceled or forfeited shares subject to grants under the 1978 Plan are permanently retired.

Stock options may be granted as either non-qualified stock options or incentive stock options. The options are granted to purchase common stock of the company at not less than 100% of the fair market value on the day the option is granted. Options are exercisable at such times and subject to such terms and conditions as the Executive Compensation Committee determines. The Plan restricts the granting of stock options to any participant in any fiscal year to no more than 1,000,000 shares. The limit under the 1978 Plan was 350,000 shares. Under the 1978 Plan, options issued prior to 1996 had an eight-year exercise period. Options issued from 1996 through November 2004 have a ten year exercise period, and options issued in December 2004 have an 8 year exercise period. Options generally become exercisable at 25% per year after a one-year waiting period. On Dec. 23, 2004, however, the company amended certain option award agreements to accelerate vesting of approximately 3.9 million options for which the exercise price was above the current market price. The options affected by acceleration of vesting were principally comprised of the entire grant made on Dec. 12, 2003, which has an option price of \$87.33 (equal to the market price on the granted date).

A Stock Appreciation Right (SAR) is a right to receive an amount in any combination of cash or common stock equal in value to the excess of the fair market value of the shares covered by such SAR on the date of exercise over the aggregate exercise price of the SAR for such shares. SARs may be granted in tandem with related options or freestanding. The exercise price of a SAR is equal to the fair market value of a share of common stock on the date the SAR is granted. No more than 1,000,000 shares of common stock may be granted in the form of SARs to any participant in any fiscal year. No SARs have been granted as of Dec. 26, 2004.

Restricted Stock is an award of common stock that is subject to restrictions and such other terms and conditions as the Executive Compensation Committee determines. Under the 1978 Plan, such awards could be issued in the form of Stock Incentive Rights (SIR). These rights entitle an employee to receive one share of common stock at the end of a four-year incentive period conditioned on the employee's continued employment with the company. The Plan continues to permit the issuance of such awards but also allows restrictions other than the incentive period. Additionally, under the Plan, no more than 500,000 restricted shares may be granted to any participant in any fiscal year. Under the 1978 Plan there was no limit. No restricted stock awards in the form of a SIR have been issued from July 2000 to December 2004, and all previously granted awards matured and were paid out in 2003.

During 2004, four members of the Board of Directors were awarded 5,395 shares of restricted stock in a form other than a SIR as part of their compensation plans. During 2003, five members of the Board of Directors were awarded 6,992 shares of such restricted stock. These awards vest over three years and expense is recognized over the three-year vesting period based on the grant price of the restricted stock. All vested shares will be issued to the directors when they leave the board.

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In 2004, as a part of a new compensation agreement, the Board of Directors awarded the Chairman restricted stock units related to the company's common stock. Effective July 1, 2004 and for a 12-month period, the Chairman receives a restricted stock unit award that vests with respect to 1,603 shares per month of Gannett's common stock. If the Chairman remains in the company's employ on July 1, 2005, he will receive an additional restricted stock unit award that will vest with respect to 1,603 shares of common stock per month for an additional 12-month period. Upon vesting, the value of the shares is contributed to the Chairman's account under the Gannett Deferred Compensation Plan. Any portion of the restricted stock unit grants remaining unvested will be forfeited upon the Chairman's termination for any reason. The awards are charged to expense as they vest. Also during 2003, a restricted stock unit grant of \$150,000 was awarded to the company's Chairman, which was deferred under the Deferred Compensation Plan and converted into 1,913 shares of company common stock. The award was charged to expense when granted.

The Executive Compensation Committee may grant other types of awards that are valued in whole or in part by reference to or that are otherwise based on fair market value of the company's common stock or other criteria established by the Executive Compensation Committee and the achievement of performance goals. The maximum aggregate grant of performance shares that may be awarded to any participant in any fiscal year shall not exceed 500,000 shares of common stock. The maximum aggregate amount of performance units or cash-based awards that may be awarded to any participant in any fiscal year shall not exceed \$10,000,000.

In the event of a change in control as defined in the Plan, (1) all outstanding options and SARs will become immediately exercisable in full, (2) all restricted periods and restrictions imposed on non-performance based restricted stock awards will lapse, and (3) target payment opportunities attainable under all outstanding awards of performance-based restricted stock, performance units and performance shares will be paid on a prorated basis as specified in the Plan. The Plan does not provide for the grant of option surrender rights in tandem with stock options, as was the case under the 1978 Plan, and has eliminated the requirement under the 1978 Plan that awards that were accelerated as a result of a change in control could only be exercised during certain window periods.

A summary of the status of the company's stock option awards as of Dec. 26, 2004, Dec. 28, 2003, and Dec. 29, 2002, and changes thereto during the years then ended is presented below:

2004 Stock Option Activity	Shares	Weighted average exercise price
Outstanding at beginning of year	24,213,062	\$ 70.34
Granted	5,147,813	81.08
Exercised	(1,778,164)	61.93
Canceled	(354,146)	73.96
Outstanding at end of year	27,228,565	72.88
Options exercisable at year end	18,224,406	71.26
Weighted average fair value of Options granted during the year	\$ 15.18	
<b>2003 Stock Option Activity</b>		
	Shares	Weighted average exercise price
Outstanding at beginning of year	23,841,229	\$ 63.53
Granted	5,413,986	86.76
Exercised	(4,363,284)	53.95
Canceled	(678,869)	67.28
Outstanding at end of year	24,213,062	70.34
Options exercisable at year end	10,968,269	64.21
Weighted average fair value of Options granted during the year	\$ 21.73	
<b>2002 Stock Option Activity</b>		
	Shares	Weighted average exercise price
Outstanding at beginning of year	20,526,064	\$ 59.57
Granted	5,813,750	70.24
Exercised	(2,027,943)	42.41
Canceled	(470,642)	64.62
Outstanding at end of year	23,841,229	63.53
Options exercisable at year end	10,766,605	59.14
Weighted average fair value of Options granted during the year	\$ 21.48	

Further information about stock options outstanding at Dec. 26, 2004, follows:

Range of exercise prices	Number outstanding at 12/26/04	Weighted average remaining contractual life (yrs)	Weighted average exercise price	Number exercisable at 12/26/04	Weighted average exercise price
\$32.00-40.00	447,380	2.0	\$ 37.38	447,380	\$ 37.38
\$41.00-50.00	13,400	2.0	\$ 45.86	13,400	\$ 45.86
\$51.00-60.00	3,608,799	5.4	\$ 55.71	3,608,799	\$ 55.71
\$61.00-70.00	5,886,933	6.3	\$ 68.25	4,663,007	\$ 67.97
\$71.00-79.00	7,064,597	7.2	\$ 71.46	4,297,147	\$ 72.13



\$80.00-89.00	<u>10,207,456</u>	<u>8.4</u>	<u>\$ 84.18</u>	<u>5,194,673</u>	<u>\$ 87.30</u>
	<u>27,228,565</u>	<u>7.1</u>	<u>\$ 72.88</u>	<u>18,224,406</u>	<u>\$ 71.26</u>

### **401(k) Savings Plan**

In 1990, the company established a 401(k) Savings Plan (the Plan). Substantially all employees of the company (other than those covered by a collective bargaining agreement) who are scheduled to work at least 1,000 hours during each year of employment are eligible to participate in the Plan. Employees could elect to save up to 15% of compensation on a pre-tax basis subject to certain limits. This limit was increased to 20% in 2002. The company matches 50% of the first 6% of employee contributions. From inception through June 2003, the match was funded with company common stock issued through an Employee Stock Ownership Plan (ESOP) established in 1990 when the 401(k) plan was introduced. The ESOP acquired 2,500,000 shares of Gannett stock from the company for \$50 million. The stock purchase was financed with a loan from the company, and the shares were pledged as collateral for the loan. The company made monthly contributions to the ESOP equal to the ESOP's debt service requirements less dividends. All dividends received by the ESOP were used to pay debt service. As the debt was paid, shares were released as collateral and were available for allocation to participants. In June 2003, the debt was fully repaid and all of the shares had been fully allocated to participants. The company elected not to add additional shares to the ESOP and began funding future contributions in cash. The ESOP uses the cash match to purchase on the open market an equivalent number of shares of company stock on behalf of the participants. Beginning in 2002, Plan participants were able to fully diversify their Plan investments. Previously, employees under age 55 could not sell the shares of Gannett common stock they received as the company-match portion of the 401(k) plan.

For the period during which the company funded the match with company stock, the company followed the shares allocated method in accounting for its ESOP. Under that method, the costs of shares allocated to match employees' contributions or to replace dividends that are used for debt service are accounted for as compensation expense. The cost of unallocated shares is reported as deferred compensation in the financial statements. The company, at its option, may repurchase shares from employees who leave the Plan. The shares are purchased at fair market value, and the difference between the original cost of the shares and fair market value is expensed at the time of purchase. The company has not repurchased any shares since June 2003 and currently has no plans to do so in the future. All of the shares initially purchased by the ESOP are considered outstanding for earnings per share calculations. Dividends on allocated and unallocated shares are recorded as reductions of retained earnings. Compensation expense for the 401(k) match and repurchased shares was \$29 million in 2004, \$17.3 million in 2003 and \$10.7 million in 2002.

In 2002, the Board authorized 3,000,000 shares of common stock to be registered in connection with savings-related share option plans available to eligible employees of Newsquest. In July 2004, options covering 143,000 shares were subscribed to by Newsquest employees. These options are exercisable in July 2007.

### **Preferred Share Purchase Rights**

In May 1990, the Board of Directors declared a dividend distribution of one Preferred Share Purchase Right (Right) for each common share held, payable to shareholders of record on June 8, 1990. The Rights become exercisable when a person or group of persons acquires or announces an intention to acquire ownership of 15% or more of the company's common shares. Holders of the Rights may acquire an interest in a new series of junior participating preferred stock, or they may acquire an additional interest in the company's common shares at 50% of the market value of the shares at the time the Rights are exercised. The Rights are redeemable by the company at any time prior to the time they become exercisable, at a price of \$.01 per Right.

In May 2000, the company announced that its Board of Directors approved an amendment to its Shareholder Rights Plan to extend the expiration date of the Rights to May 31, 2010, and increase the initial exercise price of each preferred stock purchase right to \$280.

### **NOTE 10**

#### **Commitments and contingent liabilities**

**Litigation:** On Dec. 31, 2003, two employees of the company's television station KUSA in Denver filed a purported class action lawsuit in the U.S. District Court for the District of Colorado against Gannett and the Gannett Retirement Plan (Plan) on behalf of themselves and other similarly situated individuals who participated in the Plan after Jan. 1, 1998, the date that certain amendments to the Plan took effect. The plaintiffs allege, among other things, that the current pension plan formula adopted in that amendment violated the age discrimination accrual provisions of the Employee Retirement Income Security Act. The plaintiffs seek to have their post-1997 benefits recalculated and seek other equitable relief. Gannett believes that it has valid defenses to the issues raised in the complaint and will defend itself vigorously. Due to the uncertainties of judicial determinations, however, it is not possible at this time to predict the ultimate outcome of this matter with respect to liability or damages, if any.

The company and a number of its subsidiaries are defendants in other judicial and administrative proceedings involving matters incidental to their business. The company's management does not believe that any material liability will be imposed as a result of these matters.

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**Leases:** Approximate future minimum annual rentals payable under non-cancelable operating leases, primarily real estate-related, are as follows:

*In thousands of dollars*

<b>2005</b>	\$ 48,539
<b>2006</b>	43,847
<b>2007</b>	38,226
<b>2008</b>	33,099
<b>2009</b>	29,870
<b>Later years</b>	110,678
<b>Total</b>	<u>\$ 304,259</u>

Total minimum annual rentals have not been reduced for future minimum sublease rentals aggregating approximately \$5 million. Total rental costs reflected in continuing operations were \$59 million in 2004, \$57 million in 2003 and \$56 million in 2002.

**Program broadcast contracts:** The company has commitments under program broadcast contracts totaling \$94 million for programs to be available for telecasting in the future.

**Guarantees:** The company has a 13.5% general partnership interest in Ponderay Newsprint Company. The company, on a several basis, is a guarantor of 13.5% of the principal and interest on a term loan that totals \$72 million held by Ponderay.

In December 1990, the company adopted a Transitional Compensation Plan (the Plan). The Plan provides termination benefits to key executives whose employment is terminated under certain circumstances within two years following a change in control of the company. Benefits under the Plan include a severance payment of up to three years' compensation and continued life and medical insurance coverage.

**Other:** In connection with the acquisition of Clipper Magazine, Inc., the company is contingently liable to pay additional cash consideration of up to \$45 million, dependent on whether certain operating performance metrics are achieved by Clipper. The additional consideration would be payable beginning in 2006 and continue through 2009.

On Oct. 22, 2004, the company entered into an agreement, conditional upon regulatory consent, to acquire the assets of HomeTown Communications Network, Inc., a community publishing company with newspapers, telephone directories, shoppers and niche publications in Michigan, Ohio and Kentucky. The HomeTown Communications Network features one daily and 62 weekly and twice-weekly community newspapers, with an aggregate, audited circulation greater than 740,000. The network also includes 24 community telephone directories with a total distribution of nearly 1.5 million; a shopping guide; and other specialty and niche publications. The company has a digital operation, with Web sites and Web-based services including design and production, as well as commercial typesetting and printing from four plants.

The transaction is under regulatory review; however, as of the date of this report, the company has not received clearance. The company is complying with the data requests made by the U.S. Department of Justice.

### NOTE 11

#### **Business operations and segment information**

The company has determined that its reportable segments based on its management and internal reporting structure are newspaper publishing, which is the largest segment of its operations, and broadcasting.

The newspaper segment at the end of 2004 consisted of 101 U.S. daily newspapers in 40 states and one U.S. territory, including USA TODAY, a national, general-interest daily newspaper; and USA WEEKEND, a magazine supplement for newspapers. The newspaper segment also includes Newsquest, which is a regional newspaper publisher in the United Kingdom with a portfolio of more than 300 titles that includes 17 paid-for daily newspapers, paid-for weekly newspapers, free weekly newspapers and other publications. The newspaper segment in the U.S. also includes more than 750 non-daily publications, a nationwide network of offset presses for commercial printing, newspaper-related online businesses and several smaller businesses.

As discussed in Note 1, the company accounts for results from its 50% owned joint operating agencies in Detroit and Tucson on the equity method of accounting (as a net amount in other operating revenue for the newspaper segment). The newspaper segment also reflects minority interests in a newspaper publishing partnership and a newsprint production partnership.

The broadcasting segment's activities for 2004 include the operation of 21 U.S. television stations reaching 17.9 percent of U.S. television homes and Captivate Network, Inc.

The company's foreign revenues in 2004, 2003 and 2002 totaled approximately \$1.2 billion, \$983 million and \$788 million, respectively, principally from publications distributed in the United Kingdom. The company's long-lived assets in foreign countries, principally in the United Kingdom, totaled approximately \$3.6 billion, \$3.3 billion, and \$2.6 billion at Dec. 26, 2004, Dec. 28, 2003 and Dec. 29, 2002, respectively.

Separate financial data for each of the company's business segments is presented in the table that follows. The accounting policies of the segments are those described in Note 1. The company evaluates the performance of its segments based on operating income and operating cash flow. Operating income represents total revenue less operating expenses, including depreciation and amortization of intangibles. In determining operating income by industry segment, general corporate expenses, interest expense, interest income, and other income and expense items of a non-operating nature are not considered, as such items are not allocated to the company's segments. Operating cash flow represents operating income plus depreciation and amortization of intangible assets.

Corporate assets include cash and cash equivalents, certain investments, and plant and equipment primarily used for corporate purposes. Interest capitalized has been included as a corporate capital expenditure for purposes of segment reporting.

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In thousands of dollars

### Business segment financial information

	2004	2003	2002
<i>Operating revenues</i>			
Newspaper publishing	\$ 6,559,740	\$ 5,991,231	\$ 5,650,946
Broadcasting	821,543	719,884	771,303
	<u>\$ 7,381,283</u>	<u>\$ 6,711,115</u>	<u>\$ 6,422,249</u>
<i>Operating income</i>			
Newspaper publishing	\$ 1,813,814	\$ 1,713,163	\$ 1,615,664
Broadcasting	400,743	330,054	371,132
Corporate (1)	(66,878)	(62,199)	(60,487)
	<u>\$ 2,147,679</u>	<u>\$ 1,981,018</u>	<u>\$ 1,926,309</u>
<i>Depreciation and amortization</i>			
Newspaper publishing	\$ 199,108	\$ 189,805	\$ 181,669
Broadcasting	29,341	26,394	25,429
Corporate (1)	15,572	15,333	15,346
	<u>\$ 244,021</u>	<u>\$ 231,532</u>	<u>\$ 222,444</u>
<i>Operating cash flow (2)</i>			
Newspaper publishing	\$ 2,012,922	\$ 1,902,968	\$ 1,797,333
Broadcasting	430,084	356,448	396,561
Corporate (1)	(51,306)	(46,866)	(45,141)
	<u>\$ 2,391,700</u>	<u>\$ 2,212,550</u>	<u>\$ 2,148,753</u>
<i>Identifiable assets</i>			
Newspaper publishing	\$12,722,906	\$12,136,877	\$11,117,735
Broadcasting	2,037,085	1,990,214	2,037,605
Corporate (1)	639,260	579,148	577,674
	<u>\$15,399,251</u>	<u>\$14,706,239</u>	<u>\$13,733,014</u>
<i>Capital expenditures</i>			
Newspaper publishing	\$ 256,010	\$ 259,680	\$ 221,647
Broadcasting	18,934	15,886	40,383
Corporate (1)	4,846	5,698	12,798
	<u>\$ 279,790</u>	<u>\$ 281,264</u>	<u>\$ 274,828</u>

(1) Corporate amounts represent those not directly related to the company's two business segments.

(2) Operating cash flow amounts represent operating income plus depreciation and amortization of intangible assets.

The following is a reconciliation of operating cash flow amounts to operating income:

In thousands of dollars

	2004	2003	2002
<i>Newspaper publishing</i>			
Operating cash flow	\$2,012,922	\$1,902,968	\$1,797,333
Less:			
Depreciation	(187,949)	(181,534)	(174,342)
Amortization	(11,159)	(8,271)	(7,327)
Operating income	<u>\$1,813,814</u>	<u>\$1,713,163</u>	<u>\$1,615,664</u>
<i>Broadcasting</i>			
Operating cash flow	\$ 430,084	\$ 356,448	\$ 396,561
Less:			
Depreciation	(28,866)	(26,394)	(25,429)
Amortization	(475)	—	—
Operating income	<u>\$ 400,743</u>	<u>\$ 330,054</u>	<u>\$ 371,132</u>
Corporate (1)			
Operating cash flow	<u>\$ (51,306)</u>	<u>\$ (46,866)</u>	<u>\$ (45,141)</u>

Less:			
Depreciation	(15,572)	(15,333)	(15,346)
Amortization	—	—	—
	<u>          </u>	<u>          </u>	<u>          </u>
<i>Operating income</i>	\$ (66,878)	\$ (62,199)	\$ (60,487)
	<u>          </u>	<u>          </u>	<u>          </u>
All segments			
<i>Operating cash flow</i>	\$2,391,700	\$2,212,550	\$2,148,753
Less:			
Depreciation	(232,387)	(223,261)	(215,117)
Amortization	(11,634)	(8,271)	(7,327)
	<u>          </u>	<u>          </u>	<u>          </u>
<i>Operating income</i>	\$2,147,679	\$1,981,018	\$1,926,309
	<u>          </u>	<u>          </u>	<u>          </u>

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**SELECTED FINANCIAL DATA**

(See notes a and b on page 54)

In thousands of dollars, except per share amounts

	2004	2003	2002	2001	2000
<i>Net operating revenues</i>					
Newspaper advertising	\$ 4,912,603	\$ 4,397,244	\$ 4,122,685	\$ 4,119,773	\$ 3,972,936
Newspaper circulation	1,238,097	1,212,891	1,182,103	1,188,467	1,082,759
Broadcasting	821,543	719,884	771,303	662,652	788,767
All other	409,040	381,096	346,158	328,714	339,624
<b>Total</b>	<b>7,381,283</b>	<b>6,711,115</b>	<b>6,422,249</b>	<b>6,299,606</b>	<b>6,184,086</b>
<i>Operating expenses</i>					
Costs and expenses	4,989,583	4,498,565	4,273,496	4,265,994	3,990,915
Depreciation	232,387	223,261	215,117	202,456	195,428
Amortization of intangible assets	11,634	8,271	7,327	241,321	180,487
<b>Total</b>	<b>5,233,604</b>	<b>4,730,097</b>	<b>4,495,940</b>	<b>4,709,771</b>	<b>4,366,830</b>
<b>Operating income</b>	<b>2,147,679</b>	<b>1,981,018</b>	<b>1,926,309</b>	<b>1,589,835</b>	<b>1,817,256</b>
<i>Non-operating (expense) income</i>					
Interest expense	(140,647)	(139,271)	(146,359)	(221,854)	(219,228)
Other	(11,646)	(1,434)	(15,422)	2,616	10,812
<b>Income before income taxes</b>	<b>1,995,386</b>	<b>1,840,313</b>	<b>1,764,528</b>	<b>1,370,597</b>	<b>1,608,840</b>
<b>Provision for income taxes</b>	<b>678,200</b>	<b>629,100</b>	<b>604,400</b>	<b>539,400</b>	<b>636,900</b>
<b>Income from continuing operations</b>	<b>\$ 1,317,186</b>	<b>\$ 1,211,213</b>	<b>\$ 1,160,128</b>	<b>\$ 831,197</b>	<b>\$ 971,940</b>
<b>Income from continuing operations: per basic/diluted share</b>	<b>\$ 4.98/\$4.92</b>	<b>\$ 4.49/\$4.46</b>	<b>\$ 4.35/\$4.31</b>	<b>\$ 3.14/\$3.12</b>	<b>\$ 3.65/\$3.63</b>
<b>Comparable Basis Reporting (1)</b>					
<b>Income from continuing operations, as reported</b>	<b>\$ 1,317,186</b>	<b>\$ 1,211,213</b>	<b>\$ 1,160,128</b>	<b>\$ 831,197</b>	<b>\$ 971,940</b>
Adjustment for SFAS No. 142: add back goodwill amortization, net of tax	—	—	—	215,688	160,332
<b>Adjusted income from continuing operations</b>	<b>\$ 1,317,186</b>	<b>\$ 1,211,213</b>	<b>\$ 1,160,128</b>	<b>\$ 1,046,885</b>	<b>\$ 1,132,272</b>
<b>Adjusted income from continuing operations: per basic/diluted share (1)</b>	<b>\$ 4.98/\$4.92</b>	<b>\$ 4.49/\$4.46</b>	<b>\$ 4.35/\$4.31</b>	<b>\$ 3.95/\$3.92</b>	<b>\$ 4.25/\$4.22</b>
<i>Other selected financial data</i>					
Dividends declared per share	\$ 1.04	\$ .98	\$ .94	\$ .90	\$ .86
Weighted average number of common shares outstanding in thousands:					
basic	264,714	269,559	266,885	264,821	266,426
diluted	267,590	271,872	269,286	266,833	268,118
<i>Financial position</i>					
Long-term debt, excluding current maturities	\$ 4,607,743	\$ 3,834,511	\$ 4,547,265	\$ 5,080,025	\$ 5,747,856
Shareholders' equity	\$ 8,164,002	\$ 8,422,981	\$ 6,911,795	\$ 5,735,922	\$ 5,103,410
Total assets	\$15,399,251	\$14,706,239	\$13,733,014	\$13,096,101	\$12,980,411
Return on equity (2)	15.9%	15.8%	18.3%	19.3%	23.3%
<i>Percentage increase (decrease)</i>					
As reported, earnings from continuing operations, after tax, per share:					
basic	10.9%	3.2%	38.5%	(14.0)%	10.9%
diluted	10.3%	3.5%	38.1%	(14.0)%	11.3%
Comparable basis earnings from continuing operations, after tax, per share (1):					
basic	10.9%	3.2%	10.1%	(7.1)%	15.2%
diluted	10.3%	3.5%	9.9%	(7.1)%	15.6%
Dividends declared per share	6.1%	4.3%	4.4%	4.7%	4.9%
<i>Credit ratios</i>					
Long-term debt, excluding current maturities to shareholders' equity	56.4%	45.5%	65.8%	88.6%	112.6%
Times interest expense earned	15.3X	14.2X	13.2X	7.2X	8.3X

(1) As if Statement of Financial Accounting Standards No. 142 (SFAS No. 142), which eliminated the amortization of goodwill and indefinite-lived intangible assets, had been adopted for all periods presented – see Note 3 on page 40.

(2) Calculated using income from continuing operations on a comparable basis.



**NOTES TO SELECTED FINANCIAL DATA**

(a) The company and its subsidiaries made the significant acquisitions listed below during the period. The results of operations of these acquired businesses are included in the accompanying financial information from the date of acquisition.

(b) During the period, the company sold or otherwise disposed of substantially all of the assets or capital stock of certain other significant subsidiaries and divisions of other subsidiaries which are listed on page 55.

Note 2 of the consolidated financial statements on pages 39-40 contains further information concerning certain of these acquisitions and dispositions.

**Acquisitions and dispositions 2000-2004**

The growth of the company has resulted from acquisitions of businesses, as well as from internal expansion. Its significant acquisitions since the beginning of 2000 are shown below. The company has disposed of several significant businesses during this period, which are presented on the following page.

**Acquisitions 2000-2004**

<u>Year acquired</u>	<u>Name</u>	<u>Location</u>	<u>Publication times or business</u>
2000	WJXX-TV News Communications & Media plc	Jacksonville, Fla. United Kingdom	Television station Daily and weekly newspapers and other publications
	Certain assets of Thomson Newspapers Inc. Central Newspapers, Inc.	Wisconsin, Ohio, Louisiana, Maryland, Utah Arizona, Indiana, Louisiana	19 daily and numerous weekly newspapers 6 daily newspapers and other related businesses
	Daily World	Opelousas, La.	Daily newspaper
2001	The Bulletin Board The Dimbleby Newspapers	Montgomery, Ala. London, U.K.	Weekly newspaper Weekly newspapers
	Action Advertising	Fond du Lac, Wis.	Commercial printing business
2003	Texas-New Mexico Newspapers Partnership InfiNet SMG Publishing	Texas, New Mexico Norfolk, Va. United Kingdom	Daily newspapers Internet publishing and information service Daily newspapers, magazines and other related businesses
	Cuarto Poder Publicaciones, LLC; Ashland Publishing, LLC; Ashland Printing and Mailing, LLC and AZ Mail Clipper Magazine, Inc.	Phoenix, Ariz.  Lancaster, Pa.	Weekly newspapers and direct marketing company  Direct-mail advertising magazine company, advertising agency, email customer retention service and Web site
	NurseWeek	Sunnyvale, Calif.	Magazines focused on nursing industry, Web site and other related businesses
2004	The Daily News Journal The Williamson County Review Appeal	Murfreesboro, Tenn. Franklin, Tenn.	Daily newspaper Daily newspaper converted to a weekly newspaper
	Captivate Network, Inc. Green Bay News Chronicle	Westford, Mass. Green Bay, Wis.	News and entertainment network Daily newspaper and several weekly newspapers



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### Dispositions 2000-2004

<u>Year disposed</u>	<u>Name</u>	<u>Location</u>	<u>Publication times or business</u>
2000	Multimedia Cable Marin Independent Journal (2)	Kansas, Oklahoma, North Carolina Marin, Calif.	Cable television systems Daily newspaper
2001	The Marietta Times (1) The Reporter	Marietta, Ohio Lansdale, Pa.	Daily newspaper Daily newspaper
2002	Vincennes Sun-Commercial (1)	Vincennes, Ind.	Daily newspaper
2003	El Paso Times (3)	El Paso, Texas	Daily newspaper
2004	The Times (4)	Gainesville, Georgia	Daily newspaper

(1) *These properties were contributed to the Gannett Foundation, a not-for-profit, private foundation.*

(2) *Contributed for an additional equity interest in the California Newspapers Partnership.*

(3) *Contributed for a 66.2% equity interest in the Texas-New Mexico Newspapers Partnership.*

(4) *Exchanged for The Daily News Journal in Murfreesboro, Tenn., and several other nondaily publications (including The Williamson County Review Appeal in Franklin, Tenn.)*

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**QUARTERLY STATEMENTS OF INCOME (Unaudited)**

*In thousands of dollars*

*Fiscal year ended December 26, 2004*

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
<b>Net operating revenues</b>					
Newspaper advertising	\$1,156,011	\$1,252,951	\$1,204,058	\$1,299,583	\$4,912,603
Newspaper circulation	312,389	306,598	304,610	314,500	1,238,097
Broadcasting	169,458	212,520	206,170	233,395	821,543
All other	91,826	101,234	101,046	114,934	409,040
<b>Total</b>	<b>1,729,684</b>	<b>1,873,303</b>	<b>1,815,884</b>	<b>1,962,412</b>	<b>7,381,283</b>
<b>Operating expenses</b>					
Cost of sales and operating expenses, exclusive of depreciation	939,448	946,552	952,349	983,086	3,821,435
Selling, general and administrative expenses, exclusive of depreciation	283,030	288,286	290,707	306,125	1,168,148
Depreciation	58,974	59,129	57,680	56,604	232,387
Amortization of intangible assets	2,383	2,955	2,972	3,324	11,634
<b>Total</b>	<b>1,283,835</b>	<b>1,296,922</b>	<b>1,303,708</b>	<b>1,349,139</b>	<b>5,233,604</b>
<b>Operating income</b>	<b>445,849</b>	<b>576,381</b>	<b>512,176</b>	<b>613,273</b>	<b>2,147,679</b>
<b>Non-operating (expense) income</b>					
Interest expense	(31,791)	(32,042)	(35,771)	(41,043)	(140,647)
Other	2,850	(7,007)	(6,496)	(993)	(11,646)
<b>Total</b>	<b>(28,941)</b>	<b>(39,049)</b>	<b>(42,267)</b>	<b>(42,036)</b>	<b>(152,293)</b>
Income before income taxes	416,908	537,332	469,909	571,237	1,995,386
Provision for income taxes	142,500	182,900	159,700	193,100	678,200
<b>Net income</b>	<b>\$ 274,408</b>	<b>\$ 354,432</b>	<b>\$ 310,209</b>	<b>\$ 378,137</b>	<b>\$1,317,186</b>
<b>Net income per share - basic (1)</b>	<b>\$ 1.01</b>	<b>\$ 1.31</b>	<b>\$ 1.19</b>	<b>\$ 1.48</b>	<b>\$ 4.98</b>
<b>Net income per share - diluted (1)</b>	<b>\$ 1.00</b>	<b>\$ 1.30</b>	<b>\$ 1.18</b>	<b>\$ 1.47</b>	<b>\$ 4.92</b>

(1) As a result of rounding, the total of the four quarters' earnings per share does not equal the earnings per share for the year.

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**QUARTERLY STATEMENTS OF INCOME (Unaudited)**

*In thousands of dollars*

*Fiscal year ended December 28, 2003*

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
<b>Net operating revenues</b>					
Newspaper advertising	\$1,006,047	\$1,115,381	\$1,067,039	\$1,208,777	\$4,397,244
Newspaper circulation	302,431	303,180	300,277	307,003	1,212,891
Broadcasting	158,176	192,727	172,302	196,679	719,884
All other	85,591	93,995	91,665	109,845	381,096
<b>Total</b>	<b>1,552,245</b>	<b>1,705,283</b>	<b>1,631,283</b>	<b>1,822,304</b>	<b>6,711,115</b>
<b>Operating expenses</b>					
Cost of sales and operating expenses, exclusive of depreciation	836,622	856,972	849,088	911,087	3,453,769
Selling, general and administrative expenses, exclusive of depreciation	248,571	262,917	259,147	274,161	1,044,796
Depreciation	54,229	55,078	58,452	55,502	223,261
Amortization of intangible assets	1,830	2,174	2,134	2,133	8,271
<b>Total</b>	<b>1,141,252</b>	<b>1,177,141</b>	<b>1,168,821</b>	<b>1,242,883</b>	<b>4,730,097</b>
<b>Operating income</b>	<b>410,993</b>	<b>528,142</b>	<b>462,462</b>	<b>579,421</b>	<b>1,981,018</b>
<b>Non-operating (expense) income</b>					
Interest expense	(36,109)	(36,334)	(33,857)	(32,971)	(139,271)
Other	4,852	899	(4,573)	(2,612)	(1,434)
<b>Total</b>	<b>(31,257)</b>	<b>(35,435)</b>	<b>(38,430)</b>	<b>(35,583)</b>	<b>(140,705)</b>
Income before income taxes	379,736	492,707	424,032	543,838	1,840,313
Provision for income taxes	129,900	168,400	145,000	185,800	629,100
<b>Net income</b>	<b>\$ 249,836</b>	<b>\$ 324,307</b>	<b>\$ 279,032</b>	<b>\$ 358,038</b>	<b>\$1,211,213</b>
<b>Net income per share - basic</b>	<b>\$ .93</b>	<b>\$ 1.21</b>	<b>\$ 1.03</b>	<b>\$ 1.32</b>	<b>\$ 4.49</b>
<b>Net income per share - diluted (1)</b>	<b>\$ .93</b>	<b>\$ 1.20</b>	<b>\$ 1.03</b>	<b>\$ 1.31</b>	<b>\$ 4.46</b>

(1) As a result of rounding, the total of the four quarters' earnings per share does not equal the earnings per share for the year.

**SCHEDULE II – Valuation and qualifying accounts and reserves**

*In thousands of dollars*

	Balance at beginning of period	Additions charged to cost and expenses	Additions/(reductions) for acquisitions/dispositions	Deductions from reserves (1)	Balance at end of period
<b>Allowance for doubtful receivables</b>					
Fiscal year ended Dec. 26, 2004	\$ 41,530	\$ 20,323	\$ 1,627	\$ (19,067)	\$ 44,413
Fiscal year ended Dec. 28, 2003	\$ 36,610	\$ 17,893	\$ 6,552	\$ (19,525)	\$ 41,530
Fiscal year ended Dec. 29, 2002	\$ 39,138	\$ 22,097	\$ (93)	\$ (24,532)	\$ 36,610

(1) Consists of write-offs, net of recoveries and foreign currency translation adjustments in each year.

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

Not applicable.

**ITEM 9A. CONTROLS AND PROCEDURES**

**Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures**

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act). Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this annual report.

**Management's Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in "Internal Control – Integrated Framework," our management concluded that our internal control over financial reporting was effective as of Dec. 26, 2004.

Our management's assessment of the effectiveness of our internal control over financial reporting as of Dec. 26, 2004, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is included herein.

**ITEM 9B. OTHER INFORMATION**

**Employment Contracts**

On Feb. 25, 2005, the company entered into employment contracts with each of the following executives: Thomas L. Chapple (Senior Vice President, Chief Administrative Officer and General Counsel), Craig A. Dubow (President and CEO/Broadcasting Division), Gracia C. Martore (Senior Vice President and Chief Financial Officer), Craig A. Moon (President and Publisher/USA TODAY) and Gary L. Watson (President/Newspaper Division). Although each of the contracts became effective immediately, certain provisions apply only in the event that Douglas H. McCorkindale no longer holds all of the titles Chairman, President and Chief Executive Officer of the company, and during an 18-month transition period thereafter. During their employment, the executives will receive annual salaries of \$490,000, \$595,000, \$480,000, \$505,000 and \$765,000, respectively, or such greater amount as the company's Executive Compensation Committee determines. Each of the executives will also be entitled to such annual bonus and grant under the 2001 Omnibus Incentive Compensation Plan as determined in the discretion of the Executive Compensation Committee. The contracts also provide that the executives will continue to receive various executive perquisites until retirement. These perquisites currently include life insurance, travel accident insurance, executive health insurance, various legal and financial services, a home security system allowance, an automobile purchase or monthly allowance (plus reimbursement of gas and maintenance) and an allowance for club membership initiation fees and dues.

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In addition, unless an executive's employment is terminated upon the executive's death or for "good cause," as defined in the contract, the company will provide each executive with certain post-termination benefits which currently include life insurance, executive health insurance and the opportunity to purchase the company automobile provided to the executive during the term of employment at such automobile's then fair market value. Each executive will also receive travel accident insurance post-termination if he or she is asked to represent Gannett at a function or event. Any pre-termination legal and financial services will cease following the executive's termination on April 15 of the year of termination or the year following termination, depending on the actual termination date.

If an executive terminates his or her employment during the transition period for "good reason," or if Gannett terminates an executive's employment during the transition period without "good cause," the executive shall receive a cash payment equal to 1.5 times the sum of the executive's annual salary at the then current rate and the executive's most recent annual bonus. In addition, upon such termination, all outstanding stock options granted to the executive on or prior to the date of termination will immediately vest and, to the extent not otherwise the case because the executive is retirement eligible, such options will remain exercisable for the lesser of the remaining term or three years, and any stock-based awards granted to the executive on or prior to the date of termination that are subject to performance-based vesting will be deemed to have been fully earned and the value thereof will be paid to the executive. If Gannett terminates an executive's employment due to illness or other disability during the transition period, the executive or his or her estate will be entitled to receive a cash payment equal to the present value of the sum of the executive's annual salary at the then current rate and the executive's most recent annual bonus, plus the deemed value of all fringe benefits (for this purpose, the deemed value is 5% of the executive's annual salary plus club dues and home security charges paid by Gannett for the executive in the prior calendar year), multiplied by a fraction, the numerator of which is the number of months remaining in the transition period, and the denominator of which is 12. Amounts paid are reduced by amounts paid under disability policies or programs of Gannett. Either Gannett or an executive may terminate the executive's employment at any time for any reason or for no reason at all, provided that an executive must provide 30 days' advance notice of such termination and, if the termination is for "good reason," an opportunity under some circumstances for the company to remedy the alleged basis for the termination. If an executive's employment is terminated by Gannett or the executive for any reason, the executive will be paid all earned but unpaid compensation, accrued vacation and accrued but unreimbursed expenses.

If an executive's employment terminates before a specified date, the executive will have his or her benefits under Gannett's supplemental executive retirement plan (or any successor plan) calculated using additional months of service credit determined by subtracting the number of full months of service credited to the executive between the date of the contract and the date of termination from 56 months, in Mr. Dubow's case, and 36 months for Mr. Watson, Ms. Martore, Mr. Moon and Mr. Chapple. However, if an executive's employment is terminated upon death, for "good cause" by Gannett, or by the executive other than for "good reason" during the transition period, the executive will not be credited with any additional service beyond his or her date of termination. Each contract will terminate upon the death of the executive.

This description of the executive employment contracts is qualified in its entirety by reference to the full text of the employment contracts attached hereto as Exhibits 10-19 through 10-23 and incorporated by reference herein.

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**PART III**

**ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT**

Below is a listing of the executive officers of the company. Executive officers serve for a term of one year and may be reelected.

**Thomas L. Chapple**

Senior Vice President, Chief Administrative Officer and General Counsel (2003-present). Formerly: Senior Vice President, General Counsel and Secretary (1995-2003). Age 57.

**Paul Davidson**

Chairman and Chief Executive Officer, Newsquest (2003-present). Formerly: Chief Executive, Newsquest (2001-2003); Group Managing Director (1995-2001). Age 50. U.K. citizen.

**Craig A. Dubow**

President and CEO, Gannett Broadcasting (2001-present). Formerly: President, Gannett Television (2000-2001); Executive Vice President, Gannett Television (1996-2000). Age 50.

**Daniel S. Ehrman, Jr.**

Vice President, Planning & Development (1997-present). Age 58.

**George R. Gavagan**

Vice President and Controller (1997-present). Formerly: Vice President, Corporate Accounting Services (1993-1997). Age 58.

**John B. Jaske**

Senior Vice President, Labor Relations and Assistant General Counsel (1992-present). Age 60.

**Gracia C. Martore**

Senior Vice President and Chief Financial Officer (2003-present). Formerly: Senior Vice President, Finance and Treasurer (2001- 2002); Treasurer and Vice President, Investor Relations (1998-2001); Vice President, Treasury Services and Investor Relations (1996-1998). Age 53.

**Douglas H. McCorkindale**

Chairman, President and Chief Executive Officer (2001-present). Formerly: President, Chief Executive Officer and Vice Chairman (2000-2001); Vice Chairman and President (1997-2000). Age 65.

**Craig A. Moon**

President and Publisher, USA TODAY (2003-present). Formerly: Executive Vice President, Gannett Newspaper Division (2002- 2003); Group President, South Newspaper Group and President and Publisher, The Tennessean (1999-2002); President and Publisher, The Tennessean (1989-2002). Age 55.

**Gary L. Watson**

President, Gannett Newspaper Division (1990-present). Age 59.

Information concerning the Board of Directors of the company is incorporated by reference to the company's Proxy Statement pursuant to General Instruction G(3) to Form 10-K.

**ITEM 11. EXECUTIVE COMPENSATION**

Incorporated by reference to the company's Proxy Statement pursuant to General Instruction G(3) to Form 10-K.

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

Incorporated by reference to the company's Proxy Statement pursuant to General Instruction G(3) to Form 10-K.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

Incorporated by reference to the company's Proxy Statement pursuant to General Instruction G(3) to Form 10-K.

**ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

Incorporated by reference to the company's Proxy Statement pursuant to General Instruction G(3) to Form 10-K.

**PART IV**

**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

(a) Financial Statements, Financial Statement Schedules and Exhibits.

(1) Financial Statements.

As listed in the Index to Financial Statements and Supplementary Data on page 30.

(2) Financial Statement Schedules.

As listed in the Index to Financial Statements and Supplementary Data on page 30.

Note: All other schedules are omitted as the required information is not applicable or the information is presented in the consolidated financial statements or related notes.

(3) Pro Forma Financial Information.

Not Applicable.

(4) Exhibits.

See Exhibit Index on pages 64-67 for list of exhibits filed with this Form 10-K. Management contracts and compensatory plans or arrangements are identified with asterisks on the Exhibit Index.

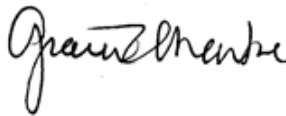
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**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) 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.

Dated: February 25, 2005

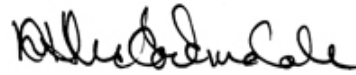
GANNETT CO., INC. (Registrant)

By: 

Gracia C. Martore,  
Senior Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Dated: February 25, 2005



Douglas H. McCorkindale,  
Director, Chairman, President and Chief Executive Officer

Dated: February 25, 2005



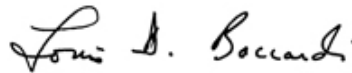
Gracia C. Martore,  
Senior Vice President and Chief Financial Officer

Dated: February 25, 2005



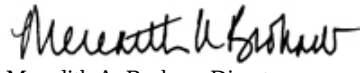
George R. Gavagan,  
Vice President and Controller

Dated: February 25, 2005



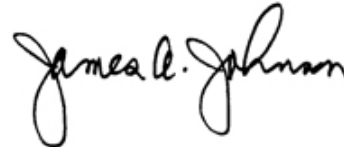
Louis D. Boccardi, Director

Dated: February 25, 2005



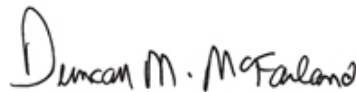
Meredith A. Brokaw, Director

Dated: February 25, 2005



James A. Johnson, Director

Dated: February 25, 2005



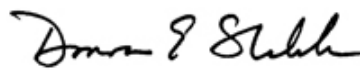
Duncan M. McFarland, Director

Dated: February 25, 2005



Stephen P. Munn, Director

Dated: February 25, 2005



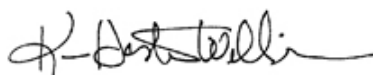
Donna E. Shalala, Director

Dated: February 25, 2005



Solomon D. Trujillo, Director

Dated: February 25, 2005



Karen Hastie Williams, Director





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**EXHIBIT INDEX**

<u>Exhibit Number</u>	<u>Exhibit</u>	<u>Location</u>
3-1	Second Restated Certificate of Incorporation of Gannett Co., Inc.	Incorporated by reference to Exhibit 3-1 to Gannett Co., Inc.'s Form 10-K for the fiscal year ended December 26, 1993 ("1993 Form 10-K"). Amendment incorporated by reference to Exhibit 3-1 to the 1993 Form 10-K. Amendment dated May 2, 2000, incorporated by reference to Gannett Co., Inc.'s Form 10-Q for the fiscal quarter ended March 26, 2000.
3-2	By-laws of Gannett Co., Inc.	Incorporated by reference to Exhibit 3-2 to Gannett Co., Inc.'s Form 10-Q for the fiscal quarter ended March 28, 2004.
3-3	Form of Certificate of Designation, Preferences and Rights setting forth the terms of the Series A Junior Participating Preferred Stock, par value \$1.00 per share, of Gannett Co., Inc.	Incorporated by reference to Exhibit 1 to Gannett Co., Inc.'s Form 8-A filed on May 23, 1990.
4-1	Indenture dated as of March 1, 1983 between Gannett Co., Inc. and Citibank, N.A., as Trustee.	Incorporated by reference to Exhibit 4-2 to Gannett Co., Inc.'s Form 10-K for the fiscal year ended December 29, 1985.
4-2	First Supplemental Indenture dated as of November 5, 1986 among Gannett Co., Inc., Citibank, N.A., as Trustee, and Sovran Bank, N.A., as Successor Trustee.	Incorporated by reference to Exhibit 4 to Gannett Co., Inc.'s Form 8-K filed on November 9, 1986.
4-3	Second Supplemental Indenture dated as of June 1, 1995, among Gannett Co., Inc., NationsBank, N.A., as Trustee, and Crestar Bank, as Trustee.	Incorporated by reference to Exhibit 4 to Gannett Co., Inc.'s Form 8-K filed on June 15, 1995.
4-4	Third Supplemental Indenture, dated as of March 14, 2002, between Gannett Co., Inc. and Wells Fargo Bank Minnesota, N.A., as Trustee.	Incorporated by reference to Exhibit 4.16 to Gannett Co., Inc.'s Form 8-K filed on March 14, 2002.
4-5	Rights Agreement, dated as of May 21, 1990, between Gannett Co., Inc. and First Chicago Trust Company of New York, as Rights Agent.	Incorporated by reference to Exhibit 1 to Gannett Co., Inc.'s Form 8-A filed on May 23, 1990.
4-5-1	Amendment No. 1 to Rights Agreement, dated as of May 2, 2000, between Gannett Co., Inc. and Norwest Bank Minnesota, N.A., as successor rights agent to First Chicago Trust Company of New York.	Incorporated by reference to Exhibit 2 to Gannett Co., Inc.'s Form 8-A/A filed on May 2, 2000.
4-6	Form of Rights Certificate.	Incorporated by reference to Exhibit 1 to Gannett Co., Inc.'s Form 8-A filed on May 23, 1990.
4-7	Specimen Certificate for Gannett Co., Inc.'s common stock, par value \$1.00 per share.	Incorporated by reference to Exhibit 2 to Gannett Co., Inc.'s Form 8-B filed on June 14, 1972.
10-1	\$3,000,000,000 Competitive Advance and Revolving Credit Agreement among Gannett Co., Inc. and the Banks named therein.	Incorporated by reference to Exhibit 4-10 to Gannett Co., Inc.'s Form 10-Q filed on August 9, 2000.
10-1-1	Amendment Number One to \$3,000,000,000 Competitive Advance and Revolving Credit Agreement among Gannett Co., Inc. and the Banks named therein.	Incorporated by reference to Exhibit 4-11 to Gannett Co., Inc.'s Form 10-K for the fiscal year ended December 31, 2000.
10-1-2	Amendment Number Two to \$3,000,000,000 Competitive Advance and Revolving Credit Agreement among Gannett Co., Inc. and the Banks named therein.	Incorporated by reference to Exhibit 4-12 to Gannett Co., Inc.'s Form 10-Q for the fiscal quarter ended July 2, 2001.

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10-2	Competitive Advance and Revolving Credit Agreement dated as of March 11, 2002, among Gannett Co., Inc., the several lenders from time to time parties thereto, Bank of America, N.A., as Administrative Agent, JP Morgan Chase Bank and Bank One NA, as Co-Syndication Agents, and Barclays Bank PLC, as Documentation Agent (the “2002 Credit Agreement”).	Incorporated by reference to Exhibit 10.11 to Gannett Co., Inc.’s Form 8-K filed on March 14, 2002.
10-2-1	First Amendment, dated as of February 28, 2003 and effective as of March 17, 2003 to the Competitive Advance and Revolving Credit Agreement dated as of March 11, 2002 among Gannett Co., Inc., the several lenders from time to time parties thereto, Bank of America, N.A., as Administrative Agent, JP Morgan Chase Bank and Bank One NA, as Co-Syndication Agents, and Barclay Bank PLC, as Documentation Agent.	Incorporated by reference to Exhibit 4-13 to Gannett Co., Inc.’s Form 10-K for the fiscal year ended December 29, 2002.
10-3	Gannett Co., Inc. 1978 Executive Long-Term Incentive Plan.*	Incorporated by reference to Exhibit 10-3 to Gannett Co., Inc.’s Form 10-K for the fiscal year ended December 28, 1980. Amendment No. 1 incorporated by reference to Exhibit 20-1 to Gannett Co., Inc.’s Form 10-K for the fiscal year ended December 27, 1981. Amendment No. 2 incorporated by reference to Exhibit 10-2 to Gannett Co., Inc.’s Form 10-K for the fiscal year ended December 25, 1983. Amendments Nos. 3 and 4 incorporated by reference to Exhibit 4-6 to Gannett Co., Inc.’s Form S-8 Registration Statement No. 33-28413 filed on May 1, 1989. Amendments Nos. 5 and 6 incorporated by reference to Exhibit 10-8 to Gannett Co., Inc.’s Form 10-K for the fiscal year ended December 31, 1989. Amendment No. 7 incorporated by reference to Gannett Co., Inc.’s Form S-8 Registration Statement No. 333-04459 filed on May 24, 1996. Amendment No. 8 incorporated by reference to Exhibit 10-3 to Gannett Co., Inc.’s Form 10-Q for the fiscal quarter ended September 28, 1997. Amendment dated December 9, 1997, incorporated by reference to Gannett Co., Inc.’s 1997 Form 10-K. Amendment No. 9 incorporated by reference to Exhibit 10-3 to Gannett Co., Inc.’s Form 10-Q for the fiscal quarter ended June 27, 1999. Amendment No. 10 incorporated by reference to Exhibit 10-3 to Gannett Co., Inc.’s Form 10-Q for the fiscal quarter ended June 25, 2000. Amendment No. 11 incorporated by reference to Exhibit 10-3 to Gannett Co., Inc.’s Form 10-K for the fiscal year ended December 31, 2000.
10-4	Description of supplemental insurance benefits.*	Incorporated by reference to the same-numbered Exhibit to Gannett Co., Inc.’s Form 10-K for the fiscal year ended December 29, 2002.
10-5	Gannett Supplemental Retirement Plan Restatement dated February 1, 2003.*	Incorporated by reference to Exhibit 10-1 to Gannett Co., Inc.’s Form 10-Q for the fiscal quarter ended June 29, 2003.
10-6	Gannett Co., Inc. Retirement Plan for Directors.*	Incorporated by reference to Exhibit 10-10 to the 1986 Form 10-K. 1991 Amendment incorporated by reference to Exhibit 10-2 to Gannett Co., Inc.’s Form 10-Q for the fiscal quarter ended September 29, 1991. Amendment to Gannett Co., Inc. Retirement Plan for Directors dated October 31, 1996, incorporated by reference to Exhibit 10-6 to Gannett Co., Inc.’s Form 10-K for the fiscal year ended December 29, 1996.
10-7	Gannett Co., Inc. Deferred Compensation Plan Restatement dated February 1, 2003 (reflects all amendments through April 7, 2004).*	Incorporated by reference to Exhibit 10-1 to Gannett Co., Inc.’s Form 10-Q for the fiscal quarter ended June 27, 2004.

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10-8	Gannett Co., Inc. Transitional Compensation Plan.*	Incorporated by reference to Exhibit 10-8 to Gannett Co., Inc.'s Form 10-K for the fiscal year ended December 30, 2001. Amendment dated December 3, 2002 incorporated by reference to the same-numbered Exhibit to Gannett Co., Inc.'s Form 10-K for the fiscal year ended December 29, 2002.
10-9	Employment Agreement dated July 21, 2003 between Gannett Co., Inc. and Douglas H. McCorkindale.*	Incorporated by reference to Exhibit 10-3 to Gannett Co., Inc.'s Form 10-Q for the fiscal quarter ended September 28, 2003.
10-10	Omnibus Incentive Compensation Plan, as amended.*	Incorporated by reference to Exhibit No. 10.1 to Gannett Co., Inc.'s Registration Statement on Form S-8 (Registration No. 333-115135).
10-10-1	Gannett Co., Inc. 2001 Inland Revenue Approved Sub-Plan for the United Kingdom.*	Incorporated by reference to Exhibit 10-1 to Gannett Co., Inc.'s Form 10-Q for the fiscal quarter ended September 26, 2004.
10-10-2	Form of Restricted Stock Unit Award Agreement for Chief Executive Officer.*	Incorporated by reference to Exhibit 10-2 to Gannett Co., Inc.'s Form 10-Q for the fiscal quarter ended September 26, 2004.
10-10-3	Form of Director Stock Option Award Agreement.*	Incorporated by reference to Exhibit 10-3 to Gannett Co., Inc.'s Form 10-Q for the fiscal quarter ended September 26, 2004.
10-10-4	Form of Director Restricted Stock Award Agreement.*	Incorporated by reference to Exhibit 10-4 to Gannett Co., Inc.'s Form 10-Q for the fiscal quarter ended September 26, 2004.
10-10-5	Form of Executive Officer Stock Option Award Agreement.*	Incorporated by reference to Exhibit 10-5 to Gannett Co., Inc.'s Form 10-Q for the fiscal quarter ended September 26, 2004.
10-10-6	Form of Executive Officer Restricted Stock Unit Award Agreement.*	Incorporated by reference to Exhibit 10-6 to Gannett Co., Inc.'s Form 10-Q for the fiscal quarter ended September 26, 2004.
10-10-7	Form of Executive Officer Stock Option Award Agreement Under Gannett Co., Inc. 2001 Inland Revenue Approved Sub-Plan for the United Kingdom.*	Incorporated by reference to Exhibit 10-7 to Gannett Co., Inc.'s Form 10-Q for the fiscal quarter ended September 26, 2004.
10-11	Gannett Co., Inc. Savings-Related Share Option Scheme for Employees of Gannett U.K. Limited and its Subsidiaries.*	Incorporated by reference to the same-numbered Exhibit to Gannett Co., Inc.'s Form 10-K for the fiscal year ended December 29, 2002.
10-12	Gannett U.K. Limited Share Incentive Plan, as amended effective June 25, 2004.*	Incorporated by reference to Exhibit 10-2 to Gannett Co., Inc.'s Form 10-Q for the fiscal quarter ended June 27, 2004.
10-13	Service Agreement, dated as of July 23, 2001, by and between Newsquest Media Group Limited and Paul Davidson.*	Incorporated by reference to the same-numbered Exhibit to Gannett Co., Inc.'s Form 10-K for the fiscal year ended December 28, 2003.
10-14	Revolving Credit Agreement among Gannett Co., Inc., the Several Lenders from Time to Time Parties Thereto, and Bank One, N.A., as Administrative Agent, dated as of February 27, 2004 and Effective as of March 15, 2004.	Incorporated by reference to Exhibit 10-1 to Gannett Co., Inc.'s Form 10-Q for the fiscal quarter ended March 28, 2004 Form 10-Q.
10-15	Competitive Advance and Revolving Credit Agreement among Gannett Co., Inc., the Several Lenders from Time to Time Parties Thereto, Bank of America, N.A., as Administrative Agent and JPMorgan Chase Bank, as Syndication Agent, dated as of February 27, 2004 and Effective as of March 15, 2004.	Incorporated by reference to Exhibit 10-2 to Gannett Co., Inc.'s 3-28-04 Form 10-Q for the fiscal quarter ended March 28, 2004.
10-16	Competitive Advance and Revolving Credit Agreement among Gannett Co., Inc., the Several Lenders from Time to Time Parties Thereto, Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, dated as of December 13, 2004 and Effective as of January 5, 2005.	Attached.

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10-17	Amended and Restated Competitive Advance and Revolving Credit Agreement among Gannett Co., Inc., the Several Lenders from Time to Time Parties Thereto, Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, dated as of March 11, 2002 and Effective as of March 18, 2002, as Amended and Restated as of December 13, 2004 and Effective as of January 5, 2005.	Attached.
10-18	Summary of Non-Employee Director Compensation,	Attached.
10-19	Employment Agreement dated February 25, 2005 between Gannett Co., Inc. and Thomas L. Chapple.*	Attached.
10-20	Employment Agreement dated February 25, 2005 between Gannett Co., Inc. and Craig A. Dubow.*	Attached.
10-21	Employment Agreement dated February 25, 2005 between Gannett Co., Inc. and Gracia C. Martore.*	Attached.
10-22	Employment Agreement dated February 25, 2005 between Gannett Co., Inc. and Craig A. Moon.*	Attached.
10-23	Employment Agreement dated February 25, 2005 between Gannett Co., Inc. and Gary L. Watson.*	Attached.
21	Subsidiaries of Gannett Co., Inc.	Attached.
23	Consent of Independent Registered Public Accounting Firm.	Attached.
31-1	Certification Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.	Attached.
31-2	Certification Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.	Attached.
32-1	Section 1350 Certification.	Attached.
32-2	Section 1350 Certification.	Attached.

For purposes of the incorporation by reference of documents as Exhibits, all references to Form 10-K, 10-Q and 8-K of Gannett Co., Inc. refer to Forms 10-K, 10-Q and 8-K filed with the Commission under Commission file number 1-6961.

The company agrees to furnish to the Commission, upon request, a copy of each agreement with respect to long-term debt not filed herewith in reliance upon the exemption from filing applicable to any series of debt which does not exceed 10% of the total consolidated assets of the company.

\* Asterisks identify management contracts and compensatory plans or arrangements.

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### **GLOSSARY OF FINANCIAL TERMS**

Presented below are definitions of certain key financial and operational terms that we hope will enhance your reading and understanding of Gannett's 2004 Form 10-K.

**ADVERTISING LINAGE** - Measurement term for the volume of space sold as advertising in the company's newspapers; refers to number of column inches, with each newspaper page composed of five to six columns.

**AMORTIZATION** - A charge against the company's earnings that represents the write off of intangible assets over the projected life of the assets.

**BALANCE SHEET** - A summary statement that reflects the company's assets, liabilities and shareholders' equity at a particular point in time.

**BROADCASTING REVENUES** - Primarily amounts charged to customers for commercial advertising aired on the company's television stations.

**CIRCULATION** - The number of newspapers sold to customers each day ("paid circulation"). The company keeps separate records of morning, evening and Sunday circulation.

**CIRCULATION REVENUES** - Amounts charged to newspaper readers or distributors reduced by the amount of discounts. Charges vary from city to city and depend on the type of sale (i.e., subscription or single copy) and distributor arrangements.

**COMPARABLE BASIS** - The company's operating results stated as if Statement of Financial Accounting Standards No. 142 "Goodwill and Other Intangible Assets" had been adopted at the beginning of 1999. See further discussion of accounting change in Note 3 on page 40.

**COMPREHENSIVE INCOME** - The change in equity (net assets) of the company from transactions and other events from non-owner sources. Comprehensive income comprises net income and other items previously reported directly in shareholders' equity, principally the foreign currency translation adjustment.

**CURRENT ASSETS** - Cash and other assets that are expected to be converted to cash within one year.

**CURRENT LIABILITIES** - Amounts owed that will be paid within one year.

**DEFERRED INCOME** - Revenue derived principally from advance subscription payments for newspapers. Revenue is recognized in the period in which it is earned.

**DEPRECIATION** - A charge against the company's earnings that allocates the cost of property, plant and equipment over the estimated useful lives of the assets.

**DIVIDEND** - Payment by the company to its shareholders of a portion of its earnings.

**EARNINGS PER SHARE (basic)** - The company's earnings divided by the average number of shares outstanding for the period.

**EARNINGS PER SHARE (diluted)** - The company's earnings divided by the average number of shares outstanding for the period, giving effect to assumed dilution from outstanding stock options and stock incentive rights.

**GAAP** - Generally accepted accounting principles.

**FOREIGN CURRENCY TRANSLATION** - The process of restating foreign currency accounts of subsidiaries into the reporting currency of the parent company.

**GOODWILL** - In a business purchase, this represents the excess of amounts paid over the fair value of tangible and other identified intangible assets acquired net of liabilities assumed.

**INVENTORIES** - Raw materials, principally newsprint, used in the business.

**NEWSPAPER ADVERTISING REVENUES** - Amounts charged to customers for space ("advertising linage") purchased in the company's newspapers and/or the associated Web site. There are three major types of advertising revenue: retail ads from local merchants, such as department stores; classified ads, which include automotive, real estate and "help wanted"; and national ads, which promote products or brand names on a nationwide basis.

**OPERATING CASH FLOW** - A non-GAAP measure of operating income adjusted for depreciation and amortization of intangible assets.

**PRO FORMA** - A non-GAAP manner of presentation intended to improve comparability of financial results; it assumes business purchases/dispositions were completed at the beginning of the earliest period discussed (i.e., results are compared for all periods but only for businesses presently owned).

**PURCHASE** - A business acquisition. The acquiring company records at its cost the acquired assets less liabilities assumed. The reported income of an acquiring company includes the operations of the acquired company from the date of acquisition.

**RESULTS OF CONTINUING OPERATIONS** - A key section of the statement of income which presents operating results for the company's principal ongoing businesses (newspaper and broadcasting).

**RETAINED EARNINGS** - The earnings of the company not paid out as dividends to shareholders.

**STATEMENT OF CASH FLOWS** - A financial statement that reflects cash flows from operating, investing and financing activities, providing a comprehensive view of changes in the company's cash and cash equivalents.

**STATEMENT OF SHAREHOLDERS' EQUITY** - A statement that reflects changes in the company's common stock, retained earnings and other equity accounts.

**STATEMENT OF INCOME** - A financial statement that reflects the company's profit by measuring revenues and expenses.

**STOCK BASED COMPENSATION** - The payment to employees for services received with equity instruments such as stock options and restricted stock.

**STOCK OPTION** - An award that gives key employees the right to buy shares of the company's stock, pursuant to a vesting schedule, at the market price of the stock on the date of the award.





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COMPETITIVE ADVANCE AND REVOLVING CREDIT AGREEMENT

among

GANNETT CO., INC.,

The Several Lenders  
from Time to Time Parties Hereto,

BANK OF AMERICA, N.A.,  
as Administrative Agent,

JPMORGAN CHASE BANK, N.A.,  
as Syndication Agent,

and

BARCLAYS BANK PLC,  
as Documentation Agent

Dated as of December 13, 2004  
and effective as of January 5, 2005

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BANC OF AMERICA SECURITIES LLC  
and  
J.P. MORGAN SECURITIES INC.,  
as Joint Lead Arrangers and Joint Bookrunners

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## SCHEDULES

### 1.1 Commitments

## EXHIBITS

- A Form of Addendum
- B Form of Assignment and Acceptance
- C-1 Form of Competitive Bid Request
- C-2 Form of Invitation for Competitive Bids
- C-3 Form of Competitive Bid
- C-4 Form of Competitive Bid Accept/Reject Letter
- D-1 Form of New Lender Supplement
- D-2 Form of Incremental Facility Activation Notice
- E Form of Exemption Certificate
- F Form of Opinion of Nixon Peabody LLP
- G Form of Compliance Certificate

COMPETITIVE ADVANCE AND REVOLVING CREDIT AGREEMENT, dated as of December 13, 2004 and effective as of January 5, 2005, among GANNETT CO., INC., a Delaware corporation ("Gannett"), the several banks and other financial institutions from time to time parties to this Agreement (the "Lenders"), BANK OF AMERICA, N.A., as administrative agent for the Lenders hereunder (in such capacity, the "Administrative Agent"), JPMORGAN CHASE BANK, N.A., as syndication agent (the "Syndication Agent"), and BARCLAYS BANK PLC, as documentation agent (the "Documentation Agent").

The parties agree as follows:

## ARTICLE I

### Definitions

Section 1.1 Defined Terms. The following words and terms shall have the following meanings in this Agreement:

"ABR": for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the greater of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus ½ of 1%. If for any reason the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate for any reason, the ABR shall be determined without regard to clause (b) of the first sentence of this definition until the circumstances giving rise to such inability no longer exist. Any change in the ABR due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective as of the opening of business on the effective day of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

"ABR Loans": Loans the rate of interest applicable to which is based upon the ABR.

"Addendum": an instrument, substantially in the form of Exhibit A, by which a Lender becomes a party to this Agreement as of the Effective Date.

"Aggregate Commitment Percentage": as to any Lender at any time, the percentage which such Lender's Commitment then constitutes of the aggregate Commitments (or, at any time after the Commitments shall have expired or terminated, the percentage which the aggregate principal amount of such Lender's Loans then outstanding constitutes of the aggregate principal amount of the Loans then outstanding).

"Agreement": this Competitive Advance and Revolving Credit Agreement, as amended, supplemented or otherwise modified from time to time.

“Applicable Margin”: the appropriate rate per annum set forth in the table below opposite the applicable Facility:

<u>Credit Status</u>	<u>Five-Year Facility</u>
Credit Status 1	18.00 Basis Points
Credit Status 2	17.00 Basis Points
Credit Status 3	21.00 Basis Points
Credit Status 4	37.50 Basis Points
Credit Status 5	45.00 Basis Points
Credit Status 6	50.00 Basis Points

“Assignee”: as defined in Section 9.6(c).

“Assignment and Acceptance”: an Assignment and Acceptance, substantially in the form of Exhibit B.

“Basis Point”: 1/100th of one percent.

“Board”: the Board of Governors of the Federal Reserve System, or any successor thereto.

“Borrowing”: a group of Loans of a single Type made by the Lenders (or, in the case of a Competitive Borrowing, by the Lender or Lenders whose Competitive Bids have been accepted pursuant to Section 2.3) on a single date and as to which a single Interest Period is in effect.

“Borrowing Date”: any Business Day specified by Gannett as a date on which Gannett requests the relevant Lenders to make Loans hereunder.

“Business Day”: each Monday, Tuesday, Wednesday, Thursday and Friday which is not a legal holiday for banks in Dallas, Texas or the State of New York; provided, that with respect to notices and determinations in connection with, and payments of principal and interest on, Eurodollar Loans, such day is also a day for trading by and between banks in Dollar deposits in the interbank eurodollar market.

“Code”: the Internal Revenue Code of 1986, as amended from time to time.

“Commitment”: as to any Lender, the sum of its Five-Year Commitment and commitment under the Incremental Facility, if any.

“Commitment Utilization Percentage”: on any day, the percentage equivalent of a fraction (a) the numerator of which is the sum of the aggregate outstanding principal amount of all Loans and (b) the denominator of which is the Total Commitment (or, on any day after termination of the Commitments under a Facility with outstanding Loans, the Total Commitment in effect immediately preceding such termination).

“Competitive Bid”: an offer by a Lender to make a Competitive Loan pursuant to Section 2.3.



“Competitive Bid Accept/Reject Letter”: a notification made by Gannett pursuant to Section 2.3(f) in the form of Exhibit C-4.

“Competitive Bid Rate”: as to any Competitive Bid made by a Lender pursuant to Section 2.3, (i) in the case of a Eurodollar Competitive Loan, the Eurodollar Rate plus (or minus) the Margin, and (ii) in the case of a Fixed Rate Loan, the fixed rate of interest offered by the Lender making such Competitive Bid.

“Competitive Bid Request”: a request made pursuant to Section 2.3(b) in the form of Exhibit C-1.

“Competitive Borrowing”: a Borrowing consisting of a Competitive Loan or concurrent Competitive Loans from the Lender or Lenders whose Competitive Bids for such Borrowing have been accepted by Gannett under the bidding procedure described in Section 2.3.

“Competitive Loan”: a Loan (which shall be a Eurodollar Competitive Loan or a Fixed Rate Loan) made by a Lender pursuant to the bidding procedure described in Section 2.3.

“Conduit Lender”: any special purpose corporation organized and administered by any Lender for the purpose of making Loans hereunder otherwise required to be made by such Lender and designated by such Lender in a written instrument, subject to the consent of the Administrative Agent and Gannett; provided, that the designation by any Lender of a Conduit Lender shall not relieve the designating Lender of any of its obligations to fund a Loan under this Agreement if, for any reason, its Conduit Lender fails to fund any such Loan, and the designating Lender (and not the Conduit Lender) shall have the sole right and responsibility to deliver all consents and waivers required or requested under this Agreement with respect to its Conduit Lender, and provided, further, that no Conduit Lender shall (a) be entitled to receive any greater amount pursuant to Section 2.14, 2.15, 2.16 or 9.5 than the designating Lender would have been entitled to receive in respect of the extensions of credit made by such Conduit Lender or (b) be deemed to have any Commitment hereunder.

“Contractual Obligation”: as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

“Credit Status”: any of Credit Status 1, Credit Status 2, Credit Status 3, Credit Status 4, Credit Status 5 or Credit Status 6. In determining whether Credit Status 1, Credit Status 2, Credit Status 3, Credit Status 4, Credit Status 5 or Credit Status 6 shall apply in any circumstance, if the applicable ratings by S&P and Moody’s differ, the higher of the two ratings will be determinative, unless the applicable ratings by S&P and Moody’s are more than one level apart, in which case the Credit Status one level below the higher rating will be determinative. In the event that Gannett’s senior unsecured long-term debt is rated by only one of S&P and Moody’s, then that single rating shall be determinative.

“Credit Status 1” shall exist upon the occurrence of the higher of a rating by S&P of Gannett’s senior unsecured long-term debt of at least A+ or a rating by Moody’s of Gannett’s senior unsecured long-term debt of at least A1.

“Credit Status 2” shall exist upon the occurrence of the higher of a rating by S&P of Gannett’s senior unsecured long-term debt of at least A but lower than A+ or a rating by Moody’s of Gannett’s senior unsecured long-term debt of at least A2 but lower than A1.

“Credit Status 3” shall exist upon the occurrence of the higher of a rating by S&P of Gannett’s senior unsecured long-term debt of at least A- but lower than A or a rating by Moody’s of Gannett’s senior unsecured long-term debt of at least A3 but lower than A2.

“Credit Status 4” shall exist upon the occurrence of the higher of a rating by S&P of Gannett’s senior unsecured long-term debt of at least BBB+ but lower than A- or a rating by Moody’s of Gannett’s senior unsecured long-term debt of at least Baa1 but lower than A3.

“Credit Status 5” shall exist upon the occurrence of the higher of a rating by S&P of Gannett’s senior unsecured long-term debt of at least BBB but lower than BBB+ or a rating by Moody’s of Gannett’s senior unsecured long-term debt of at least Baa2 but lower than Baa1.

“Credit Status 6” shall exist upon the occurrence of the higher of a rating by S&P of Gannett’s senior unsecured long-term debt of lower than BBB or a rating by Moody’s of Gannett’s senior unsecured long-term debt of lower than Baa2.

“Default”: any of the events specified in Section 7.1, whether or not any requirement for the giving of notice, the lapse of time, or both, or any other condition, has been satisfied.

“Dollars” and “\$”: dollars in lawful currency of the United States of America.

“Effective Date”: the date identified by Gannett in a written notice to the Administrative Agent, which date shall be at least one Business Day after receipt by the Administrative Agent of such notice and shall, in any case, occur no later than January 5, 2005.

“Environmental Laws”: any and all federal, state, local and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions relating to the environment or to emissions, discharges or releases of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes into the environment including, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes or the clean-up or other remediation thereof.

“Eurocurrency Reserve Requirements”: for any day as applied to a Eurodollar Loan, the aggregate (without duplication) of the maximum rates (expressed as a decimal fraction) of reserve requirements in effect on such day (including, without limitation, basic, supplemental, marginal and emergency reserves under any regulations of the Board or other Governmental Authority having jurisdiction with respect thereto) dealing with reserve requirements prescribed for eurocurrency funding (currently referred to as “Eurocurrency liabilities” in Regulation D of the Board) maintained by a member bank of such System.

“Eurodollar Base Rate”: with respect to each day during each Interest Period pertaining to a Eurodollar Loan, the rate per annum determined on the basis of the rate for deposits in Dollars for a period equal to such Interest Period commencing on the first day of such Interest Period as published by Reuters as the British Bankers Association LIBOR Rate (“BBA LIBOR”) as of 11:00 A.M., London time, two Business Days prior to the beginning of such Interest Period. In the event that BBA LIBOR as published by Reuters is unavailable, the “Eurodollar Base Rate” shall be determined by reference to such other comparable publicly available service for displaying eurodollar rates as may be selected by the Administrative Agent or, in the absence of such availability, by reference to the rate at which the Administrative Agent is offered Dollar deposits at or about 11:00 A.M., Dallas, Texas time, two Business Days prior to the beginning of such Interest Period in the interbank eurodollar market where its eurodollar and foreign currency and exchange operations are then being conducted for delivery on the first day of such Interest Period for the number of days comprised therein.

“Eurodollar Borrowing”: a Borrowing comprised of Eurodollar Loans.

“Eurodollar Competitive Loan”: any Competitive Loan bearing interest at a rate determined by reference to the Eurodollar Rate.

“Eurodollar Loan”: any Eurodollar Competitive Loan or Eurodollar Revolving Credit Loan.

“Eurodollar Rate”: with respect to each day during each Interest Period pertaining to a Eurodollar Loan, a rate per annum determined for such day in accordance with the following formula (rounded upward to the nearest 1/100th of 1%):

$$\frac{\text{Eurodollar Base Rate}}{1.00 - \text{Eurocurrency Reserve Requirements}}$$

“Eurodollar Revolving Credit Loan”: any Five-Year Loan bearing interest at a rate determined by reference to the Eurodollar Rate.

“Event of Default”: any of the Events of Default specified in Section 7.1 of this Agreement.

“Excess Utilization Day”: each day on which the Commitment Utilization Percentage exceeds 50%.

“Facility”: each of the Five-Year Facility and the Incremental Facility.

“Federal Funds Effective Rate”: for any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day of such rates on such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by it.

“Five-Year Available Commitment”: as to any Five-Year Lender at any time, the excess, if any, of such Five-Year Lender’s Five-Year Commitment over such Five-Year Lender’s Five-Year Loans.

“Five-Year Commitment”: as to any Lender, the obligation of such Lender, if any, to make Five-Year Loans in an aggregate principal and/or face amount not to exceed the amount set forth under the heading “Five-Year Commitment” opposite such Lender’s name on Schedule 1.1 or in the Assignment and Acceptance or New Lender Supplement pursuant to which such Lender became a party hereto, as the same may be changed from time to time pursuant to the terms hereof.

“Five-Year Commitment Percentage”: as to any Five-Year Lender at any time, the percentage which such Five-Year Lender’s Five-Year Commitment then constitutes of the aggregate Five-Year Commitments (or, at any time after the Five-Year Commitments shall have expired or terminated, the percentage which the aggregate principal amount of such Five-Year Lender’s Five-Year Loans then outstanding constitutes of the aggregate principal amount of the Five-Year Loans then outstanding).

“Five-Year Commitment Period”: the period from and including the Effective Date to the Five-Year Termination Date.

“Five-Year Competitive Loans”: Competitive Loans made under the Five-Year Facility.

“Five-Year Facility”: the Five-Year Commitments and the Loans made thereunder.

“Five-Year Lender”: each Lender that has a Five-Year Commitment or that holds Five-Year Loans.

“Five-Year Loans”: as defined in Section 2.1(b).

“Five-Year Termination Date”: January 5, 2010.

“Fixed Rate Borrowing”: a Borrowing comprised of Fixed Rate Loans.

“Fixed Rate Loan”: any Competitive Loan bearing interest at a fixed percentage rate per annum specified by the Lender making such Loan in its Competitive Bid.

“GAAP”: generally accepted accounting principles in the United States as in effect from time to time and consistent with those used in the preparation of the most recent audited financial statements referred to in Section 3.2. In the event that any “Accounting Change” (as defined below) shall occur and such change results in a material change in the method of calculation of financial covenants, standards or terms in this Agreement, then Gannett and the Administrative Agent agree to enter into negotiations in order to amend such provisions of this Agreement so as to equitably reflect such Accounting Changes with the desired result that the criteria for evaluating Gannett’s financial condition shall be the same after such Accounting Changes as if such Accounting Changes had not been made. Until such time as such an

amendment shall have been executed and delivered by Gannett, the Administrative Agent and the Required Lenders, all financial covenants, standards and terms in this Agreement shall continue to be calculated or construed as if such Accounting Changes had not occurred. "Accounting Changes" refers to changes in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants or, if applicable, the Securities and Exchange Commission.

"Governmental Authority": any nation or government, any state or other political subdivision thereof and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government.

"Incremental Facility Activation Notice": a notice substantially in the form of Exhibit D-2.

"Incremental Facility": as defined in Section 2.1(d).

"Incremental Facility Closing Date": any Business Day designated as such in an Incremental Facility Activation Notice.

"Incremental Facility Commitment": as to any Lender, the obligation of such Lender, if any, to make Incremental Loans in an aggregate principal amount not to exceed the amount set forth in the applicable Incremental Facility Activation Notice or in the Assignment and Acceptance or New Lender Supplement pursuant to which such Lender became a party hereto, as the same may be changed from time to time pursuant to the terms hereof.

"Incremental Facility Lenders": (a) on any Incremental Facility Closing Date relating to Incremental Loans, the Lenders signatory to the relevant Incremental Facility Activation Notice and (b) thereafter, each Lender that is a holder of an Incremental Loan.

"Incremental Facility Maturity Date": with respect to the Incremental Loans, the maturity date specified in such Incremental Facility Activation Notice, which date shall be a date at least six months after the final maturity of the Five-Year Loans.

"Incremental Loans": as defined in Section 2.1(d).

"Interest Payment Date": (a) as to any ABR Loan, the last day of each March, June, September and December to occur while such Loan is outstanding and on the date such Loan is paid in full, (b) as to any Eurodollar Loan or Fixed Rate Loan, the last day of the Interest Period applicable thereto and (c) as to any Eurodollar Loan or Fixed Rate Loan having an Interest Period longer than three months or 90 days, as the case may be, each day which is three months or 90 days, respectively, after the first day of the Interest Period applicable thereto; provided that, in addition to the foregoing, each of (x) the date upon which both the Commitments have been terminated and the Loans have been paid in full and (y) the Five-Year Termination Date shall be deemed to be an "Interest Payment Date" with respect to any interest which is then accrued hereunder.

“Interest Period”: (a) with respect to any Eurodollar Loan:

- (i) initially, the period commencing on the borrowing or conversion date, as the case may be, with respect to such Eurodollar Loan and ending one, two, three or six (or if available to all the Lenders (or, in the case of Eurodollar Competitive Loans, the Lender making such Loans) nine) months thereafter, as selected by Gannett in its notice of borrowing or notice of conversion, as the case may be, given with respect thereto; and
  - (ii) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Eurodollar Loan and ending one, two, three or six (or if available to all the Lenders (or, in the case of Eurodollar Competitive Loans, the Lender making such Loans) nine) months thereafter, as selected by Gannett by irrevocable notice to the Administrative Agent not less than three Business Days prior to the last day of the then current Interest Period with respect thereto; and
- (b) with respect to any Fixed Rate Loan, the period commencing on the Borrowing Date with respect to such Fixed Rate Loan and ending such number of days thereafter (which shall be not less than seven days or more than 360 days after the date of such borrowing) as selected by Gannett in its Competitive Bid Request given with respect thereto.

provided that all of the foregoing provisions relating to Interest Periods are subject to the following:

- (A) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of an Interest Period pertaining to a Eurodollar Loan, the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day; and
- (B) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month.

“Invitation for Competitive Bids”: an invitation made by Gannett pursuant to Section 2.3(c) in the form of Exhibit C-2.

“Lender Affiliate”: (a) any affiliate of any Lender, (b) any Person that is administered or managed by any Lender and that is engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business and (c) with respect to any Lender which is a fund that invests in commercial loans and similar extensions of credit, any other fund that invests in commercial loans and similar extensions of credit and is managed or advised by the same investment advisor as such Lender or by an affiliate of such Lender or investment advisor.

“Lenders”: as defined in the preamble hereto; provided, that unless the context otherwise requires, each reference herein to the Lenders shall be deemed to include any Conduit Lender.

“Lien”: any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any capital lease having substantially the same economic effect as any of the foregoing).

“Loan”: any loan made by any Lender pursuant to this Agreement.

“Margin”: as to any Eurodollar Competitive Loan, the margin to be added to or subtracted from the Eurodollar Rate in order to determine the interest rate applicable to such Loan, as specified in the Competitive Bid relating to such Loan.

“Material”: when used to describe an adverse effect or an event on Gannett or its Subsidiaries, shall mean a condition, event or act which, with the giving of notice or lapse of time or both, will constitute a Default or an Event of Default.

“Material Adverse Effect”: a Material adverse effect on (a) the business, assets, operations or condition, financial or otherwise, of Gannett and its Subsidiaries taken as a whole or (b) the validity or enforceability of this Agreement or the material rights or remedies of the Administrative Agent and the Lenders hereunder.

“Moody’s”: Moody’s Investors Service, Inc. and its successors; provided, however, that if Moody’s ceases rating securities similar to the senior unsecured long-term debt of Gannett and its ratings and business with respect to such securities shall not have been transferred to any successor, then “Moody’s” shall mean any other nationally recognized rating agency (other than S&P) selected by Gannett and approved by the Administrative Agent (not to be unreasonably withheld or delayed) that rates any senior unsecured long-term debt of Gannett.

“Net Property, Plant and Equipment”: the amount under that heading on the consolidated balance sheet of Gannett and its Subsidiaries prepared in accordance with GAAP.

“Non-Excluded Taxes”: as defined in Section 2.15(a).

“Non-U.S. Lender”: as defined in Section 2.15(d).

“Other Taxes”: any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement.

“Participant”: as defined in Section 9.6(b).

“Person”: an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

“Prime Rate”: the rate of interest per annum publicly announced from time to time by Bank of America, N.A. as its prime rate in effect at its principal office in Dallas, Texas (the Prime Rate not being intended to be the lowest rate of interest charged by Bank of America, N.A. in connection with extensions of credit to debtors).

“Register”: as defined in Section 9.6(d).

“Required Lenders”: at any time, the holders of more than 50% of the Total Commitments then in effect or, if the Commitments have been terminated, the Total Extensions of Credit then outstanding.

“Requirement of Law”: as to any Person, any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“S&P”: Standard & Poor’s Corporation and its successors; provided, however, that if S&P ceases rating securities similar to the senior unsecured long-term debt of Gannett and its ratings and business with respect to such securities shall not have been transferred to any successor, then “S&P” shall mean any other nationally recognized rating agency (other than Moody’s) selected by Gannett and approved by the Administrative Agent (not to be unreasonably withheld or delayed) that rates any senior unsecured long-term debt of Gannett.

“Subsidiary”: any corporation the majority of the shares of voting stock of which at any time outstanding is owned directly or indirectly by Gannett or by one or more of its other subsidiaries or by Gannett in conjunction with one or more of its other subsidiaries.

“Total Commitments”: at any time, the aggregate amount of the Commitments then in effect.

“Total Extensions of Credit”: at any time, the aggregate amount of all Loans of the Lenders outstanding at such time.

“Total Shareholders’ Equity”: the amount appearing under that heading on the consolidated balance sheet of Gannett and its Subsidiaries, prepared in accordance with GAAP.

“Transferee”: any Assignee or Participant.

“Type”: as to any Five-Year Loan, its nature as an ABR Loan or a Eurodollar Loan, and as to any Competitive Loan, its nature as a Eurodollar Competitive Loan or a Fixed Rate Loan.



Section 1.2 Other Definitional Provisions.

(a) Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto.

(b) As used herein, and any certificate or other document made or delivered pursuant hereto, accounting terms relating to Gannett and its Subsidiaries not defined in Section 1.1 and accounting terms partly defined in Section 1.1, to the extent not defined, shall have the respective meanings given to them under GAAP.

(c) The words “hereof”, “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, subsection, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(d) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

ARTICLE II

Amount and Terms of the Facilities

Section 2.1 Revolving Credit Commitments. (a) [reserved]

(b) Subject to the terms and conditions hereof, each Five-Year Lender severally agrees to make revolving credit loans (“Five-Year Loans”) to Gannett from time to time during the Five-Year Commitment Period in an aggregate principal amount at any one time outstanding which does not exceed the amount of such Lender’s Five-Year Commitment. During the Five-Year Commitment Period, Gannett may use the Five-Year Commitments by borrowing, prepaying the Five-Year Loans in whole or in part, and reborrowing, all in accordance with the terms and conditions hereof. Notwithstanding anything to the contrary contained in this Agreement, in no event (after giving effect to the use of proceeds of any Borrowing) shall (i) the amount of any Lender’s Five-Year Commitment Percentage multiplied by the amount of a Borrowing of Five-Year Loans exceed such Lender’s Five-Year Available Commitment at the time of such Borrowing or (ii) the aggregate amount of Five-Year Loans and Five-Year Competitive Loans at any one time outstanding exceed the aggregate Five-Year Commitments then in effect of all Lenders.

(c) The Five-Year Loans may from time to time be (i) Eurodollar Loans, (ii) ABR Loans or (iii) a combination thereof, as determined by Gannett and notified to the Administrative Agent in accordance with Sections 2.2 and 2.6; provided that no Five-Year Loan shall be made as a Eurodollar Loan after the day that is one month prior to the Five-Year Termination Date.

(d) Gannett (upon receipt of requisite authorization from its Board of Directors) and any one or more Lenders (including New Lenders) may from time to time agree that such Lenders shall (x) make available to Gannett an additional credit facility (the

“Incremental Facility” and any loans thereunder, the “Incremental Loans”), which credit facility shall take the form of a revolving credit facility which matures at least six months after the Five-Year Termination Date and/or (y) increase the amount of their Five-Year Commitment, or (in the case of a New Lender) make available a Five-Year Commitment, in any such case by executing and delivering to the Administrative Agent an Incremental Facility Activation Notice specifying (i) the aggregate principal amount of such increase and the Facility or Facilities involved, (ii) the applicable Incremental Facility Closing Date and (iii) in the case of the Incremental Facility, the Incremental Facility Maturity Date. Notwithstanding the foregoing, (i) the sum of aggregate principal amount of the Incremental Facility Commitments and any increase in the Five-Year Commitments shall not exceed \$1,000,000,000, (ii) no increase pursuant to this paragraph may be obtained after the occurrence and during the continuation of a Default or Event of Default and (iii) any increase effected pursuant to this paragraph shall be in a minimum amount of at least \$10,000,000. Any Incremental Facility shall be governed by this Agreement. No Lender shall have any obligation to participate in any increase described in this paragraph unless it agrees to do so in its sole discretion.

(e) Any additional bank, financial institution or other entity which, with the consent of Gannett and the Administrative Agent (which consent shall not be unreasonably withheld), elects to become a “Lender” under this Agreement in connection with any transaction described in Section 2.1(d) shall execute a New Lender Supplement (each, a “New Lender Supplement”), substantially in the form of Exhibit D-1, whereupon such bank, financial institution or other entity (a “New Lender”) shall become a Lender for all purposes and to the same extent as if originally a party hereto and shall be bound by and entitled to the benefits of this Agreement.

Section 2.2 Procedure for Revolving Credit Borrowing. Gannett may borrow Five-Year Loans under the Commitments on any Business Day; provided that Gannett shall give the Administrative Agent irrevocable notice (which notice must be received by the Administrative Agent prior to 11:00 A.M., Dallas, Texas time, (a) three Business Days prior to the requested Borrowing Date, if all or any part of the requested Five-Year Loans are to be Eurodollar Loans, or (b) on the requested Borrowing Date, otherwise), specifying (i) the Facility under which the Borrowing is to be made, (ii) the amount to be borrowed, (iii) the requested Borrowing Date, (iv) whether the Borrowing is to be of Eurodollar Loans, ABR Loans or a combination thereof and (v) if the Borrowing is to be entirely or partly of Eurodollar Loans, the respective amounts of each such Type of Loan and the respective lengths of the initial Interest Periods therefor. Any Loans made on the Effective Date shall be ABR Loans. Each Borrowing under the Commitments shall be in an amount equal to \$10,000,000 or a multiple of \$1,000,000 in excess thereof. Upon receipt of any such notice from Gannett, the Administrative Agent shall promptly notify each relevant Lender thereof. Each relevant Lender will make the amount of its pro rata share of each Borrowing available to the Administrative Agent for the account of Gannett at the office of the Administrative Agent specified in Section 9.2 prior to 1:00 P.M., Dallas, Texas time, on the Borrowing Date requested by Gannett in funds immediately available to the Administrative Agent. Such Borrowing will then immediately be made available to Gannett by the Administrative Agent crediting the account of Gannett on the books of such office with the aggregate of the amounts made available to the Administrative Agent by the Lenders and in like funds as received by the Administrative Agent.

Section 2.3 Competitive Borrowings.

(a) The Competitive Bid Option. In addition to the Five-Year Loans that may be made available pursuant to Section 2.1, Gannett may, as set forth in this Section 2.3, request the Lenders to make offers to make Competitive Loans to Gannett. The Lenders may, but shall have no obligation to, make such offers, and Gannett may, but shall have no obligation to, accept any such offers in the manner set forth in this Section 2.3.

(b) Competitive Bid Request. When Gannett wishes to request offers to make Competitive Loans under this Section 2.3, it shall transmit to the Administrative Agent a Competitive Bid Request to be received no later than 12:00 Noon (Dallas, Texas time) on (x) the fourth Business Day prior to the Borrowing Date proposed therein, in the case of a Borrowing of Eurodollar Competitive Loans or (y) the Business Day immediately preceding the Borrowing Date proposed therein, in the case of a Fixed Rate Borrowing, specifying:

- (i) the Facility under which the Borrowing is to be made,
- (ii) the proposed Borrowing Date,
- (iii) the aggregate principal amount of such Borrowing, which shall be \$10,000,000 or a multiple of \$1,000,000 in excess thereof,
- (iv) the duration of the Interest Period applicable thereto, subject to the provisions of the definition of Interest Period contained in Section 1.1, and
- (v) whether the Borrowing then being requested is to be of Eurodollar Competitive Loans or Fixed Rate Loans.

A Competitive Bid Request that does not conform substantially to the format of Exhibit C-1 may be rejected by the Administrative Agent in its sole discretion, and the Administrative Agent shall promptly notify Gannett of such rejection. Gannett may request offers to make Competitive Loans for more than one Interest Period in a single Competitive Bid Request. No Competitive Bid Request shall be given within three Business Days of any other Competitive Bid Request pursuant to which Gannett has made a Competitive Borrowing.

(c) Invitation for Competitive Bids. Promptly after its receipt of a Competitive Bid Request (but, in any event, no later than 3:00 P.M., Dallas, Texas time, on the date of such receipt) conforming to the requirements of paragraph (b) above, the Administrative Agent shall send to each of the relevant Lenders an Invitation for Competitive Bids which shall constitute an invitation by Gannett to each such Lender to bid, on the terms and conditions of this Agreement, to make Competitive Loans pursuant to the Competitive Bid Request.

(d) Submission and Contents of Competitive Bids. (i) Each Lender to which an Invitation for Competitive Bids is sent may submit a Competitive Bid containing an offer or offers to make Competitive Loans in response to such Invitation for Competitive Bids. Each Competitive Bid must comply with the requirements of this paragraph (d) and must be submitted to the Administrative Agent at its offices specified in Section 9.2 not later than (x) 9:30 A.M. (Dallas, Texas time) on the third Business Day prior to the proposed Borrowing Date, in the case

of a Borrowing of Eurodollar Competitive Loans or (y) 9:30 A.M. (Dallas, Texas time) on the date of the proposed Borrowing, in the case of a Fixed Rate Borrowing; provided that any Competitive Bids submitted by the Administrative Agent in the capacity of a Lender may only be submitted if the Administrative Agent notifies Gannett of the terms of the offer or offers contained therein not later than fifteen minutes prior to the deadline for the other Lenders. A Competitive Bid submitted by a Lender pursuant to this paragraph (d) shall be irrevocable.

(ii) Each Competitive Bid shall be in substantially the form of Exhibit C-3 and shall specify:

(A) the date of the proposed Borrowing and the Facility under which it is to be made,

(B) the principal amount of the Competitive Loan for which each such offer is being made, which principal amount (w) may be greater than, equal to or less than the Commitment of the quoting Lender, (x) must be in a minimum principal amount of \$5,000,000 or a multiple of \$1,000,000 in excess thereof, (y) may not exceed the principal amount of Competitive Loans for which offers were requested and (z) may be subject to a limitation as to the maximum aggregate principal amount of Competitive Loans for which offers being made by such quoting Lender may be accepted,

(C) in the case of a Borrowing of Eurodollar Competitive Loans, the Margin offered for each such Competitive Loan, expressed as a percentage (specified in increments of 1/10,000th of 1%) to be added to or subtracted from such base rate,

(D) in the case of a Fixed Rate Borrowing, the rate of interest per annum (specified in increments of 1/10,000th of 1%) offered for each such Competitive Loan, and

(E) the identity of the quoting Lender.

A Competitive Bid may set forth up to five separate offers by the quoting Lender with respect to each Interest Period specified in the related Invitation for Competitive Bids. Any Competitive Bid shall be disregarded by the Administrative Agent if the Administrative Agent determines that it: (A) is not substantially in the form of Exhibit C-3 or does not specify all of the information required by Section 2.3(d)(ii); (B) contains qualifying, conditional or similar language (except for a limitation on the maximum principal amount which may be accepted); (C) proposes terms other than or in addition to those set forth in the applicable Invitation for Competitive Bids or (D) arrives after the time set forth in Section 2.3(d)(i).

(e) Notice to Gannett. The Administrative Agent shall promptly (and, in any event, by 10:00 A.M., Dallas, Texas time) notify Gannett, by telecopy, of all the Competitive Bids made (including all disregarded bids), the Competitive Bid Rate and the principal amount of each Competitive Loan in respect of which a Competitive Bid was made and the identity of the Lender that made each bid. The Administrative Agent shall send a copy of all Competitive Bids (including all disregarded bids) to Gannett for its records as soon as practicable after completion of the bidding process set forth in this Section 2.3.

(f) Acceptance and Notice by Gannett. Gannett may in its sole discretion, subject only to the provisions of this paragraph (f), accept or reject any Competitive Bid (other than any disregarded bid) referred to in paragraph (e) above. Gannett shall notify the Administrative Agent by telephone, confirmed immediately thereafter by telecopy in the form of a Competitive Bid Accept/Reject Letter, whether and to what extent it wishes to accept any or all of the bids referred to in paragraph (e) above not later than (x) 11:00 A.M. (Dallas, Texas time) on the third Business Day prior to the proposed Borrowing Date, in the case of a Competitive Eurodollar Borrowing or (y) 11:00 A.M. (Dallas, Texas time) on the proposed Borrowing Date, in the case of a Fixed Rate Borrowing; provided that:

(i) the failure by Gannett to give such notice shall be deemed to be a rejection of all the bids referred to in paragraph (e) above,

(ii) the aggregate principal amount of the Competitive Bids accepted by Gannett may not exceed the lesser of (A) the principal amount set forth in the related Competitive Bid Request and (B) the excess, if any, of the aggregate Five-Year Commitments of all Five-Year Lenders or the aggregate Incremental Facility Commitments of all Incremental Facility Lenders, as applicable, then in effect over the aggregate principal amount of all Five-Year Loans or Incremental Loans, as applicable, outstanding immediately prior to the making of such Competitive Loans,

(iii) the principal amount of each Competitive Borrowing must be \$5,000,000 or a multiple of \$1,000,000 in excess thereof, and

(iv) Gannett may not accept any Competitive Bid that is disregarded by the Administrative Agent pursuant to Section 2.3(d)(ii) or that otherwise fails to comply with the requirements of this Agreement.

A notice given by Gannett pursuant to this paragraph (f) shall be irrevocable.

(g) Allocation by Administrative Agent. If offers are made by two or more Lenders with the same Competitive Bid Rates for a greater aggregate principal amount than the amount in respect of which such offers are accepted for the related Interest Period, the principal amount of Competitive Loans in respect of which such offers are accepted shall be allocated by the Administrative Agent among such Lenders as nearly as possible (in integral multiples of \$1,000,000, as the Administrative Agent may deem appropriate) in proportion to the aggregate principal amounts of such offers.

(h) Notification of Acceptance. The Administrative Agent shall promptly (and, in any event, by 11:30 A.M., Dallas, Texas time) notify each bidding Lender whether or not its Competitive Bid has been accepted (and if so, in what amount and at what Competitive Bid Rate), and each successful bidder will thereupon become bound, subject to the other applicable conditions hereof, to make the Competitive Loan in respect of which its bid has been accepted.

Section 2.4 Termination or Reduction of Commitments. Gannett shall have the right, upon not less than two Business Days' notice to the Administrative Agent, to terminate the Five-Year Commitments when no Five-Year Loans are then outstanding or, from time to

time, to reduce the unutilized portion of the Five-Year Commitments. Any such reduction pursuant to this Section 2.4 shall be in an amount equal to \$10,000,000 or a multiple of \$1,000,000 in excess thereof and shall reduce permanently the Five-Year Commitments then in effect, and the fees payable pursuant to Section 2.10 shall then reflect the reduced Five-Year Commitments.

Section 2.5 Optional Prepayments. Gannett may at any time and from time to time prepay the Loans, in whole or in part, without premium or penalty, upon irrevocable notice delivered to the Administrative Agent at least three Business Days prior thereto in the case of Eurodollar Loans and at least one Business Day prior thereto in the case of ABR Loans, which notice shall specify the date and amount of prepayment and whether the prepayment is of Eurodollar Loans or ABR Loans; provided, that if a Eurodollar Loan is prepaid on any day other than the last day of the Interest Period applicable thereto, Gannett shall also pay any amounts owing pursuant to Section 2.16. Upon receipt of any such notice the Administrative Agent shall promptly notify each relevant Lender thereof. If any such notice is given, the amount specified in such notice shall be due and payable on the date specified therein, together with accrued interest and fees to such date on the amount prepaid. Partial prepayments shall be in an aggregate principal amount of \$10,000,000 or a multiple of \$1,000,000 in excess thereof. Notwithstanding anything to the contrary contained herein, Gannett shall not prepay the Competitive Loans except pursuant to Article 7, with the consent of the Lender which has made such Competitive Loan or as provided in the related Competitive Bid Request.

Section 2.6 Conversion and Continuation Options. (a) Gannett may elect from time to time to convert Eurodollar Revolving Credit Loans to ABR Loans by giving the Administrative Agent at least one Business Day's prior irrevocable notice of such election; provided that any such conversion of Eurodollar Revolving Credit Loans may only be made on the last day of an Interest Period with respect thereto. Gannett may elect from time to time to convert ABR Loans to Eurodollar Revolving Credit Loans by giving the Administrative Agent at least three Business Days' prior irrevocable notice of such election. Any such notice of conversion to Eurodollar Revolving Credit Loans shall specify the length of the initial Interest Period or Interest Periods therefor. Upon receipt of any such notice the Administrative Agent shall promptly notify each relevant Lender thereof. All or any part of outstanding Eurodollar Revolving Credit Loans and ABR Loans may be converted as provided herein; provided that (i) no Loan may be converted into a Eurodollar Revolving Credit Loan when any Event of Default has occurred and is continuing and (ii) no Five-Year Loan may be converted into a Eurodollar Revolving Credit Loan after the date that is one month prior to the Five-Year Termination Date.

(b) Any Eurodollar Revolving Credit Loans may be continued as such upon the expiration of the then current Interest Period with respect thereto by Gannett giving notice to the Administrative Agent, in accordance with the applicable provisions of the term "Interest Period" set forth in Section 1.1, of the length of the next Interest Period to be applicable to such Loans; provided that no Eurodollar Revolving Credit Loan may be continued as such (i) when any Event of Default has occurred and is continuing or (ii) after the date that is one month prior to the Five-Year Termination Date; and provided, further, that if Gannett shall fail to give any required notice as described above in this paragraph or if such continuation is not permitted pursuant to the preceding proviso such Eurodollar Revolving Credit Loans shall be automatically converted to ABR Loans on the last day of such then expiring Interest Period.

Section 2.7 Minimum Amounts of Eurodollar Borrowings. All borrowings, conversions and continuations of Five-Year Loans hereunder and all selections of Interest Periods hereunder shall be in such amounts and be made pursuant to such elections so that, after giving effect thereto, the aggregate principal amount of the Five-Year Loans comprising each Eurodollar Borrowing shall be equal to \$10,000,000 or a multiple of \$1,000,000 in excess thereof and so that there shall not be more than 20 Eurodollar Borrowings outstanding at any one time.

Section 2.8 Repayment of Loans; Evidence of Debt. (a) Gannett hereby unconditionally promises to pay (i) to each Five-Year Lender on the Five-Year Termination Date (or such earlier date as the Five-Year Loans become due and payable pursuant to Article 7 or Section 2.5), the unpaid principal amount of each Five-Year Loan made by such Five-Year Lender and (ii) to each applicable Lender on the last day of the applicable Interest Period, the unpaid principal amount of each Competitive Loan made by any such Lender. Gannett hereby further agrees to pay interest in immediately available funds at the office of the Administrative Agent on the unpaid principal amount of the Loans from time to time from the date hereof until payment in full thereof at the rates per annum, and on the dates, set forth in Section 2.9.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of Gannett to the appropriate lending office of such Lender resulting from each Loan made by such lending office of such Lender from time to time, including the amounts of principal and interest payable and paid to such lending office of such Lender from time to time under this Agreement.

(c) The Administrative Agent shall maintain the Register pursuant to Section 9.6(d), and a subaccount for each Lender, in which Register and subaccounts (taken together) shall be recorded (i) the amount of each Loan made hereunder, the Type of each Loan made and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from Gannett to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder from Gannett and each Lender's share thereof.

(d) The entries made in the Register and accounts maintained pursuant to paragraphs (b) and (c) of this Section 2.8 shall, to the extent permitted by applicable law, be prima facie evidence of the existence and amounts of the obligations of Gannett therein recorded; provided, however, that the failure of any Lender or the Administrative Agent to maintain such account, such Register or such subaccount, as applicable, or any error therein, shall not in any manner affect the obligation of Gannett to repay (with applicable interest) the Loans made to Gannett by such Lender in accordance with the terms of this Agreement.

Section 2.9 Interest Rates and Payment Dates. (a) Each ABR Loan shall bear interest at a rate per annum equal to the ABR plus the Applicable Margin.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest at a rate per annum equal to (i) in the case of each Eurodollar Revolving Credit Loan, the Eurodollar Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin and (ii) in the case of each Eurodollar Competitive Loan, the Eurodollar Rate for the Interest Period in effect for such Borrowing plus (or minus, as the case may be) the Margin offered by the Lender making such Loan and accepted by Gannett pursuant to Section 2.3.

(c) Each Fixed Rate Loan shall bear interest at a rate per annum equal to the fixed rate of interest offered by the Lender making such Loan and accepted by Gannett pursuant to Section 2.3.

(d) Interest shall be payable in arrears on each Interest Payment Date; provided that interest accruing pursuant to paragraph (e) of this Section 2.9 shall be payable from time to time on demand.

(e) (i) If all or a portion of the principal amount of any Loan shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum equal to the rate that would otherwise be applicable thereto pursuant to the foregoing provisions of this Section 2.9 plus 1% and (ii) to the extent permitted under applicable law, if all or a portion of any interest payable on any Loan or any fee or other amount payable hereunder shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum equal to the rate then applicable to ABR Loans plus 1%, in each case, with respect to clauses (i) and (ii) above, from the date of such non-payment until such amount is paid in full (as well after as before judgment).

Section 2.10 Fees. (a) [reserved]

(b) Gannett shall pay to the Administrative Agent, for the ratable account of the Five-Year Lenders, a facility fee (the "Five-Year Facility Fee") at the rate per annum equal to (i) for each day that Gannett has Credit Status 1, .0700% of the aggregate Five-Year Commitments on such day, (ii) for each day that Gannett has Credit Status 2, .0800% of the aggregate Five-Year Commitments on such day, (iii) for each day that Gannett has Credit Status 3, .1000% of the aggregate Five-Year Commitments on such day, (iv) for each day that Gannett has Credit Status 4, .12500% of the aggregate Five-Year Commitments on such day, (v) for each day that Gannett has Credit Status 5, .1750% of the aggregate Five-Year Commitments on such day and (vi) for each day that Gannett has Credit Status 6, .2500% of the aggregate Five-Year Commitments on such day. On the first Business Day following the last day of each fiscal quarter of Gannett and on the Five-Year Termination Date (or, if earlier, on the date upon which both the Five-Year Commitments are terminated and the Five-Year Loans are paid in full), Gannett shall pay to the Administrative Agent, for the ratable benefit of the Lenders, the portion of the Five-Year Facility Fee which accrued during the fiscal quarter most recently ended (or, in the case of the payment due on the Five-Year Termination Date, the portion thereof ending on such date). Such facility fee shall be based upon the aggregate Five-Year Commitments of the Five-Year Lenders from time to time, regardless of the utilization by Gannett from time to time thereunder.

(c) Gannett shall pay to the Administrative Agent, for the ratable account of the Lenders, a utilization fee (the "Utilization Fee") at a rate per annum equal to 0.0750% for each day on which the Commitment Utilization Percentage exceeds 50%, which Utilization Fee shall accrue on the average daily amount of the Total Extensions of Credit for each Excess



Utilization Day during the term of this Agreement. All Utilization Fees shall be computed on the basis of the actual number of days elapsed in a year of 360 days and shall be payable quarterly in arrears.

Section 2.11 Computation of Interest and Fees. (a) Interest payable pursuant hereto shall be calculated on the basis of a 360-day year for the actual days elapsed, except that, with respect to ABR Loans and Competitive Loans the rate of interest on which is calculated on the basis of the Prime Rate, the interest thereon shall be calculated on the basis of a 365- (or 366-, as the case may be) day year for the actual days elapsed. Fees (other than the Utilization Fees, which shall be calculated as provided in Section 2.10(c)) payable pursuant hereto shall be calculated on the basis of a 365- (or 366-, as the case may be) day year for the actual days elapsed. The Administrative Agent shall as soon as practicable notify Gannett and the relevant Lenders of each determination of a Eurodollar Rate. Any change in the interest rate on a Loan resulting from a change in the ABR or the Eurocurrency Reserve Requirements shall become effective as of the opening of business on the day on which such change becomes effective. The Administrative Agent shall as soon as practicable notify Gannett and the relevant Lenders of the effective date and the amount of each such change in interest rate.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on Gannett and the Lenders in the absence of manifest error. The Administrative Agent shall, at the request of Gannett, deliver to Gannett a statement showing the quotations used by the Administrative Agent in determining any interest rate pursuant to Section 2.11(a).

Section 2.12 Inability to Determine Interest Rate. If prior to the first day of any Interest Period the Administrative Agent shall have determined (which determination shall be conclusive and binding upon Gannett) that, by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the Eurodollar Rate for such Interest Period, the Administrative Agent shall give telecopy or telephonic notice thereof to Gannett and the relevant Lenders as soon as practicable thereafter. If such notice is given (x) any Eurodollar Loans under the relevant Facility requested to be made on the first day of such Interest Period shall be made as ABR Loans, (y) any Loans under the relevant Facility that were to have been converted on the first day of such Interest Period to Eurodollar Loans shall be continued as ABR Loans and (z) any outstanding Eurodollar Loans under the relevant Facility shall be converted, on the last day of the then-current Interest Period, to ABR Loans. Until such notice has been withdrawn by the Administrative Agent, no further Eurodollar Loans under the relevant Facility shall be made or continued as such, nor shall Gannett have the right to convert Loans under the relevant Facility to Eurodollar Loans.

Section 2.13 Pro Rata Treatment and Payments. (a) Each borrowing of Five-Year Loans from the Lenders hereunder, each payment by Gannett on account of any fee hereunder and, subject to the last sentence of Section 2.4, any reduction of the Commitments of the Lenders shall be made pro rata according to the Five-Year Commitments of the Lenders. Subject to the last sentence of Section 2.4, each payment (including each prepayment) by Gannett on account of principal of and interest on the Five-Year Loans shall be made pro rata according to the respective outstanding principal amounts of the Five-Year Loans then held by the Lenders. Each payment by Gannett on account of principal of and interest on any Borrowing

of Competitive Loans shall be made pro rata among the Lenders participating in such Borrowing according to the respective principal amounts of their outstanding Competitive Loans comprising such Borrowing.

(b) All payments (including prepayments) to be made by Gannett hereunder, whether on account of principal, interest, fees or otherwise, shall be made without set-off or counterclaim and shall be made prior to 12:00 Noon, Dallas, Texas time, on the due date thereof to the Administrative Agent, for the account of the relevant Lenders, at the Agent's office specified in Section 9.2, in Dollars and in immediately available funds. Notwithstanding the foregoing, the failure by Gannett to make a payment (or prepayment) prior to 12:00 Noon on the due date thereof shall not constitute a Default or Event of Default if such payment is made on such due date; provided, however, that any payment (or prepayment) made after such time on such due date shall be deemed made on the next Business Day for the purposes of interest and reimbursement calculations. The Administrative Agent shall distribute such payments to the relevant Lenders promptly upon receipt in like funds as received. If any payment hereunder (other than payments on the Eurodollar Loans) becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day. If any payment on a Eurodollar Loan becomes due and payable on a day other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day unless the result of such extension would be to extend such payment into another calendar month, in which event such payment shall be made on the immediately preceding Business Day. In the case of any extension of any payment of principal pursuant to the preceding two sentences, interest thereon shall be payable at the then applicable rate during such extension.

(c) Unless the Administrative Agent shall have been notified in writing by any Lender prior to a borrowing that such Lender will not make the amount that would constitute its share of such borrowing available to the Administrative Agent, the Administrative Agent may assume that such Lender is making such amount available to the Administrative Agent, and the Administrative Agent may, in reliance upon such assumption, make available to Gannett a corresponding amount. If such amount is not made available to the Administrative Agent by the required time on the Borrowing Date therefor, such Lender shall pay to the Administrative Agent, on demand, such amount with interest thereon at a rate equal to the daily average Federal Funds Effective Rate for the period until such Lender makes such amount immediately available to the Administrative Agent. A certificate of the Administrative Agent submitted to any Lender with respect to any amounts owing under this paragraph shall be conclusive in the absence of manifest error. If such Lender's share of such borrowing is not made available to the Administrative Agent by such Lender within three Business Days of such Borrowing Date, the Administrative Agent shall also be entitled to recover such amount with interest thereon at the rate per annum applicable to ABR Loans under the relevant Facility, on demand, from Gannett. Nothing herein shall be deemed to limit the rights of Gannett against any Lender who fails to make its share of such borrowing available.

(d) Unless the Administrative Agent shall have been notified in writing by Gannett prior to the date of any payment being made hereunder that Gannett will not make such payment to the Administrative Agent, the Administrative Agent may assume that Gannett is making such payment, and the Administrative Agent may, but shall not be required to, in reliance upon such assumption, make available to the Lenders their respective pro rata shares of

a corresponding amount. If such payment is not made to the Administrative Agent by Gannett within three Business Days of such required date, the Administrative Agent shall be entitled to recover, on demand, from each Lender to which any amount which was made available pursuant to the preceding sentence, such amount with interest thereon at the rate per annum equal to the daily average Federal Funds Effective Rate. Nothing herein shall be deemed to limit the rights of the Administrative Agent or any Lender against Gannett.

Section 2.14 Requirements of Law. (a) If the adoption of or any change in any Requirement of Law or in the interpretation or application thereof or compliance by any Lender with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the date hereof:

(i) shall subject any Lender to any tax of any kind whatsoever with respect to this Agreement or any Eurodollar Loan made by it, or change the basis of taxation of payments to such Lender in respect thereof (except for Non-Excluded Taxes covered by Section 2.15 and changes in the rate of tax on the overall net income of such Lender);

(ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Lender that is not otherwise included in the determination of the Eurodollar Rate hereunder; or

(iii) shall impose on such Lender any other condition affecting Eurodollar Loans;

and the result of any of the foregoing is to increase the cost to such Lender, by an amount that such Lender deems to be material, of making, converting into, continuing or maintaining Eurodollar Loans, or to reduce any amount receivable hereunder in respect thereof, then, in any such case, Gannett shall promptly pay such Lender, upon its demand, any additional amounts necessary to compensate such Lender for such increased cost or reduced amount receivable. If any Lender becomes entitled to claim any additional amounts pursuant to this paragraph, it shall promptly notify Gannett (with a copy to the Administrative Agent) of the event by reason of which it has become so entitled. Gannett shall not be liable in respect of any such increased costs to, or reduced amount of any sum received or receivable by, any Lender pursuant to this Section 2.14(a) with respect to any interest, fees or other amounts accrued by such Lender more than 15 days prior to the date notice thereof is given to Gannett pursuant to this Section 2.14(a).

(b) If any Lender shall have determined that the adoption of or any change in any Requirement of Law regarding capital adequacy or in the interpretation or application thereof or compliance by such Lender or any corporation controlling such Lender with any request or directive regarding capital adequacy (whether or not having the force of law) from any Governmental Authority made subsequent to the date hereof shall have the effect of reducing the rate of return on such Lender's or such

corporation's capital as a consequence of its obligations hereunder to a level below that which such Lender or such corporation could have achieved but for such adoption, change or compliance (taking into consideration such Lender's or such corporation's policies with respect to capital adequacy) by an amount deemed by such Lender to be material, then from time to time, within 15 days after submission by such Lender to Gannett (with a copy to the Administrative Agent) of a written request therefor, Gannett shall pay to such Lender such additional amount or amounts as will compensate such Lender for such reduction; provided that Gannett shall not be required to compensate a Lender pursuant to this paragraph for any amounts incurred more than 30 days prior to the date that such Lender notifies Gannett of such Lender's intention to claim compensation therefor; and provided further that, if the circumstances giving rise to such claim have a retroactive effect, then such 30 day period shall be extended to include the period of such retroactive effect.

(c) A certificate, setting forth a reasonably detailed explanation as to the reason for any additional amounts payable pursuant to this Section 2.14, submitted by any Lender to Gannett (with a copy to the Administrative Agent) shall be conclusive in the absence of manifest error. The obligations of Gannett pursuant to this Section shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

Section 2.15 Taxes. (a) All payments made by Gannett under this Agreement shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, excluding net income taxes and franchise taxes (imposed in lieu of net income taxes) imposed on the Administrative Agent or any Lender as a result of a present or former connection between the Administrative Agent or such Lender and the jurisdiction of the Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from the Administrative Agent or such Lender having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement). If any such non-excluded taxes, levies, imposts, duties, charges, fees, deductions or withholdings ("Non-Excluded Taxes") or Other Taxes are required to be withheld from any amounts payable to the Administrative Agent or any Lender hereunder, the amounts so payable to the Administrative Agent or such Lender shall be increased to the extent necessary to yield to the Administrative Agent or such Lender (after payment of all Non-Excluded Taxes and Other Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement, provided, however, that Gannett shall not be required to increase any such amounts payable to any Lender with respect to any Non-Excluded Taxes (i) that are attributable to such Lender's failure to comply with the requirements of paragraph (d) or (e) of this Section or (ii) that are United States withholding taxes imposed on amounts payable to such Lender at the time the Lender becomes a party to this Agreement (or designates a new lending office), except to the extent that such Lender's assignor (if any) was entitled, at the time of assignment, to receive additional amounts from Gannett with respect to such Non-Excluded Taxes pursuant to this paragraph.

(b) In addition, Gannett shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) Whenever any Non-Excluded Taxes or Other Taxes are payable by Gannett, as promptly as possible thereafter Gannett shall send to the Administrative Agent for its

own account or for the account of the relevant Lender, as the case may be, a certified copy of an original official receipt received by Gannett showing payment thereof. If Gannett fails to pay any Non-Excluded Taxes or Other Taxes when due to the appropriate taxing authority or fails to remit to the Administrative Agent the required receipts or other required documentary evidence, Gannett shall indemnify the Administrative Agent and the Lenders for any incremental taxes, interest or penalties that may become payable by the Administrative Agent or any Lender as a result of any such failure.

(d) Each Lender (or Transferee) that is not a "U.S. Person" as defined in Section 7701(a)(30) of the Code (a "Non-U.S. Lender") shall deliver to Gannett and the Administrative Agent (or, in the case of a Participant, to the Lender from which the related participation shall have been purchased) two copies of either U.S. Internal Revenue Service Form W-8BEN or Form W-8ECI, or, in the case of a Non-U.S. Lender claiming exemption from U.S. federal withholding tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest", a statement substantially in the form of Exhibit E and a Form W-8BEN, or any subsequent versions thereof or successors thereto, properly completed and duly executed by such Non-U.S. Lender claiming complete exemption from, or a reduced rate of, U.S. federal withholding tax on all payments by Gannett under this Agreement. Such forms shall be delivered by each Non-U.S. Lender on or before the date it becomes a party to this Agreement or designates a new lending office (or, in the case of any Participant, on or before the date such Participant purchases the related participation). In addition, each Non-U.S. Lender shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered by such Non-U.S. Lender. Each Non-U.S. Lender shall promptly notify Gannett at any time it determines that it is no longer in a position to provide any previously delivered certificate to Gannett (or any other form of certification adopted by the U.S. taxing authorities for such purpose). Notwithstanding any other provision of this paragraph, a Non-U.S. Lender shall not be required to deliver any form pursuant to this paragraph that such Non-U.S. Lender is not legally able to deliver.

(e) If the Administrative Agent or any Lender receives a refund in respect of any amounts paid by Gannett pursuant to this Section 2.15, which refund in the reasonable judgment of such Administrative Agent or such Lender is allocable to such payment, it shall pay the amount of such refund to Gannett, net of all reasonable out-of-pocket expenses of the Administrative Agent or such Lender, provided however, that Gannett, upon the request of such Lender or the Administrative Agent, agrees to repay the amount paid over to Gannett to the Administrative Agent or such Lender in the event such Administrative Agent or the Lender is required to repay such refund. Nothing contained herein shall interfere with the right of the Administrative Agent or any Lender to arrange its tax affairs in whatever manner it deems fit nor oblige the Administrative Agent or any Lender to apply for any refund or to disclose any information relating to its affairs or any computations in respect thereof.

(f) The agreements in this Section 2.15 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

Section 2.16 Indemnity. Gannett agrees to indemnify each Lender and to hold each Lender harmless from any loss or expense that such Lender sustains or incurs as a consequence of (a) default by Gannett in making a borrowing of, conversion into or continuation

of Eurodollar Loans after Gannett has given a notice requesting the same in accordance with the provisions of this Agreement, (b) default by Gannett in making any prepayment of or conversion from Eurodollar Loans after Gannett has given a notice thereof in accordance with the provisions of this Agreement or (c) the making of a prepayment of Eurodollar Loans on a day that is not the last day of an Interest Period with respect thereto. Such indemnification may include an amount equal to the excess, if any, of (i) the amount of interest that would have accrued on the amount so prepaid, or not so borrowed, converted or continued, for the period from the date of such prepayment or of such failure to borrow, convert or continue to the last day of such Interest Period (or, in the case of a failure to borrow, convert or continue, the Interest Period that would have commenced on the date of such failure) in each case at the applicable rate of interest for such Loans provided for herein (excluding, however, the Applicable Margin included therein, if any) over (ii) the amount of interest (as reasonably determined by such Lender) that would have accrued to such Lender on such amount by placing such amount on deposit for a comparable period with leading banks in the interbank eurodollar market. A certificate as to any amounts payable pursuant to this Section submitted to Gannett by any Lender shall be conclusive in the absence of manifest error. This covenant shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

Section 2.17 Change of Lending Office. Each Lender agrees that, upon the occurrence of any event giving rise to the operation of Section 2.14 or 2.15(a) with respect to such Lender, it will, if requested by Gannett, use reasonable efforts (subject to overall policy considerations of such Lender) to designate another lending office for any Loans affected by such event with the object of avoiding the consequences of such event; provided, that such designation is made on terms that, in the sole judgment of such Lender, cause such Lender and its lending office(s) to suffer no economic, legal or regulatory disadvantage, and provided, further, that nothing in this Section shall affect or postpone any of the obligations of Gannett or the rights of any Lender pursuant to Section 2.14 or 2.15(a).

Section 2.18 Replacement of Lenders. Gannett shall be permitted to replace any Lender that (a) requests reimbursement for amounts owing pursuant to Section 2.14 or 2.15(a) or (b) defaults in its obligation to make Loans hereunder, with a replacement financial institution; provided that (i) such replacement does not conflict with any Requirement of Law, (ii) prior to any such replacement, such Lender shall have taken no action under Section 2.17 so as to eliminate the continued need for payment of amounts owing pursuant to Section 2.14 or 2.15(a), (iii) the replacement financial institution shall purchase, at par, all Loans and other amounts owing to such replaced Lender on or prior to the date of replacement, (iv) Gannett shall be liable to such replaced Lender under Section 2.16 if any Eurodollar Loan owing to such replaced Lender shall be purchased other than on the last day of the Interest Period relating thereto, (v) the replacement financial institution, if not already a Lender, shall be reasonably satisfactory to the Administrative Agent, (vi) the replaced Lender shall be obligated to make such replacement in accordance with the provisions of Section 9.6 (provided that Gannett shall be obligated to pay the registration and processing fee referred to therein), (vii) until such time as such replacement shall be consummated, Gannett shall pay all additional amounts (if any) required pursuant to Section 2.14 or 2.15(a), as the case may be, and (viii) any such replacement shall not be deemed to be a waiver of any rights that Gannett, the Administrative Agent or any other Lender shall have against the replaced Lender.

## ARTICLE III

Representations and Warranties

To induce the Administrative Agent and the Lenders to enter into this Agreement and to make the Loans, Gannett hereby represents and warrants to the Administrative Agent and each Lender that:

Section 3.1 Organization; Powers. Gannett and each of its Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation. Except where the failure to do so, individually or in the aggregate, would result in a Material Adverse Effect, Gannett and each of its Subsidiaries is duly qualified to do business as a foreign corporation and is in good standing in all states in which it owns substantial properties or in which it conducts a substantial business and its activities make such qualifications necessary.

Section 3.2 Financial Condition; No Material Adverse Effect. On or as of the Effective Date, Gannett has furnished to each of the Lenders copies of either its Annual Report for 2003 or a report on Form 8-K, containing in either case, copies of its consolidated balance sheet as of December 28, 2003 and the related statements of consolidated income and changes in shareholders' equity and cash flows for 2003, all reported on by PricewaterhouseCoopers LLP, independent public accountants. The financial statements contained in such Annual Report or report on Form 8-K (including the related notes) fairly present Gannett's consolidated financial condition as of their respective dates and the consolidated results of the operations of Gannett and its Subsidiaries for the periods then ended, and have been prepared in accordance with GAAP. Gannett and its Subsidiaries have no Material liabilities as of December 28, 2003 not reflected in the consolidated balance sheet as of December 28, 2003 or the related notes as of said date, and from that date to the Effective Date there has been no Material change in the business or financial condition of Gannett and its Subsidiaries taken as a whole which has not been publicly disclosed.

Section 3.3 Properties. As of the Effective Date, Gannett and its Subsidiaries owned absolutely, free and clear of all Liens, all of the real or personal property reflected in the consolidated balance sheet dated as of December 28, 2003 referred to in Section 3.2 and all other property acquired by them, respectively after December 28, 2003 except such property as has been disposed of in the ordinary course of business, and except for (i) easements, restrictions, exceptions, reservations or defects which, in the aggregate, do not materially interfere with the continued use of such property or materially affect the value thereof to Gannett or its Subsidiaries, (ii) Liens, if any, for current taxes not delinquent, and (iii) Liens reflected on such consolidated balance sheet or not otherwise prohibited by Section 6.1. As of the Effective Date, Gannett and its Subsidiaries enjoy peaceful and undisturbed possession of their properties which are held under lease and all such leases are in good standing and valid and binding obligations of the lessors in full force and effect, except for exceptions, reservations or defects which in the aggregate do not materially interfere with the continued use of such property or materially affect the value thereof to Gannett or its Subsidiaries.

Section 3.4 Litigation. There are no actions, suits, or proceedings pending or, to Gannett's knowledge, threatened against or affecting it or any Subsidiary in or before any court or foreign or domestic governmental instrumentality, and neither Gannett nor any Subsidiary is in default in respect of any order of any such court or instrumentality which, in Gannett's opinion, are Material.

Section 3.5 No Conflicts. Neither the execution and delivery of this Agreement, the consummation of the transactions herein contemplated, nor compliance with the terms and provisions hereof will conflict with or result in a breach of any of the provisions of Gannett's restated certificate of incorporation, as amended, or by-laws, as amended, or any law or regulation, or any order of any court or governmental instrumentality, or any agreement or instrument by which Gannett is bound, or constitute a default thereunder, or result in the imposition of any Lien not permitted under this Agreement upon any of Gannett's property.

Section 3.6 Taxes. To the best of Gannett's knowledge, Gannett and its Subsidiaries have filed all tax returns which are required to be filed by any jurisdiction, and have paid all taxes which have become due pursuant to said returns or pursuant to any assessments against it or its Subsidiaries, except to the extent only that such taxes are not material or are being contested in good faith by appropriate proceedings.

Section 3.7 Authorization; Enforceability. The execution and delivery of this Agreement and the making of all Borrowings permitted by the provisions hereof have been duly authorized by all necessary corporate action on the part of Gannett; this Agreement has been duly and validly executed and delivered by Gannett and constitutes Gannett's valid and legally binding agreement enforceable in accordance with its terms; and the Borrowings when made, will constitute valid and binding obligations of Gannett enforceable in accordance with the terms of this Agreement, except as limited by applicable bankruptcy, insolvency, moratorium, reorganization or other laws, judicial decisions or principles of equity relating to or affecting the enforcement of creditors rights or contractual obligations generally.

Section 3.8 Environmental Matters. In the ordinary course of its business, Gannett becomes aware from time to time of the effect of Environmental Laws on its business, operations and properties and the business, operations and properties of its Subsidiaries, and it identifies and evaluates associated liabilities and costs (including, without limitation, any capital or operating expenditures required for clean-up or closure of properties then owned or operated by Gannett or its Subsidiaries, any capital or operating expenditures required to achieve or maintain compliance with environmental protection standards imposed by law or as a condition of any license, permit or contract, any related constraints on operating activities, including any periodic or permanent shutdown of any facility or reduction in the level of or change in the nature of operations conducted at such properties, and any actual or potential liabilities to third parties, including employees, and any related costs and expenses). On the basis of these evaluations, Gannett has reasonably concluded that Environmental Laws are unlikely to have a Material Adverse Effect.

Section 3.9 No Change. Since December 28, 2003, there has been no development or event that has had or would have a Material Adverse Effect.



Section 3.10 Federal Regulations. No part of the proceeds of any Loans, and no other extensions of credit hereunder, will be used for “buying” or “carrying” any “margin stock” within the respective meanings of each of the quoted terms under Regulation U as now and from time to time hereafter in effect or for any purpose that violates the provisions of the Regulations of the Board. If requested by any Lender or the Administrative Agent, Gannett will furnish to the Administrative Agent and each Lender a statement to the foregoing effect in conformity with the requirements of FR Form G-3 or FR Form U-1, as applicable, referred to in Regulation U.

Section 3.11 No Default. Neither Gannett nor any of its Subsidiaries is in default under or with respect to any of its Contractual Obligations in any respect that would have a Material Adverse Effect.

Section 3.12 Investment Company Act; Federal Regulations. Gannett is not an “investment company”, or a company “controlled” by an “investment company”, within the meaning of the Investment Company Act of 1940, as amended.

#### ARTICLE IV

##### Conditions

The obligation of each Lender to make a Loan hereunder is subject to the accuracy, as of the date hereof, of the representations and warranties herein contained and to the satisfaction of the following further conditions:

(a) The Administrative Agent shall have received (i) this Agreement, executed and delivered by the Agents and Gannett and (ii) an Addendum, executed and delivered by each Lender listed on Schedule 1.1.

(b) On the date of each Borrowing (i) no Default or Event of Default shall have occurred and be continuing and (ii) the representations and warranties contained in Sections 3.1, 3.5 and 3.7 shall be true and correct in all material respects on and as of such date as if made on and as of such date.

(c) On or prior to the date of the first Borrowing hereunder, there shall have been delivered to each Lender an opinion from Nixon Peabody LLP, counsel to Gannett, in substantially the form of Exhibit F hereto. In rendering the foregoing opinion, such counsel may rely upon certificates of officers of Gannett and its Subsidiaries as to factual matters, including (i) the nature and location of the property of Gannett and of its Subsidiaries, (ii) agreements and instruments to which Gannett and/or its Subsidiaries are a party, and (iii) the conduct of the business of Gannett and its Subsidiaries.

(d) On or prior to the date of the first Borrowing hereunder, there shall have been delivered to each Lender a certificate of the Secretary of Gannett certifying, as of the date of the Agreement, to resolutions duly adopted by the Board of Directors of Gannett or a duly authorized committee thereof authorizing Gannett’s execution and delivery of this Agreement and the making of the Borrowings.

(e) Prior to or simultaneously with the Effective Date, Gannett shall have terminated the "364-Day Facility" under and as defined in its Competitive Advance and Revolving Credit Agreement, dated as of February 27, 2004 and effective as of March 15, 2004, and paid in full all amounts (including, without limitation, interest and fees), if any, owing thereunder.

## ARTICLE V

### Affirmative Covenants.

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full, Gannett covenants and agrees with the Lenders that it shall and shall cause each of its Subsidiaries to:

Section 5.1 Financial Statements and Other Information. Furnish to the Administrative Agent and the Lenders:

(a) within 60 days after the end of each of the first three quarterly periods in each fiscal year, its consolidated statements of income for such quarterly period and for the period from the beginning of the fiscal year to the end of such quarterly period and its consolidated balance sheet at the end of that period, all in reasonable detail, subject, however, to year-end audit adjustments, together with a certificate of compliance and no default in substantially the form of Exhibit G hereto certified by an appropriate financial officer of Gannett;

(b) within 120 days after and as of the close of each fiscal year, Gannett's Annual Report to shareholders for such fiscal year, containing copies of its consolidated income statement, consolidated balance sheet and changes in shareholders' equity and cash flows for such fiscal year accompanied by a report by PricewaterhouseCoopers LLP or some other accounting firm of national reputation selected by Gannett, based on their examination of such financial statements, which examination shall have been conducted in accordance with generally accepted auditing standards and which report shall indicate that the financial statements have been prepared in accordance with GAAP, together with a certificate of compliance and no default in substantially the form of Exhibit G hereto, certified by an appropriate financial officer of Gannett;

(c) promptly upon their becoming available, copies of all regular and periodic financial reports, if any, which Gannett or any of its Subsidiaries shall file with the Securities and Exchange Commission or with any securities exchange;

(d) promptly upon their becoming available, copies of all prospectuses of Gannett and all reports, proxy statements and financial statements mailed by Gannett to its shareholders generally; and

(e) such other information respecting the financial condition and affairs of Gannett and its subsidiaries as any of the Lenders may from time to time reasonably request.

The financial statements of Gannett and its Subsidiaries hereafter delivered to the Lenders pursuant to this Section 5.1 will fairly set forth the financial condition of Gannett and its Subsidiaries as of the dates thereof, and the results of Gannett's and its Subsidiaries' operations for the respective periods stated therein, all in accordance with GAAP.

Section 5.2 Payment of Obligations. Duly pay and discharge all (i) material obligations when due and (ii) taxes, assessments and governmental charges of which Gannett has knowledge assessed against it or against its properties prior to the date on which penalties are attached thereto, unless and only to the extent that such obligations, taxes, assessments or charges are not material or shall be contested in good faith by appropriate proceedings initiated by Gannett.

Section 5.3 Books and Records; Inspection Rights. (a) Keep proper books of records and account in which true and correct entries, in all material respects, are made of all dealings in relation to its business and activities and (b) permit any Lender, upon reasonable request, to inspect at all reasonable times its properties, operations and books of account.

Section 5.4 Notices of Material Events. Promptly give notice to the Administrative Agent and each Lender of:

(a) the occurrence of any Default or Event of Default;

(b) any (i) default or event of default under any Contractual Obligation of Gannett or any of its Subsidiaries or (ii) litigation, investigation or proceeding that may exist at any time between Gannett or any of its Subsidiaries and any Governmental Authority, that in either case, if not cured or if adversely determined, as the case may be, would have a material adverse effect on (A) the business, assets, operations or condition, financial or otherwise, of Gannett and its Subsidiaries taken as a whole or (B) the validity or enforceability of this Agreement or the material rights or remedies of the Administrative Agent and the Lenders hereunder; and

(c) any other development or event that has had or would have a Material Adverse Effect.

Each notice pursuant to this Section 5.4 shall be accompanied by a statement of an appropriate officer of Gannett setting forth details of the occurrence referred to therein and stating what action it proposes to take with respect thereto.

Section 5.5 Existence; Conduct of Business. Do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges and franchises material to the conduct of its business; provided that the foregoing shall not prohibit any merger, consolidation or other transaction permitted under Section 6.2.

Section 5.6 Maintenance of Properties; Insurance. (a) Keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, and (b) maintain, with financially sound and reputable insurance companies, insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations.

Section 5.7 Compliance with Laws. Comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property, except where the failure to do so, individually or in the aggregate, would not have a material adverse effect on (a) the business, assets, operations or condition, financial or otherwise, of Gannett and its Subsidiaries taken as a whole or (b) the validity or enforceability of this Agreement or the material rights or remedies of the Administrative Agent and the Lenders hereunder.

Section 5.8 Debt Ratings. With respect to Gannett, use its reasonable best efforts to maintain at all times a senior unsecured long-term debt rating from either S&P or Moody's.

## ARTICLE VI

### Negative Covenants

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full, Gannett covenants and agrees with the Lenders that, it shall not, and shall not permit any of its Subsidiaries to, directly or indirectly:

Section 6.1 Liens. Create, incur, assume or permit to exist any Lien on any of its properties or assets now owned or hereafter acquired by it, without making provision satisfactory to the Lenders whereby the Lenders obtain an equal and ratable or prior Lien as security for the payment of the Borrowings; or transfer any of its assets for the purpose of subjecting them to the payment of obligations prior in payment to any of its general creditors; or allow any liability of, or claims, or demands against it, or any of its Subsidiaries, to exist for more than 30 days if the liability, claim or demand might by law be given any priority over those of its general creditors; provided, however, that none of the above shall prohibit Gannett or any Subsidiary from creating or allowing any of the following to exist:

(a) Liens incurred after the date hereof covering any of Gannett's or its Subsidiaries' properties or assets; provided that the total principal amount of indebtedness of Gannett and its Subsidiaries (on a consolidated basis) secured by all such Liens permitted under this Section 6.1(a) at any time outstanding shall not exceed 50% of Net Property, Plant and Equipment;

(b) leases of all types, whether or not such leases constitute leasebacks of property sold or transferred by Gannett or any Subsidiary;

(c) pledges and deposits securing the payment of workmen's compensation or insurance premiums, good-faith deposits in connection with tenders, contracts (other than contracts for the payment of borrowed money) or leases, deposits to secure surety or appeal bonds, liens, pledges or deposits in connection with contracts made with or at the request of the United States Government or any agency thereof, or pledges or deposits for similar purposes made in the ordinary course of business;

(d) liens securing taxes, assessments or governmental or other charges or claims for labor, materials or supplies which are not delinquent or which are being contested in good faith by appropriate proceedings and liens, restrictions, easements, licenses on the use of property or minor irregularities in the title thereof, which do not, in Gannett's opinion, in the aggregate materially impair their use in Gannett's and its Subsidiaries' business; and

(e) Liens on the assets of any Person which becomes a Subsidiary of Gannett after the date of this Agreement to the extent that such liens existed prior to the date of acquisition of such corporation by Gannett; provided that such Liens existed at the time such Person became a Subsidiary of Gannett and were not created in anticipation thereof.

Section 6.2 Fundamental Changes. Merge, consolidate, sell, lease, transfer or otherwise dispose of all or substantially all of its assets, unless immediately after giving effect to such transaction, it shall be in compliance with Sections 6.1 and 6.3 hereof and, in the case of a merger or consolidation by Gannett, Gannett shall be the survivor corporation.

Section 6.3 Shareholders' Equity. Permit Gannett's Total Shareholders' Equity at any time to be less than \$3,500,000,000.

## ARTICLE VII

### Events of Default

Section 7.1 Events of Default. The following are Events of Default:

(a) Gannett shall fail to pay when due in accordance with the terms hereof (i) any principal on any Loan and such failure shall have continued for a period of three Business Days or (ii) any interest on any Loan, or any other amount payable hereunder, and such failure shall have continued for a period of five Business Days.

(b) Gannett shall (A) default in any payment of principal or of interest on any other obligation for borrowed money in excess of \$50,000,000 beyond any grace period provided with respect thereto, or (B) default in the performance of any other agreement, term or condition contained in any agreement under which any such obligation is created, if the effect of such default is to cause such obligation to be accelerated or become due prior to its stated maturity.

(c) Any representation or warranty herein made by Gannett, or any certificate or financial statement furnished by Gannett pursuant to the provisions hereof, shall prove to have been false or misleading in any material respect as of the time made or furnished and Gannett shall fail to take corrective measures satisfactory to the Required Lenders within 30 days after notice thereof to Gannett from any Lender or the Administrative Agent or by Gannett to the Administrative Agent.

(d) Gannett shall default in the performance of any other covenant, condition or provision hereof and such default shall not be remedied to the satisfaction of the Required Lenders within a period of 30 days after notice thereof to Gannett from any Lender or the Administrative Agent or by Gannett to the Administrative Agent.

(e) Gannett or any Subsidiary with more than \$100,000,000 in revenue in the preceding fiscal year (other than Gannett Satellite Information Network, Inc.) shall (A) apply for or consent to the appointment of a receiver, trustee, or liquidator of Gannett, (B) make a general assignment for the benefit of creditors, or (C) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or take advantage of any insolvency law or an answer admitting the material allegations of a petition filed against Gannett in any bankruptcy, reorganization or insolvency proceeding, or corporate action shall be taken by Gannett for the purpose of affecting any of the foregoing.

(f) An order, judgment or decree shall be entered, without the application, approval or consent of Gannett, by any court of competent jurisdiction, approving a petition seeking reorganization of Gannett or appointing a receiver, trustee or liquidator of Gannett or of all or a substantial part of the assets of Gannett, and such order, judgment or decree shall continue unstayed and in effect for any period of ninety (90) consecutive days.

(g) One or more final, non-appealable judgments for the payment of money in an aggregate amount in excess of \$100,000,000 shall be rendered against Gannett, any Subsidiary or any combination thereof, and the same shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed or bonded.

Section 7.2 Remedies. If an Event of Default shall occur and be continuing:

(a) If an Event of Default specified in Section 7.1(e) or (f) shall occur and be continuing, automatically the Commitments shall immediately terminate and the Loans (with accrued interest thereon) and all other amounts owing under this Agreement shall immediately become due and payable.

(b) If an Event of Default other than those specified in Section 7.1(e) or (f) shall occur and be continuing, either or both of the following actions may be taken: (i) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to Gannett, declare Commitments to be terminated forthwith, whereupon the Commitments shall immediately terminate; and (ii) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to Gannett, declare the Loans (with accrued interest thereon) and all other amounts owing under this Agreement to be due and payable forthwith, whereupon the same shall immediately become due and payable.

(c) Except as expressly provided above in this Article, presentment, demand, protest and all other notices of any kind are hereby expressly waived by Gannett.

(d) Any Lender giving any notice to Gannett under this Article 7 shall simultaneously give like notice to the Administrative Agent.

## ARTICLE VIII

### The Administrative Agent

Section 8.1 Appointment. Each Lender hereby irrevocably designates and appoints the Administrative Agent as the agent of such Lender under this Agreement, and each such Lender irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against the Administrative Agent.

Section 8.2 Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys in-fact selected by it with reasonable care.

Section 8.3 Exculpatory Provisions. Neither the Administrative Agent nor any of its respective officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by Gannett or any officer thereof contained in this Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or for any failure of Gannett to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement, or to inspect the properties, books or records of Gannett.

Section 8.4 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any instrument, writing, resolution, notice, consent, certificate, affidavit, letter, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including counsel to Gannett), independent accountants and other

experts selected by the Administrative Agent. The Administrative Agent may deem and treat the payee of any promissory note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement unless it shall first receive such advice or concurrence of the Required Lenders (or, if so specified by this Agreement, all Lenders) as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement in accordance with a request of the Required Lenders (or, if so specified by this Agreement, all Lenders), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans.

Section 8.5 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default unless the Administrative Agent has received notice from a Lender or Gannett referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders (or, if so specified by this Agreement, all Lenders); provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

Section 8.6 Non-Reliance on Administrative Agent and Other Lenders. Each Lender expressly acknowledges that neither the Administrative Agent nor any of its respective officers, directors, employees, agents, attorneys-in-fact or affiliates have made any representations or warranties to it and that no act by the Administrative Agent hereafter taken, including any review of the affairs of a Gannett or any affiliate of Gannett, shall be deemed to constitute any representation or warranty by the Administrative Agent to any Lender. Each Lender represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of Gannett and its affiliates and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of Gannett and its affiliates. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of Gannett or any affiliate of Gannett that may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.



Section 8.7 Indemnification. The Lenders agree to indemnify the Administrative Agent in its capacity as such (to the extent not reimbursed by Gannett and without limiting the obligation of Gannett to do so), ratably according to their respective Aggregate Commitment Percentages in effect on the date on which indemnification is sought under this Section (or, if indemnification is sought after the date upon which the Commitments shall have terminated and the Loans shall have been paid in full, ratably in accordance with such Aggregate Commitment Percentages immediately prior to such date), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time (whether before or after the payment of the Loans) be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of, the Commitments, this Agreement or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Administrative Agent under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from the Administrative Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of the Loans and all other amounts payable hereunder.

Section 8.8 Agent in Its Individual Capacity. The Administrative Agent and its affiliates may make loans to, accept deposits from and generally engage in any kind of business with Gannett as though the Administrative Agent were not the Administrative Agent. With respect to its Loans made or renewed by it, the Administrative Agent shall have the same rights and powers under this Agreement as any Lender and may exercise the same as though it were not the Administrative Agent, and the terms "Lender" and "Lenders" shall include the Administrative Agent in its individual capacity.

Section 8.9 Successor Administrative Agent. The Administrative Agent may resign as Administrative Agent upon 15 Business Days' notice to the Lenders and Gannett. If the Administrative Agent shall resign as Administrative Agent under this Agreement, then (a) so long as an Event of Default under Section 7.1(a), 7.1(e) or 7.1(f) with respect to Gannett shall not have occurred and be continuing, Gannett shall appoint from among the Lenders a successor agent for the Lenders, which successor agent shall be subject to approval by the Required Lenders (which approval shall not be unreasonably withheld, conditioned or delayed) and (b) if an Event of Default under Section 7.1(a), 7.1(e) or 7.1(f) with respect to Gannett shall have occurred and be continuing, the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any holders of the Loans. If no successor agent has accepted appointment as Administrative Agent by the date that is 15 Business Days following a retiring

Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and the Lenders shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Article 8 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement.

Section 8.10 Syndication Agent and Documentation Agent. Notwithstanding any provision to the contrary elsewhere in this Agreement, neither the Syndication Agent nor the Documentation Agent shall have any duties or responsibilities hereunder, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against either the Syndication Agent or the Documentation Agent.

## ARTICLE IX

### Miscellaneous

Section 9.1 Amendments and Waivers. Neither this Agreement nor any terms hereof may be amended, supplemented or modified except in accordance with the provisions of this Section 9.1. The Required Lenders and Gannett may, or, with the written consent of the Required Lenders, the Administrative Agent and Gannett may, from time to time, (a) enter into written amendments, supplements or modifications hereto for the purpose of adding any provisions to this Agreement or changing in any manner the rights of the Lenders or of Gannett hereunder or thereunder or (b) waive, on such terms and conditions as the Required Lenders or the Administrative Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall (i) forgive the principal amount or extend the final scheduled date of maturity of any Loan, extend the scheduled date of any amortization payment in respect of any Loan, reduce the stated rate of any interest or fee payable hereunder (except (x) in connection with the waiver of applicability of any post-default increase in interest rates, which waiver shall be effective with the consent of the Required Lenders and (y) that any amendment or modification of defined terms used in the financial covenants in this Agreement shall not constitute a reduction in the rate of interest or fees for purposes of this clause (i)) or extend the scheduled date of any payment thereof, in each case without the written consent of each Lender directly affected thereby; (ii) eliminate or reduce the voting rights of any Lender under this Section 9.1 or extend or increase the Commitment of any Lender, in each case without the written consent of such Lender; (iii) reduce any percentage specified in the definition of Required Lenders, consent to the assignment or transfer by Gannett of any of its rights and obligations under this Agreement, in each case without the written consent of all Lenders; (iv) amend, modify or waive any provision of Article 8 without the written consent of the Administrative Agent and any other Agent affected thereby; or (v) amend, modify or waive any provision of Section 2.13(a) or (b) without the written consent of each Lender directly affected thereby. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Lenders and shall be binding on Gannett, the Lenders, the Administrative Agent and all future holders of the Loans. In the case

of any waiver, Gannett, the Lenders and the Administrative Agent shall be restored to their former position and rights hereunder, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

For the avoidance of doubt, this Agreement may be amended (or amended and restated) with the written consent of the Required Lenders, the Administrative Agent and Gannett (a) to add one or more additional credit facilities to this Agreement and to permit the extensions of credit from time to time outstanding thereunder and the accrued interest and fees in respect thereof (collectively, the "Additional Extensions of Credit") to share ratably in the benefits of this Agreement with the Loans and the accrued interest and fees in respect thereof and (b) to include appropriately the Lenders holding such credit facilities in any determination of the Required Lenders.

Section 9.2 Notices. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telecopy), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered, or three Business Days after being deposited in the mail, postage prepaid, or, in the case of telecopy notice, when received, addressed as follows in the case of Gannett and the Administrative Agent, and as set forth in an administrative questionnaire delivered to the Administrative Agent in the case of the Lenders, or to such other address as may be hereafter notified by the respective parties hereto:

Gannett: 7950 Jones Branch Drive  
McLean, VA 22107  
Attention: Vice President & Treasurer  
Telecopy: 703-854-2047  
Telephone: 703-854-6248

The Administrative Agent: Bank of America, N.A.  
335 Madison Avenue  
New York, NY 10017  
Attention: Steven R. Gazzillo  
Telecopy: 704-409-0912  
Telephone: 212-503-8328

With a copy to:

Bank of America, N.A.  
335 Madison Avenue, 5th Floor  
New York, NY 10017  
Attention: Thomas Kane  
Telecopy: 212-503-7173  
Telephone: 212-503-7980

provided that any notice, request or demand to or upon the Administrative Agent or the Lenders shall not be effective until received.

Section 9.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Lender, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Section 9.4 Survival of Representations and Warranties. All representations and warranties made hereunder and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the making of the Loans and other extensions of credit hereunder.

Section 9.5 Payment of Expenses and Taxes. (a) Gannett agrees (i) to pay or reimburse the Administrative Agent for all its reasonable out-of-pocket costs and expenses incurred in connection with the development, preparation and execution of, and any amendment, supplement or modification to, this Agreement and any other documents prepared in connection herewith, and the consummation and administration of the transactions contemplated hereby and thereby, including the reasonable fees and disbursements of counsel to the Administrative Agent and filing and recording fees and expenses, with statements with respect to the foregoing to be submitted to Gannett prior to the Effective Date (in the case of amounts to be paid on the Effective Date) and from time to time thereafter on a quarterly basis or such other periodic basis as the Administrative Agent shall deem appropriate, (ii) to pay or reimburse each Lender and the Administrative Agent for all its reasonable costs and expenses incurred in connection with the enforcement of any rights under this Agreement and any such other documents, including the reasonable fees and disbursements of counsel to each Lender and of counsel to the Administrative Agent, and (iii) to pay, indemnify, and hold each Lender and the Administrative Agent and their respective officers, directors, employees, affiliates, agents and controlling persons (each, an "Indemnitee") harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement and any such other documents, including any of the foregoing relating to the use of proceeds of the Loans and the reasonable fees and expenses of legal counsel in connection with claims, actions or proceedings by any Indemnitee against Gannett under this Agreement (all the foregoing in this clause (d), collectively, the "Indemnified Liabilities"), provided, that Gannett shall have no obligation hereunder to any Indemnitee with respect to Indemnified Liabilities to the extent such Indemnified Liabilities have resulted from the gross negligence or willful misconduct of such Indemnitee. All amounts due under this Section 9.5(a) shall be payable not later than 10 days after written demand therefor.

(b) Notwithstanding anything to the contrary in Section 9.5(a), (i) Gannett shall have no such obligation for costs and expenses if Gannett prevails or successfully defeats any enforcement or collection proceedings; and (ii) if, by final adjudication in any proceeding not involving Gannett's bankruptcy, reorganization or insolvency, the Lenders receive less relief than claimed, Gannett's obligation for costs and expenses shall be limited proportionately to the relief granted to the Lenders.

(c) Gannett agrees to pay, indemnify, and hold each Lender and the Administrative Agent harmless from, any and all recording and filing fees and any and all liabilities with respect to, or resulting from any delay in paying, stamp, excise and other taxes, if any, that may be payable or determined to be payable in connection with the execution and delivery of, or consummation or administration of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement and any such other documents.

(d) If Gannett is required to commence proceedings against any Lender to enforce its Commitment, the Lender will pay Gannett's reasonable costs and expenses (including attorneys' fees) if Gannett succeeds, or a share of such reasonable costs and expenses proportionate to Gannett's recovery if Gannett is only partially successful.

(e) The agreements in this Section 9.5 shall survive repayment of the Loans and all other amounts payable hereunder.

Section 9.6 Successors and Assigns; Participations and Assignments. (a) This Agreement shall be binding upon and inure to the benefit of Gannett, the Lenders, the Administrative Agent, all future holders of the Loans and their respective successors and assigns, except that Gannett may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of each Lender.

(b) Any Lender other than any Conduit Lender may, without the consent of Gannett or the Administrative Agent, in accordance with applicable law, at any time sell to one or more banks, financial institutions or other entities (each, a "Participant") participating interests in any Loan owing to such Lender, any Commitment of such Lender or any other interest of such Lender hereunder. In the event of any such sale by a Lender of a participating interest to a Participant, such Lender's obligations under this Agreement to the other parties to this Agreement shall remain unchanged, such Lender shall remain solely responsible for the performance thereof, such Lender shall remain the holder of any such Loan for all purposes under this Agreement, and Gannett and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. In no event shall any Participant under any such participation have any right to approve any amendment or waiver of any provision of this Agreement, or any consent to any departure by Gannett therefrom, except to the extent that such amendment, waiver or consent would reduce the principal of, or interest on, the Loans or any fees payable hereunder, or postpone the date of the final maturity of the Loans, in each case to the extent subject to such participation. Gannett agrees that if amounts outstanding under this Agreement and the Loans are due or unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall, to the maximum extent permitted by applicable law, be deemed to have the right of setoff in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement, provided that, in purchasing such participating interest, such Participant shall be deemed to have agreed to share with the Lenders the proceeds thereof as provided in Section 9.7(a) as fully as if it were a Lender hereunder. Gannett also agrees that each Participant shall be entitled to the benefits of Sections 2.14, 2.15 and 2.16 with respect to its participation in the Commitments and the Loans

outstanding from time to time as if it was a Lender; provided that, in the case of Section 2.15, such Participant shall have complied with the requirements of said Section and provided, further, that no Participant shall be entitled to receive any greater amount pursuant to any such Section than the transferor Lender would have been entitled to receive in respect of the amount of the participation transferred by such transferor Lender to such Participant had no such transfer occurred.

(c) Any Lender other than any Conduit Lender (an "Assignor") may, in accordance with applicable law, at any time and from time to time assign to any Lender or, with the consent of Gannett and the Administrative Agent (which, in each case, shall not be unreasonably withheld, delayed or conditioned; it being understood that (i) the Administrative Agent and each Lender effecting an assignment to any Person other than a Lender should notify Gannett as promptly as possible of any request for assignment and Gannett, in turn, should promptly consider such request for assignment; and (ii) Gannett's consent shall not be considered to be unreasonably withheld, delayed or conditioned if Gannett withholds, delays or conditions its consent because, among other factors, it is concerned about a potential Assignee's capital adequacy, liquidity or ability to perform its obligations under this Agreement), to any Lender Affiliate, an additional bank, financial institution or other entity (an "Assignee") all or any part of its rights and obligations under this Agreement pursuant to an Assignment and Acceptance, executed by such Assignee, such Assignor and any other Person whose consent is required pursuant to this paragraph, and delivered to the Administrative Agent for its acceptance and recording in the Register; provided that, unless otherwise agreed by Gannett and the Administrative Agent, no such assignment to an Assignee (other than any Lender or any Lender Affiliate) shall be in an aggregate principal amount of less than \$10,000,000, in each case except in the case of an assignment of all of a Lender's interests under this Agreement. For purposes of the proviso contained in the preceding sentence, the amount described therein shall be aggregated in respect of each Lender and its Lender Affiliates, if any. Upon such execution, delivery, acceptance and recording, from and after the effective date determined pursuant to such Assignment and Acceptance, (x) the Assignee thereunder shall be a party hereto and, to the extent provided in such Assignment and Acceptance, have the rights and obligations of a Lender hereunder with a Commitment and/or Loans as set forth therein, and (y) the Assignor thereunder shall, to the extent provided in such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of an Assignor's rights and obligations under this Agreement, such Assignor shall cease to be a party hereto). Notwithstanding any provision of this Section 9.6, the consent of Gannett shall not be required for any assignment that occurs when an Event of Default shall have occurred and be continuing. Notwithstanding the foregoing, any Conduit Lender may assign at any time to its designating Lender hereunder without the consent of Gannett or the Administrative Agent any or all of the Loans it may have funded hereunder and pursuant to its designation agreement and without regard to the limitations set forth in the first sentence of this Section 9.6(c).

(d) The Administrative Agent shall, on behalf of Gannett, maintain at its address referred to in Section 9.2 a copy of each Assignment and Acceptance delivered to it and a register (the "Register") for the recordation of the names and addresses of the Lenders and the Commitment of, and the principal amount of the Loans owing to, each Lender from time to time. The entries in the Register shall be conclusive, in the absence of manifest error, and Gannett, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the

Register as the owner of the Loans and any promissory notes evidencing the Loans recorded therein for all purposes of this Agreement. Any assignment of any Loan, whether or not evidenced by a promissory note, shall be effective only upon appropriate entries with respect thereto being made in the Register. Any assignment or transfer of all or part of a Loan evidenced by a promissory note shall be registered on the Register only upon surrender for registration of assignment or transfer of the promissory note evidencing such Loan, accompanied by a duly executed Assignment and Acceptance, and thereupon one or more new promissory notes shall be issued to the designated Assignee.

(e) Upon its receipt of an Assignment and Acceptance executed by an Assignor, an Assignee and any other Person whose consent is required by Section 9.6(c), together with payment to the Administrative Agent of a registration and processing fee of \$3,500 (except that no such registration and processing fee shall be payable in the case of an Assignee which is a Lender Affiliate of the relevant Assignor), the Administrative Agent shall (i) promptly accept such Assignment and Acceptance and (ii) record the information contained therein in the Register on the effective date determined pursuant thereto.

(f) For avoidance of doubt, the parties to this Agreement acknowledge that the provisions of this Section 9.6 concerning assignments relate only to absolute assignments and that such provisions do not prohibit assignments creating security interests, including any pledge or assignment by a Lender to secure obligations to a Federal Reserve Bank in accordance with applicable law; provided that no such pledge or assignment shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) Gannett, upon receipt of written notice from the relevant Lender, agrees to issue a promissory note to any Lender requiring such a note to facilitate transactions of the type described in paragraph (f) above.

(h) Each of Gannett, each Lender and the Administrative Agent hereby confirms that it will not institute against a Conduit Lender or join any other Person in instituting against a Conduit Lender any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding under any state bankruptcy or similar law, for one year and one day after the payment in full of the latest maturing commercial paper note issued by such Conduit Lender; provided, however, that each Lender designating any Conduit Lender hereby agrees to indemnify, save and hold harmless each other party hereto for any loss, cost, damage or expense arising out of its inability to institute such a proceeding against such Conduit Lender.

Section 9.7 Adjustments; Set-off. (a) Except to the extent that this Agreement expressly provides for payments to be allocated to a particular Lender, if any Lender (a "Benefited Lender") shall, at any time after the Loans and other amounts payable hereunder shall immediately become due and payable pursuant to Section 7.2, receive any payment of all or part of the obligations owing to it, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Section 7.1(f), or otherwise), in a greater proportion than any such payment to or collateral received by any other Lender, if any, in respect of the obligations owing to such other Lender, such Benefited Lender shall purchase for cash from the other Lenders a participating interest in such portion of

the obligations owing to each such other Lender, or shall provide such other Lenders with the benefits of any such collateral, as shall be necessary to cause such Benefited Lender to share the excess payment or benefits of such collateral ratably with each of the Lenders; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest.

(b) In addition to any rights and remedies of the Lenders provided by law, each Lender shall have the right, without prior notice to Gannett, any such notice being expressly waived by Gannett to the extent permitted by applicable law, upon any amount becoming due and payable by Gannett hereunder (whether at the stated maturity, by acceleration or otherwise), to set off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender or any branch or agency thereof to or for the credit or the account of Gannett, as the case may be. Each Lender agrees promptly to notify Gannett and the Administrative Agent after any such setoff and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such setoff and application.

Section 9.8 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof. A set of the copies of this Agreement signed by all the parties shall be lodged with Gannett and the Administrative Agent.

Section 9.9 Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 9.10 Integration. This Agreement represents the entire agreement of Gannett, the Administrative Agent and the Lenders with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent or any Lender relative to the subject matter hereof not expressly set forth or referred to herein.

**Section 9.11 GOVERNING LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**



Section 9.12 Submission To Jurisdiction; Waivers. Gannett hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the courts of the State of New York, the courts of the United States for the Southern District of New York, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to Gannett at its address set forth in Section 9.2 or at such other address of which the Administrative Agent shall have been notified pursuant thereto; and

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.

Section 9.13 Acknowledgements. Gannett hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement;

(b) neither the Administrative Agent nor any Lender has any fiduciary relationship with or duty to Gannett arising out of or in connection with this Agreement, and the relationship between Administrative Agent and Lenders, on one hand, and Gannett, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or otherwise exists by virtue of the transactions contemplated hereby among the Lenders or among Gannett and the Lenders.

Section 9.14 Confidentiality. Each of the Administrative Agent and each Lender agrees to keep confidential all non-public information provided to it by Gannett pursuant to this Agreement; provided that nothing herein shall prevent the Administrative Agent or any Lender from disclosing any such information (a) to the Administrative Agent, any other Lender or any Lender Affiliate subject to this Section 9.14, (b) subject to an agreement to comply with the provisions of this Section, to any actual or prospective transferee or any direct or indirect counterparty to any Hedge Agreement (or any professional advisor to such counterparty), (c) to its employees, directors, agents, attorneys, accountants and other professional advisors or those of any of its affiliates, provided that such Persons to whom disclosure is made will be informed of the confidential nature of such information and instructed to keep such information confidential, (d) upon the request or demand of any Governmental Authority or in response to any order of any court or other Governmental Authority, upon prior written notice to Gannett to the extent reasonably practicable, (e) to the extent required by any Requirement of Law (other

than as provided in clause (d) above) or in connection with any litigation or similar proceeding, provided that Gannett shall be promptly notified, to the extent reasonably practicable, prior to any such disclosure so that Gannett may contest such disclosure or seek confidential treatment thereof, (f) that has been publicly disclosed, (g) to any nationally recognized rating agency that requires access to information about a Lender's investment portfolio in connection with ratings issued with respect to such Lender, or (h) in connection with the exercise of any remedy hereunder.

Section 9.15 USA PATRIOT Act. Each Lender hereby notifies Gannett that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies Gannett, which information includes the name and address of Gannett and other information that will allow such Lender to identify Gannett in accordance with the Act.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

GANNETT CO., INC.

By: /s/ Michael A. Hart

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Name: Michael A. Hart

Title: Vice President & Treasurer

BANK OF AMERICA, N.A., as Administrative Agent

By: /s/ Thomas J. Kane

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Name: Thomas J. Kane

Title: Senior Vice President

JPMORGAN CHASE BANK, N.A., as Syndication Agent

By: /s/ David M. Mallett

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Name: David M. Mallett

Title: Vice President

BARCLAYS BANK PLC, as Documentation Agent

By: /s/ Jonathan Burn

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Name: Jonathan Burn

Title: Director

COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

The undersigned (i) agrees to all of the provisions of the Competitive Advance and Revolving Credit Agreement, dated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

PNC BANK, National Association

By: /s/ Denise D. Killen

\_\_\_\_\_  
Name: Denise D. Killen

Title: Vice President

Dated as of December 13, 2004

COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

The undersigned (i) agrees to all of the provisions of the Competitive Advance and Revolving Credit Agreement, dated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

THE BANK OF NEW YORK

By: /s/ Michael E. Masters

\_\_\_\_\_  
Name: Michael E. Masters

Title: Vice President

Dated as of December 10, 2004

COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

The undersigned (i) agrees to all of the provisions of the Competitive Advance and Revolving Credit Agreement, dated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

BARCLAYS BANK PLC

By: /s/ David Barton

\_\_\_\_\_  
Name: David Barton

Title: Manager

Dated as of December 10, 2004

COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

The undersigned (i) agrees to all of the provisions of the Competitive Advance and Revolving Credit Agreement, dated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

JPMORGAN CHASE BANK, NA

By: /s/ David M. Mallett

\_\_\_\_\_  
Name: David M. Mallett

Title: Vice President

Dated as of December 13, 2004

COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

The undersigned (i) agrees to all of the provisions of the Competitive Advance and Revolving Credit Agreement, dated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

THE NORTHERN TRUST

By: /s/ Forrest Vollrath

\_\_\_\_\_  
Name: Forrest Vollrath

Title: Vice President

Dated as of December 13, 2004



COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

The undersigned (i) agrees to all of the provisions of the Competitive Advance and Revolving Credit Agreement, dated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

SUNTRUST BANK

By: /s/ Thomas C. Palmer

\_\_\_\_\_  
Name: Thomas C. Palmer

Title: Managing Director

Dated as of December 10, 2004

COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

The undersigned (i) agrees to all of the provisions of the Competitive Advance and Revolving Credit Agreement, dated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

ASSOCIATED BANK, NATIONAL ASSOCIATION

By: /s/ Thomas M. Toerpe

\_\_\_\_\_  
Name: Thomas M. Toerpe

Title: Vice President, Corporate Banking

Dated as of December 10, 2004

COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

The undersigned (i) agrees to all of the provisions of the Competitive Advance and Revolving Credit Agreement, dated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

BANK OF TOKYO-MITSUBISHI TRUST COMPANY

By: /s/ Karen Ossolinski

\_\_\_\_\_  
Name: Karen Ossolinski

Title: Vice President

Dated as of December 13, 2004

COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

The undersigned (i) agrees to all of the provisions of the Competitive Advance and Revolving Credit Agreement, dated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

UFJ BANK LIMITED

By: /s/ John T. Feeney

\_\_\_\_\_  
Name: John T. Feeney

Title: Vice President

Dated as of December 13, 2004

COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

The undersigned (i) agrees to all of the provisions of the Competitive Advance and Revolving Credit Agreement, dated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

STANDARD FEDERAL BANK, N.A.

By: /s/ Jason W. Bierlein

\_\_\_\_\_  
Name: Jason W. Bierlein

Title: Vice President

Dated as of December 13, 2004

COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

The undersigned (i) agrees to all of the provisions of the Competitive Advance and Revolving Credit Agreement, dated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

BANK OF HAWAII

By: /s/ Luke Yeh

\_\_\_\_\_  
Name: Luke Yeh

Title: Vice President

Dated as of December 13, 2004

COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

The undersigned (i) agrees to all of the provisions of the Competitive Advance and Revolving Credit Agreement, dated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

MELLON BANK, N.A.

By: /s/ William M. Feathers

\_\_\_\_\_  
Name: William M. Feathers

Title: Vice President

Dated as of December 13, 2004

COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

The undersigned (i) agrees to all of the provisions of the Competitive Advance and Revolving Credit Agreement, dated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

WACHOVIA BANK, N.A.

By: /s/ John Brady

\_\_\_\_\_  
Name: John Brady

Title: Director

Dated as of December 10, 2004



COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

The undersigned (i) agrees to all of the provisions of the Competitive Advance and Revolving Credit Agreement, dated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

HIBERNIA NATIONAL BANK

By: /s/ Rick Larsen

\_\_\_\_\_  
Name: Rick Larsen

Title: Vice President

Dated as of December 10, 2004

COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

The undersigned (i) agrees to all of the provisions of the Competitive Advance and Revolving Credit Agreement, dated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

FIFTH THIRD BANK

By: /s/ David C. Melin

\_\_\_\_\_  
Name: David C. Melin

Title: Vice President

Dated as of December 13, 2004

COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

The undersigned (i) agrees to all of the provisions of the Competitive Advance and Revolving Credit Agreement, dated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

HSBC BANK USA N.A.

By: /s/ Darren Pinsker

\_\_\_\_\_  
Name: Darren Pinsker

Title: Senior Vice President

Dated as of December 10, 2004

COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

The undersigned (i) agrees to all of the provisions of the Competitive Advance and Revolving Credit Agreement, dated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

LLOYDS TSB BANK PLC

By: /s/ Windsor R. Davies

\_\_\_\_\_  
Name: Windsor R. Davies

Title: Director, Corporate Banking, USA D061

By: /s/ Deborah Carlson

\_\_\_\_\_  
Name: Deborah Carlson

Title: VP & Manager - Business

Development Corporate Banking C103

Dated as of December 13, 2004

COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

The undersigned (i) agrees to all of the provisions of the Competitive Advance and Revolving Credit Agreement, dated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

WELLS FARGO BANK, National Association

By: /s/ Lori A. Ross

\_\_\_\_\_  
Name: Lori A. Ross

Title: Vice President

Dated as of December 10, 2004

COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

The undersigned (i) agrees to all of the provisions of the Competitive Advance and Revolving Credit Agreement, dated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

CITIBANK N.A.

By: /s/ Catalina Satz

\_\_\_\_\_  
Name: Catalina Satz

Title: Vice President

Dated as of December 13, 2004

COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

The undersigned (i) agrees to all of the provisions of the Competitive Advance and Revolving Credit Agreement, dated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

SUMITOMO MITSUI BANKING CORPORATION

By: /s/ Leo E. Pagarigan

\_\_\_\_\_  
Name: Leo E. Pagarigan

Title: Senior Vice President

Dated as of December 10, 2004

COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

The undersigned (i) agrees to all of the provisions of the Competitive Advance and Revolving Credit Agreement, dated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

KEYBANK NATIONAL ASSOCIATION

By: /s/ Francis W. Lutz, Jr.

\_\_\_\_\_  
Name: Francis W. Lutz, Jr.

Title: Vice President

Dated as of December 10, 2004



COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

The undersigned (i) agrees to all of the provisions of the Competitive Advance and Revolving Credit Agreement, dated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

FIRST HAWAIIAN BANK

By: /s/ Alan H. Arizumi

\_\_\_\_\_  
Name: Alan H. Arizumi

Title: Senior Vice President

Dated as of December 13, 2004

COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

The undersigned (i) agrees to all of the provisions of the Competitive Advance and Revolving Credit Agreement, dated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

BANK OF AMERICA, N.A.

By: /s/ Thomas J. Kane

\_\_\_\_\_  
Name: Thomas J. Kane

Title: Senior Vice President

Dated as of December 13, 2004

COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

The undersigned (i) agrees to all of the provisions of the Competitive Advance and Revolving Credit Agreement, dated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

U.S. BANK NATIONAL ASSOCIATION

By: /s/ John Franceschi

\_\_\_\_\_  
Name: John Franceschi

Title: Vice President

Dated as of December 13, 2004

**Commitments**

<u>Lenders</u>	<u>Five-Year Commitment</u>
Bank of America, N.A.	\$ 80,000,000
JPMorgan Chase Bank, N.A.	80,000,000
Barclays Bank PLC	50,000,000
HSBC Bank USA N.A.	12,500,000
Citibank N.A.	35,000,000
Wachovia Bank, N.A.	25,000,000
Lloyds TSB Bank, plc	62,500,000
Wells Fargo Bank, National Association	21,875,000
SunTrust Bank	56,250,000
The Northern Trust	12,500,000
Bank of Tokyo-Mitsubishi Trust Company	25,000,000
Sumitomo Mitsui Banking Corporation	50,000,000
UFJ Bank Limited	25,000,000
U.S. Bank National Association	15,625,000
Fifth Third Bank	13,750,000
Bank of Hawaii	6,250,000
First Hawaiian Bank	15,000,000
KeyBank National Association	25,000,000
PNC Bank, National Association	25,000,000
The Bank of New York	18,750,000
Mellon Bank, N.A.	3,125,000
Associated Bank, National Association	15,000,000
Hibernia National Bank	10,000,000
Standard Federal Bank, N.A.	8,750,000
<b>Total</b>	<b>\$ 691,875,000</b>

FORM OF ADDENDUM

The undersigned (i) agrees to all of the provisions of the Competitive Advance and Revolving Credit Agreement, dated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

\_\_\_\_\_  
(NAME OF LENDER)

By: \_\_\_\_\_

Name:

Title:

Dated as of December \_\_, 2004

FORM OF ASSIGNMENT AND ACCEPTANCE

Reference is made to the Competitive Advance and Revolving Credit Agreement, dated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein are therein defined unless otherwise defined), among Gannett Co., Inc., a Delaware corporation ("Gannett"), the several banks and other financial institutions or entities from time to time parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent.

The Assignor identified on Schedule 1 hereto (the "Assignor") and the Assignee identified on Schedule 1 hereto (the "Assignee") agree as follows:

1. The Assignor hereby irrevocably sells and assigns to the Assignee without recourse to the Assignor, and the Assignee hereby irrevocably purchases and assumes from the Assignor without recourse to the Assignor, as of the Effective Date (as defined below), the interest described in Schedule 1 hereto (the "Assigned Interest") in and to the Assignor's rights and obligations under the Credit Agreement with respect to those credit facilities contained in the Credit Agreement as are set forth on Schedule 1 hereto (individually, an "Assigned Facility"; collectively, the "Assigned Facilities"), in a principal amount for each Assigned Facility as set forth on Schedule 1 hereto.

2. The Assignor (a) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or with respect to the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or any other instrument or document furnished pursuant thereto, other than that the Assignor has not created any adverse claim upon the interest being assigned by it hereunder and that such interest is free and clear of any such adverse claim; and (b) makes no representation or warranty and assumes no responsibility with respect to the financial condition of Gannett, any of its Subsidiaries or any other obligor or the performance or observance by Gannett, any of its Subsidiaries or any other obligor of any of their respective obligations under the Credit Agreement or any other instrument or document furnished pursuant hereto or thereto.

3. The Assignee (a) represents and warrants that it is legally authorized to enter into this Assignment and Acceptance; (b) confirms that it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant thereto, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (c) agrees that it will, independently and without reliance upon the Assignor, the Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement or any other instrument or document furnished pursuant hereto or thereto; (d) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement or any other instrument or document furnished pursuant hereto or thereto as are delegated to the Administrative Agent by the terms thereof, together with such powers as are incidental thereto; and (e) agrees that it will be bound by the provisions of the Credit Agreement and will perform in accordance with its terms all the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender.

4. The effective date of this Assignment and Acceptance shall be the Effective Date of Assignment described in Schedule 1 hereto (the "Effective Date"). Following the execution of this Assignment and Acceptance, it will be delivered to the Administrative Agent and to Gannett for their

consent (if such consent is required) and, if such consent is granted, for acceptance and recording by the Administrative Agent pursuant to the Credit Agreement, effective as of the Effective Date (which shall not, unless otherwise agreed to by the Administrative Agent, be earlier than five Business Days after the date of such acceptance and recording by the Administrative Agent). **IN THE CASE OF ASSIGNMENTS TO AN ASSIGNEE OTHER THAN AN EXISTING LENDER, THE ASSIGNOR AND ASSIGNEE HEREBY ACKNOWLEDGE THAT THIS ASSIGNMENT SHALL NOT BE EFFECTIVE UNTIL CONSENT FOR SUCH ASSIGNMENT IS GRANTED BY GANNETT AND THIS ASSIGNMENT IS SIGNED BY EACH OF GANNETT AND THE ADMINISTRATIVE AGENT; PROVIDED THAT THE CONSENT AND SIGNATURE OF GANNETT IS NOT REQUIRED IF AN EVENT OF DEFAULT SHALL HAVE OCCURRED AND BE CONTINUING.**

5. Upon such consent, acceptance and recording, from and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignee whether such amounts have accrued prior to or on or after the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Administrative Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.

6. From and after the Effective Date, (a) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and shall be bound by the provisions thereof and (b) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement.

7. This Assignment and Acceptance shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Acceptance to be executed as of the date first above written by their respective duly authorized officers on Schedule 1 hereto.



Facility Assigned	Principal Amount Assigned	Percentage Assigned of Facility (set forth, to at least 8 decimals, as a percentage of the aggregate Facility)
Five-Year Facility:	\$	%
Incremental Facility:		

Effective Date of Assignment: \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_

[Name of Assignor], as Assignor

By: \_\_\_\_\_

Name:

Title:

[Name of Assignee], as Assignee

By: \_\_\_\_\_

Name:

Title:

The undersigned hereby consent to the within assignment:

GANNETT CO., INC.

BANK OF AMERICA, N.A., as  
Administrative Agent

By: \_\_\_\_\_

Name:

Title:

By: \_\_\_\_\_

Name:

Title:

FORM OF COMPETITIVE BID REQUEST

Bank of America, N.A., as Administrative  
Agent for the Lenders referred to below  
335 Madison Avenue  
New York, NY 10017

Attention:

Dear Ladies and Gentlemen:

The undersigned, Gannett Co., Inc. ("Gannett"), refers to the Competitive Advance and Revolving Credit Agreement, dated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein are therein defined unless otherwise defined), among Gannett, the several banks and other financial institutions or entities from time to time parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent. Gannett hereby gives you notice pursuant to subsection 2.3(b) of the Credit Agreement that it requests a Competitive Loan under the Credit Agreement, and in that connection sets forth below the terms on which such Competitive Loan is requested to be made:

(A) Facility under which Competitive Borrowing is to be made

\_\_\_\_\_

(B) Borrowing Date

\_\_\_\_\_

(C) Principal Amount of Competitive Borrowing<sup>1</sup>

\_\_\_\_\_

(D) Interest rate basis<sup>2</sup>

\_\_\_\_\_

(E) Interest Period and the last day thereof<sup>3</sup>

\_\_\_\_\_

<sup>1</sup> Not less than \$10,000,000 (and in integral multiples of \$1,000,000 in excess thereof) or greater than the excess, if any, of the aggregate Five-Year Commitments or Incremental Facility Commitments, as applicable, over the aggregate principal amount of all Five-Year Loans or Incremental Loans, as applicable, outstanding immediately prior to the making of such requested Competitive Borrowing.

<sup>2</sup> Eurodollar Competitive Loan or Fixed Rate Loan.

<sup>3</sup> Which shall be subject to the definition of "Interest Period" and end on or before the Five-Year Termination Date or Incremental Facility Maturity Date, as applicable.

Very truly yours,  
GANNETT CO., INC.

By: \_\_\_\_\_

Name:

Title:

FORM OF INVITATION FOR COMPETITIVE BIDS

[Name of Lender]

[Address]

Attention:

Dear Ladies and Gentlemen:

Reference is made to the Competitive Advance and Revolving Credit Agreement, dated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein are therein defined unless otherwise defined), among Gannett Co., Inc. ("Gannett"), the several banks and other financial institutions or entities from time to time parties thereto, Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agents. Gannett made a Competitive Bid Request on \_\_\_\_\_, \_\_, pursuant to subsection 2.3(b) of the Credit Agreement, and in that connection you are invited to submit a Competitive Bid by [Date]/[Time].<sup>4</sup> Your Competitive Bid must comply with subsection 2.3(d) of the Credit Agreement and the terms set forth below on which the Competitive Bid Request was made:

(A) Facility under which Competitive Borrowing is to be made \_\_\_\_\_

(B) Borrowing Date \_\_\_\_\_

(C) Principal Amount of Competitive Borrowing \_\_\_\_\_

(D) Interest rate basis<sup>5</sup> \_\_\_\_\_

(E) Interest Period and the last day thereof<sup>6</sup> \_\_\_\_\_

BANK OF AMERICA, N.A.,  
as Administrative Agent

By: \_\_\_\_\_

Name:

Title:

<sup>4</sup> The Competitive Bid must be received by the Administrative Agent (i) in the case of Eurodollar Competitive Loans, not later than 9:30 A.M. (Dallas, TX time) three Business Days prior to the proposed Borrowing Date, and (ii) in the case of Fixed Rate Loans, not later than 9:30 A.M. (Dallas, TX time) on the proposed Borrowing Date.

<sup>5</sup> Eurodollar Competitive Loan or Fixed Rate Loan.

<sup>6</sup> Which shall be subject to the definition of "Interest Period" and end on or before the Five-Year Termination Date or Incremental Facility Maturity Date, as applicable.

FORM OF COMPETITIVE BID

Bank of America, N.A., as Administrative  
Agent for the Lenders referred to below  
335 Madison Avenue  
New York, NY 10017

Attention:

Dear Ladies and Gentlemen:

The undersigned, [Name of Lender], refers to the Competitive Advance and Revolving Credit Agreement, dated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein are therein defined unless otherwise defined), among Gannett Co., Inc. ("Gannett"), the several banks and other financial institutions or entities from time to time parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agents. The undersigned hereby makes a Competitive Bid pursuant to subsection 2.3(d) of the Credit Agreement, in response to the Competitive Bid Request made by Gannett on \_\_\_\_\_, \_\_, and in that connection sets forth below the terms on which such Competitive Bid is made:

(A) Facility under which Competitive Borrowing is to be made

(B) Borrowing Date

(C) Principal Amount<sup>1</sup>

(D) Competitive Bid Rate<sup>2</sup>

(E) Interest Period and the last day thereof

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

<sup>1</sup> Not less than \$5,000,000 or greater than the requested Competitive Borrowing and in integral multiples of \$1,000,000 and may be subject to limitation as to the maximum aggregate principal amount of Competitive Loans for which offers made by such quoting Lender may be accepted. Up to five separate offers may be included with respect to each Interest Period.

<sup>2</sup> i.e., Eurodollar Rate + or - \_\_%, in the case of Eurodollar Competitive Loans or \_\_%, in the case of Fixed Rate Loans, in each case specified in increments of 1/10,000th of 1%.

The undersigned hereby confirms that the above offer(s) are irrevocable and that it is prepared, subject to the conditions set forth in the Credit Agreement, to extend credit to Gannett upon acceptance by Gannett of this bid in accordance with subsection 2.3(f) of the Credit Agreement.

Very truly yours,  
[NAME OF LENDER]

By: \_\_\_\_\_

Name:  
Title:

FORM OF COMPETITIVE BID ACCEPT/REJECT LETTER

\_\_\_\_\_

Bank of America, N.A., as Administrative  
 Agent for the Lenders referred to below  
 335 Madison Avenue  
 New York, NY 10017

Attention:

Dear Ladies and Gentlemen:

The undersigned, Gannett Co., Inc. ("Gannett"), refers to the Competitive Advance and Revolving Credit Agreement, dated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein are therein defined unless otherwise defined), among Gannett, the several banks and other financial institutions or entities from time to time parties thereto, Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent.

In accordance with subsection 2.3(e) of the Credit Agreement, we have received a summary of bids in connection with our Competitive Bid Request dated \_\_\_\_\_, \_\_ and in accordance with subsection 2.3(f) of the Credit Agreement, we hereby accept the following bids:

<u>Principal Amount</u>	<u>Fixed Rate/Margin</u>	<u>Maturity Date</u>	<u>Lender</u>
\$	[%]/[+/-.__%]		

We hereby reject the following bids:

<u>Principal Amount</u>	<u>Fixed Rate/Margin</u>	<u>Maturity Date</u>	<u>Lender</u>
\$	[%]/[+/-.__%]		

The \$ \_\_\_\_\_ should be deposited in Bank of America, N.A. account number [ \_\_\_\_\_ ] on [date].

Upon acceptance of any or all of the Loans offered by the Lenders in response to this request, Gannett shall be deemed to have represented and warranted that the conditions to lending specified in Article IV of the Credit Agreement have been satisfied.

Very truly yours,  
GANNETT CO., INC.

By: \_\_\_\_\_

Name:  
Title:



FORM OF NEW LENDER SUPPLEMENT

SUPPLEMENT, dated \_\_\_\_\_, to the Competitive Advance and Revolving Credit Agreement, dated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein are therein defined unless otherwise defined), among Gannett Co., Inc., a Delaware corporation ("Gannett"), the several banks and other financial institutions or entities from time to time parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent.

WITNESSETH:

WHEREAS, the Credit Agreement provides in Section 2.1(e) thereof that any bank, financial institution or other entity may become a party to the Credit Agreement in connection with any transaction described in Section 2.1(d) thereof with the consent of Gannett and the Administrative Agent (which consent, in the case of the Administrative Agent, shall not be unreasonably withheld) by executing and delivering to Gannett and the Administrative Agent a supplement to the Credit Agreement in substantially the form of this Supplement; and

WHEREAS, the undersigned now desires to become a party to the Credit Agreement;

NOW, THEREFORE, the undersigned hereby agrees as follows:

1. The undersigned agrees to be bound by the provisions of the Credit Agreement, and agrees that it shall, on the date this Supplement is accepted by Gannett and the Administrative Agent, become a Lender for all purposes of the Credit Agreement to the same extent as if originally a party thereto, with [Five-Year Commitments of \$\_\_\_\_\_] [Incremental Facility Commitments of \$\_\_\_\_\_].

2. The undersigned (a) represents and warrants that it is legally authorized to enter into this Supplement; (b) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referred to in Section 3.2 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Supplement; (c) agrees that it has made and will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement or any instrument or document furnished pursuant hereto or thereto; (d) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement or any instrument or document furnished pursuant hereto or thereto as are delegated to the Administrative Agent by the terms thereof, together with such powers as are incidental thereto; and (e) agrees that it will be bound by the provisions of the Credit Agreement and will perform in accordance with its terms all the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender including, without limitation, if it is organized under the laws of a jurisdiction outside the United States, its obligation pursuant to Section 2.15(d) of the Credit Agreement.

3. The undersigned's address for notices for the purposes of the Credit Agreement is as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

IN WITNESS WHEREOF, the undersigned has caused this Supplement to be executed and delivered by a duly authorized officer on the date first above written.

[INSERT NAME OF LENDER]

By: \_\_\_\_\_

Title:

Accepted this \_\_ day of \_\_\_\_\_, \_\_.

GANNETT CO., INC.

By \_\_\_\_\_

Title:

Accepted this \_\_ day of \_\_\_\_\_, \_\_.

BANK OF AMERICA, N.A.,  
as Administrative Agent

By \_\_\_\_\_

Title:

FORM OF INCREMENTAL FACILITY ACTIVATION NOTICE

To: BANK OF AMERICA, N.A.,  
as Administrative Agent under the Credit Agreement referred to below

Reference is hereby made to the Competitive Advance and Revolving Credit Agreement, dated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., a Delaware corporation ("Gannett"), the several banks and other financial institutions or entities from time to time parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent.

This notice is an Incremental Facility Activation Notice referred to in the Credit Agreement, and Gannett and each of the Lenders party hereto hereby notify you that:

1. Each Lender party hereto agrees to make or increase the amount of its [Five-Year Commitment] [Incremental Facility Commitment] as set forth opposite such Lender's name below under the caption "Incremental Facility Amount".
2. The Incremental Facility Closing Date is \_\_\_\_\_.
- [3. The Incremental Facility Maturity Date is \_\_\_\_\_.]

GANNETT CO., INC.

By: \_\_\_\_\_

Name:

Title:

Incremental Facility Amount

[NAME OF LENDER]

\$

By: \_\_\_\_\_

Name:

Title:

CONSENTED TO:

BANK OF AMERICA, N.A.,  
as Administrative Agent

By \_\_\_\_\_

Name:

Title:

FORM OF EXEMPTION CERTIFICATE

Reference is made to the Competitive Advance and Revolving Credit Agreement, dated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., a Delaware corporation ("Gannett"), the several banks and other financial institutions or entities from time to time parties thereto, Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent. [Name of Non-U.S. Person] (the "Lender") is providing this certificate pursuant to subsection 2.15(d) of the Credit Agreement. The Lender hereby represents and warrants that:

1. The Lender is the sole record and beneficial owner of the Loans in respect of which it is providing this certificate.

2. The Lender is not a "bank" for purposes of Section 881(c)(3)(A) of the Internal Revenue Code of 1986, as amended (the "Code"). In this regard, the Lender represents and warrants that:

(a) the Lender is not subject to regulatory or other legal requirements as a bank in any jurisdiction; and

(b) the Lender has not been treated as a bank for purposes of any tax, securities law or other filing or submission made to any governmental authority, any application made to a rating agency or qualification for any exemption from tax, securities law or other legal requirements.

3. The Lender meets all of the requirements under Code Section 871(a) or 881(c) to be eligible for a complete exemption from withholding of taxes on interest payments made to it under the Credit Agreement (i.e., Gannett will not be required to withhold any amounts under U.S. tax law with respect to such interest payments), including without limitation that it is not a 10-percent shareholder (within the meaning of Section 871(h)(3)(B) of the Code) of Gannett and is not a controlled foreign corporation related to Gannett (within the meaning of Section 864(d)(4) of the Code).

4. The Lender shall promptly notify Gannett and the Administrative Agent if any of the representations and warranties made herein are no longer true and correct.

IN WITNESS WHEREOF, the undersigned has duly executed this certificate as of the \_\_\_ day of \_\_\_\_\_, \_\_\_\_.

[NAME OF LENDER]

By: \_\_\_\_\_

Name:

Title:

FORM OF OPINION OF NIXON PEABODY LLP  
[Letterhead of Nixon Peabody LLP]

[DATE]

To the Lenders parties to the Competitive Advance and Revolving Credit Agreement dated as of December 13, 2004 and effective as of January 5, 2005, among Gannett Co., Inc., the Lenders parties thereto, Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent

Ladies and Gentlemen:

We are counsel to Gannett Co., Inc., a Delaware corporation ("Gannett"), and as such we are familiar with the Competitive Advance and Revolving Credit Agreement, dated as of December 13, 2004 and effective as of January 5, 2005, among Gannett, the several lenders from time to time parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent (the "Administrative Agent"), JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent (the "Credit Agreement"). Capitalized terms defined in the Credit Agreement are used herein with the respective meanings assigned to such terms in the Credit Agreement.

In connection with this opinion, we have examined, among other documents, an executed copy of the Credit Agreement and Gannett's Restated Certificate of Incorporation, as amended, and By-laws, as amended. Subject to the assumptions and qualifications contained herein, we also have examined originals or copies, certified or otherwise identified to our satisfaction, of such other documents, and made such investigations of law, as we have deemed necessary or appropriate as a basis for the opinions expressed below. We also have relied upon certificates and other documents from public officials.

In rendering the following opinions, we have assumed, without investigation, the authenticity of any document or other instrument submitted to us as an original, the conformity to the originals of any document or other instrument submitted to us as a copy, the legal capacity of natural persons, and the genuineness of all signatures on such originals or copies.

We express no opinion herein as to (i) any provisions of the Credit Agreement which provide for indemnification, waiver or release to the extent such provisions may be limited or rendered, unenforceable, in whole or in part, by securities laws, criminal statutes or other laws or the policies underlying such laws and by the effect of general rules of contract law that limit the enforceability of provisions releasing, exculpating or exempting a party from, or requiring indemnification for liability for action or inaction, to the extent the action or inaction involves gross negligence, recklessness, willful misconduct or unlawful conduct, or (ii) the waiver of inconvenient forum or any claim that venue is improper or provisions relating to subject matter jurisdiction of the courts set forth in the Credit Agreement.

The phrase “to our knowledge,” when used herein, means that our opinion is based solely on matters within the actual knowledge of attorneys in the firm who have been involved in the preparation of this opinion and the Credit Agreement.

Members of our firm involved in the preparation of this opinion are licensed to practice law in the State of New York and we do not purport to be experts on, or to express any opinion herein concerning, any law other than the laws of the State of New York, the General Corporation Law of the State of Delaware and the Federal law of the United States.

Based upon and subject to the foregoing and the other assumptions and qualifications contained herein, we are of the opinion that:

1. Gannett is a corporation duly organized, validly existing and in good standing under the laws of Delaware and is duly qualified to do business as a foreign corporation, and Gannett is in good standing in all states in which it owns substantial properties or in which it conducts substantial business or in which qualification is necessary in order that the business or financial condition of Gannett and its Subsidiaries, taken as a whole, be not Materially adversely affected.

2. To our knowledge, there are no actions, suits or proceedings pending or threatened against or affecting Gannett or any of its Subsidiaries in or before any court or foreign or domestic government instrumentality, and neither Gannett nor any of its Subsidiaries is in default in respect of any order of any such court or governmental instrumentality which, in any such case, in the opinion of Gannett, are Material.

3. Neither the execution and delivery of the Credit Agreement, the consummation of the transactions therein contemplated nor compliance with the terms and provisions thereof will conflict with or result in breach of any of the provisions of the Restated Certificate of Incorporation, as amended, or the By-Laws, as amended, of Gannett or, to our knowledge and based on reasonable inquiries made of corporate officers, of any law or of any regulation or order of any court or governmental instrumentality or any material agreement or instrument by which Gannett is bound or constitute a default thereunder or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever not permitted under Section 6.1 of the Credit Agreement upon any of the property of Gannett.

4. The execution and delivery of the Credit Agreement and the making of all Borrowings contemplated or permitted by the provisions thereof have been duly authorized by all necessary corporate action on the part of Gannett; and the Credit Agreement has been duly and validly executed and delivered by Gannett. The Credit Agreement constitutes a valid and legally binding agreement of Gannett enforceable in accordance with its terms and the Borrowings, when duly made, will constitute valid and legally binding obligations of Gannett enforceable in accordance with the terms thereof and of the Credit Agreement, except as limited by applicable bankruptcy, insolvency, moratorium, reorganization or other laws, judicial decisions or principles of equity relating to or affecting the enforcement of creditors’ rights or contractual obligations generally.

In rendering the foregoing opinions, we have relied upon the certificates of officers of Gannett as to factual matters, including (i) the nature and location of the property of Gannett, (ii) the agreements and instruments to which Gannett and/or its Subsidiaries is a party which are material, and (iii) the existence of Material pending or threatened actions, suits or proceedings or orders of any court or governmental instrumentality and other information from such officers. We have not independently investigated or verified the information represented in such certificates provided to us and do not opine as to the accuracy thereof.

Very truly yours,

FORM OF COMPLIANCE CERTIFICATE

**[Use for quarterly report]**

The undersigned, an officer of Gannett Co., Inc. ("Gannett"), has executed this Certificate on behalf of Gannett pursuant to Section 5.1(a) of the Competitive Advance and Revolving Credit Agreement, dated as of December 13, 2004 and effective as of January 5, 2005 (the "Agreement"), among Gannett, the several banks and other financial institutions or entities from time to time parties thereto, Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agents. The undersigned has reviewed Gannett's activities during the preceding fiscal quarter, which has consisted solely of a review of the unaudited consolidated financial statements of Gannett for said fiscal quarter.

**[Use for annual report]**

The undersigned, an officer of Gannett Co., Inc. ("Gannett") has executed this Certificate on behalf of Gannett pursuant to Section 5.1(b) of the Competitive Advance and Revolving Credit Agreement, dated as of December 13, 2004 and effective as of January 5, 2005 (the "Agreement"), among Gannett, the several banks and other financial institutions or entities from time to time parties thereto, Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agents. The undersigned has reviewed the activities of Gannett and its Subsidiaries during the preceding fiscal year, which has consisted solely of a review of the audited consolidated financial statements of Gannett for said fiscal year.

**[Use for quarterly and  
annual report]**

At \_\_\_\_\_ the Total Shareholders' Equity is \_\_\_\_\_.

The undersigned hereby CERTIFIES THAT, based upon the review described above and a review of the Agreement, nothing came to the undersigned's attention which caused the undersigned to believe that (i) Gannett has not fulfilled all of its obligations under the Agreement or (ii) there has occurred an Event of Default as defined in said Agreement, or any condition, event or act, which with notice or lapse of time or both, would constitute an Event of Default, which has not been cured pursuant to the provisions of the Agreement.

GANNETT CO., INC.

By: \_\_\_\_\_

Name:

Title:

AMENDED AND RESTATED COMPETITIVE ADVANCE AND  
REVOLVING CREDIT AGREEMENT

among

GANNETT CO., INC.,

The Several Lenders  
from Time to Time Parties Hereto,

BANK OF AMERICA, N.A.,  
as Administrative Agent,

JPMORGAN CHASE BANK, N.A.,  
as Syndication Agent,

and

BARCLAYS BANK PLC,  
as Documentation Agent

Dated as of March 11, 2002 and effective as of March 18, 2002,  
as amended and restated as of December 13, 2004  
and effective as of January 5, 2004

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BANC OF AMERICA SECURITIES LLC  
and  
J.P. MORGAN SECURITIES INC.,  
as Joint Lead Arrangers and Joint Bookrunners



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## SCHEDULES

### 1.1 Commitments

#### EXHIBITS

- A Form of Addendum
- B Form of Assignment and Acceptance
- C-1 Form of Competitive Bid Request
- C-2 Form of Invitation for Competitive Bids
- C-3 Form of Competitive Bid
- C-4 Form of Competitive Bid Accept/Reject Letter
- D-1 Form of New Lender Supplement
- D-2 Form of Incremental Facility Activation Notice
- E Form of Exemption Certificate
- F Form of Opinion of Nixon Peabody LLP
- G Form of Compliance Certificate

AMENDED AND RESTATED COMPETITIVE ADVANCE AND REVOLVING CREDIT AGREEMENT, dated as of March 11, 2002 and effective as of March 18, 2002, as amended and restated as of December 13, 2004 and effective as of January 5, 2005, among GANNETT CO., INC., a Delaware corporation ("Gannett"), the several banks and other financial institutions from time to time parties to this Agreement (the "Lenders"), BANK OF AMERICA, N.A., as administrative agent for the Lenders hereunder (in such capacity, the "Administrative Agent"), JPMORGAN CHASE BANK, N.A., as syndication agent (the "Syndication Agent"), and BARCLAYS BANK PLC, as documentation agent (the "Documentation Agent").

W I T N E S S E T H :

WHEREAS, Gannett entered into the Credit Agreement, dated as of March 11, 2002 and effective as of March 18, 2002 (the "Existing Credit Agreement"), among Gannett, the several banks and other financial institutions or entities party thereto and the agents named therein;

WHEREAS, the parties hereto have agreed to amend and restate the Existing Credit Agreement as provided in this Agreement, which Agreement shall become effective upon the satisfaction of the conditions precedent set forth in Article IV hereof; and

WHEREAS, it is the intent of the parties hereto that this Agreement not constitute a novation of the obligations and liabilities existing under the Existing Credit Agreement or evidence repayment of any of such obligations and liabilities and that this Agreement amend and restate in its entirety the Existing Credit Agreement and re-evidence the obligations of Gannett outstanding thereunder;

NOW, THEREFORE, in consideration of the above premises, the parties hereto hereby agree that on the Restatement Effective Date (as defined below), the Existing Credit Agreement shall be amended and restated in its entirety as follows:

ARTICLE I

Definitions

Section 1.1 Defined Terms. The following words and terms shall have the following meanings in this Agreement:

"ABR": for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the greater of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. If for any reason the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate for any reason, the ABR shall be determined without regard to clause (b) of the first sentence of this definition until the circumstances giving rise to such inability no longer exist. Any change in the ABR due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective as of the opening of business on the effective day of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

“ABR Loans”: Loans the rate of interest applicable to which is based upon the ABR.

“Addendum”: an instrument, substantially in the form of Exhibit A, by which a Lender becomes a party to this Agreement as of the Restatement Effective Date.

“Aggregate Commitment Percentage”: as to any Lender at any time, the percentage which such Lender’s Commitment then constitutes of the aggregate Commitments (or, at any time after the Commitments shall have expired or terminated, the percentage which the aggregate principal amount of such Lender’s Loans then outstanding constitutes of the aggregate principal amount of the Loans then outstanding).

“Agreement”: this Amended and Restated Competitive Advance and Revolving Credit Agreement, as amended, supplemented or otherwise modified from time to time.

“Applicable Margin”: the appropriate rate per annum set forth in the table below opposite the applicable Facility:

<u>Credit Status</u>	<u>Five-Year Facility</u>
Credit Status 1	18.00 Basis Points
Credit Status 2	17.00 Basis Points
Credit Status 3	21.00 Basis Points
Credit Status 4	37.50 Basis Points
Credit Status 5	45.00 Basis Points
Credit Status 6	50.00 Basis Points

“Assignee”: as defined in Section 9.6(c).

“Assignment and Acceptance”: an Assignment and Acceptance, substantially in the form of Exhibit B.

“Basis Point”: 1/100th of one percent.

“Board”: the Board of Governors of the Federal Reserve System, or any successor thereto.

“Borrowing”: a group of Loans of a single Type made by the Lenders (or, in the case of a Competitive Borrowing, by the Lender or Lenders whose Competitive Bids have been accepted pursuant to Section 2.3) on a single date and as to which a single Interest Period is in effect.

“Borrowing Date”: any Business Day specified by Gannett as a date on which Gannett requests the relevant Lenders to make Loans hereunder.

“Business Day”: each Monday, Tuesday, Wednesday, Thursday and Friday which is not a legal holiday for banks in Dallas, Texas or the State of New York; provided, that with respect to notices and determinations in connection with, and payments of principal and interest on, Eurodollar Loans, such day is also a day for trading by and between banks in Dollar deposits in the interbank eurodollar market.

“Code”: the Internal Revenue Code of 1986, as amended from time to time.

“Commitment”: as to any Lender, the sum of its Five-Year Commitment and commitment under the Incremental Facility, if any.

“Commitment Utilization Percentage”: on any day, the percentage equivalent of a fraction (a) the numerator of which is the sum of the aggregate outstanding principal amount of all Loans and (b) the denominator of which is the Total Commitment (or, on any day after termination of the Commitments under a Facility with outstanding Loans, the Total Commitment in effect immediately preceding such termination).

“Competitive Bid”: an offer by a Lender to make a Competitive Loan pursuant to Section 2.3.

“Competitive Bid Accept/Reject Letter”: a notification made by Gannett pursuant to Section 2.3(f) in the form of Exhibit C-4.

“Competitive Bid Rate”: as to any Competitive Bid made by a Lender pursuant to Section 2.3, (i) in the case of a Eurodollar Competitive Loan, the Eurodollar Rate plus (or minus) the Margin, and (ii) in the case of a Fixed Rate Loan, the fixed rate of interest offered by the Lender making such Competitive Bid.

“Competitive Bid Request”: a request made pursuant to Section 2.3(b) in the form of Exhibit C-1.

“Competitive Borrowing”: a Borrowing consisting of a Competitive Loan or concurrent Competitive Loans from the Lender or Lenders whose Competitive Bids for such Borrowing have been accepted by Gannett under the bidding procedure described in Section 2.3.

“Competitive Loan”: a Loan (which shall be a Eurodollar Competitive Loan or a Fixed Rate Loan) made by a Lender pursuant to the bidding procedure described in Section 2.3.

“Conduit Lender”: any special purpose corporation organized and administered by any Lender for the purpose of making Loans hereunder otherwise required to be made by such Lender and designated by such Lender in a written instrument, subject to the consent of the Administrative Agent and Gannett; provided, that the designation by any Lender of a Conduit Lender shall not relieve the designating Lender of any of its obligations to fund a Loan under this Agreement if, for any reason, its Conduit Lender fails to fund any such Loan, and the designating Lender (and not the Conduit Lender) shall have the sole right and responsibility to deliver all consents and waivers required or requested under this Agreement with respect to its Conduit Lender, and provided, further, that no Conduit Lender shall (a) be entitled to receive any greater amount pursuant to Section 2.14, 2.15, 2.16 or 9.5 than the designating Lender would have been entitled to receive in respect of the extensions of credit made by such Conduit Lender or (b) be deemed to have any Commitment hereunder.

“Contractual Obligation”: as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

“Credit Status”: any of Credit Status 1, Credit Status 2, Credit Status 3, Credit Status 4, Credit Status 5 or Credit Status 6. In determining whether Credit Status 1, Credit Status 2, Credit Status 3, Credit Status 4, Credit Status 5 or Credit Status 6 shall apply in any circumstance, if the applicable ratings by S&P and Moody’s differ, the higher of the two ratings will be determinative, unless the applicable ratings by S&P and Moody’s are more than one level apart, in which case the Credit Status one level below the higher rating will be determinative. In the event that Gannett’s senior unsecured long-term debt is rated by only one of S&P and Moody’s, then that single rating shall be determinative.

“Credit Status 1” shall exist upon the occurrence of the higher of a rating by S&P of Gannett’s senior unsecured long-term debt of at least A+ or a rating by Moody’s of Gannett’s senior unsecured long-term debt of at least A1.



“Credit Status 2” shall exist upon the occurrence of the higher of a rating by S&P of Gannett’s senior unsecured long-term debt of at least A but lower than A+ or a rating by Moody’s of Gannett’s senior unsecured long-term debt of at least A2 but lower than A1.

“Credit Status 3” shall exist upon the occurrence of the higher of a rating by S&P of Gannett’s senior unsecured long-term debt of at least A- but lower than A or a rating by Moody’s of Gannett’s senior unsecured long-term debt of at least A3 but lower than A2.

“Credit Status 4” shall exist upon the occurrence of the higher of a rating by S&P of Gannett’s senior unsecured long-term debt of at least BBB+ but lower than A- or a rating by Moody’s of Gannett’s senior unsecured long-term debt of at least Baa1 but lower than A3.

“Credit Status 5” shall exist upon the occurrence of the higher of a rating by S&P of Gannett’s senior unsecured long-term debt of at least BBB but lower than BBB+ or a rating by Moody’s of Gannett’s senior unsecured long-term debt of at least Baa2 but lower than Baa1.

“Credit Status 6” shall exist upon the occurrence of the higher of a rating by S&P of Gannett’s senior unsecured long-term debt of lower than BBB or a rating by Moody’s of Gannett’s senior unsecured long-term debt of lower than Baa2.

“Default”: any of the events specified in Section 7.1, whether or not any requirement for the giving of notice, the lapse of time, or both, or any other condition, has been satisfied.

“Dollars” and “\$”: dollars in lawful currency of the United States of America.

“Environmental Laws”: any and all federal, state, local and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions relating to the environment or to emissions, discharges or releases of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes into the environment including, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes or the clean-up or other remediation thereof.

“Eurocurrency Reserve Requirements”: for any day as applied to a Eurodollar Loan, the aggregate (without duplication) of the maximum rates (expressed as a decimal fraction) of reserve requirements in effect on such day (including, without limitation, basic, supplemental, marginal and emergency reserves under any regulations of the Board or other Governmental Authority having jurisdiction with respect thereto) dealing with reserve requirements prescribed for eurocurrency funding (currently referred to as “Eurocurrency liabilities” in Regulation D of the Board) maintained by a member bank of such System.

“Eurodollar Base Rate”: with respect to each day during each Interest Period pertaining to a Eurodollar Loan, the rate per annum determined on the basis of the rate for deposits in Dollars for a period equal to such Interest Period commencing on the first day of such Interest Period as published by Reuters as the British Bankers Association LIBOR Rate (“BBA”).

LIBOR) as of 11:00 A.M., London time, two Business Days prior to the beginning of such Interest Period. In the event that BBA LIBOR as published by Reuters is unavailable, the “Eurodollar Base Rate” shall be determined by reference to such other comparable publicly available service for displaying eurodollar rates as may be selected by the Administrative Agent or, in the absence of such availability, by reference to the rate at which the Administrative Agent is offered Dollar deposits at or about 11:00 A.M., Dallas, Texas time, two Business Days prior to the beginning of such Interest Period in the interbank eurodollar market where its eurodollar and foreign currency and exchange operations are then being conducted for delivery on the first day of such Interest Period for the number of days comprised therein.

“Eurodollar Borrowing”: a Borrowing comprised of Eurodollar Loans.

“Eurodollar Competitive Loan”: any Competitive Loan bearing interest at a rate determined by reference to the Eurodollar Rate.

“Eurodollar Loan”: any Eurodollar Competitive Loan or Eurodollar Revolving Credit Loan.

“Eurodollar Rate”: with respect to each day during each Interest Period pertaining to a Eurodollar Loan, a rate per annum determined for such day in accordance with the following formula (rounded upward to the nearest 1/100th of 1%):

Eurodollar Base Rate

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1.00 - Eurocurrency Reserve Requirements

“Eurodollar Revolving Credit Loan”: any Five-Year Loan bearing interest at a rate determined by reference to the Eurodollar Rate.

“Event of Default”: any of the Events of Default specified in Section 7.1 of this Agreement.

“Excess Utilization Day”: each day on which the Commitment Utilization Percentage exceeds 50%.

“Existing Credit Agreement”: as defined in the recitals hereto.

“Facility”: each of the Five-Year Facility and the Incremental Facility.

“Federal Funds Effective Rate”: for any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day of such rates on such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by it.

“Five-Year Available Commitment”: as to any Five-Year Lender at any time, the excess, if any, of such Five-Year Lender’s Five-Year Commitment over such Five-Year Lender’s Five-Year Loans.

“Five-Year Commitment”: as to any Lender, the obligation of such Lender, if any, to make Five-Year Loans in an aggregate principal and/or face amount not to exceed the amount set forth under the heading “Five-Year Commitment” opposite such Lender’s name on Schedule 1.1 or in the Assignment and Acceptance or New Lender Supplement pursuant to which such Lender became a party hereto, as the same may be changed from time to time pursuant to the terms hereof.

“Five-Year Commitment Percentage”: as to any Five-Year Lender at any time, the percentage which such Five-Year Lender’s Five-Year Commitment then constitutes of the aggregate Five-Year Commitments (or, at any time after the Five-Year Commitments shall have expired or terminated, the percentage which the aggregate principal amount of such Five-Year Lender’s Five-Year Loans then outstanding constitutes of the aggregate principal amount of the Five-Year Loans then outstanding).

“Five-Year Commitment Period”: the period from and including the Restatement Effective Date to the Five-Year Termination Date.

“Five-Year Competitive Loans”: Competitive Loans made under the Five-Year Facility.

“Five-Year Facility”: the Five-Year Commitments and the Loans made thereunder.

“Five-Year Lender”: each Lender that has a Five-Year Commitment or that holds Five-Year Loans.

“Five-Year Loans”: as defined in Section 2.1(b).

“Five-Year Termination Date”: January 5, 2010.

“Fixed Rate Borrowing”: a Borrowing comprised of Fixed Rate Loans.

“Fixed Rate Loan”: any Competitive Loan bearing interest at a fixed percentage rate per annum specified by the Lender making such Loan in its Competitive Bid.

“GAAP”: generally accepted accounting principles in the United States as in effect from time to time and consistent with those used in the preparation of the most recent audited financial statements referred to in Section 3.2. In the event that any “Accounting Change” (as defined below) shall occur and such change results in a material change in the method of calculation of financial covenants, standards or terms in this Agreement, then Gannett and the Administrative Agent agree to enter into negotiations in order to amend such provisions of this Agreement so as to equitably reflect such Accounting Changes with the desired result that the criteria for evaluating Gannett’s financial condition shall be the same after such Accounting Changes as if such Accounting Changes had not been made. Until such time as such an amendment shall have been executed and delivered by Gannett, the Administrative Agent and the Required Lenders, all financial covenants, standards and terms in this Agreement shall continue to be calculated or construed as if such Accounting Changes had not occurred. “Accounting Changes” refers to changes in accounting principles required by the promulgation

of any rule, regulation, pronouncement or opinion by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants or, if applicable, the Securities and Exchange Commission.

“Governmental Authority”: any nation or government, any state or other political subdivision thereof and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government.

“Incremental Facility Activation Notice”: a notice substantially in the form of Exhibit D-2.

“Incremental Facility”: as defined in Section 2.1(d).

“Incremental Facility Closing Date”: any Business Day designated as such in an Incremental Facility Activation Notice.

“Incremental Facility Commitment”: as to any Lender, the obligation of such Lender, if any, to make Incremental Loans in an aggregate principal amount not to exceed the amount set forth in the applicable Incremental Facility Activation Notice or in the Assignment and Acceptance or New Lender Supplement pursuant to which such Lender became a party hereto, as the same may be changed from time to time pursuant to the terms hereof.

“Incremental Facility Lenders”: (a) on any Incremental Facility Closing Date relating to Incremental Loans, the Lenders signatory to the relevant Incremental Facility Activation Notice and (b) thereafter, each Lender that is a holder of an Incremental Loan.

“Incremental Facility Maturity Date”: with respect to the Incremental Loans, the maturity date specified in such Incremental Facility Activation Notice, which date shall be a date at least six months after the final maturity of the Five-Year Loans.

“Incremental Loans”: as defined in Section 2.1(d).

“Interest Payment Date”: (a) as to any ABR Loan, the last day of each March, June, September and December to occur while such Loan is outstanding and on the date such Loan is paid in full, (b) as to any Eurodollar Loan or Fixed Rate Loan, the last day of the Interest Period applicable thereto and (c) as to any Eurodollar Loan or Fixed Rate Loan having an Interest Period longer than three months or 90 days, as the case may be, each day which is three months or 90 days, respectively, after the first day of the Interest Period applicable thereto; provided that, in addition to the foregoing, each of (x) the date upon which both the Commitments have been terminated and the Loans have been paid in full and (y) the Five-Year Termination Date shall be deemed to be an “Interest Payment Date” with respect to any interest which is then accrued hereunder.

“Interest Period”: (a) with respect to any Eurodollar Loan:

- (i) initially, the period commencing on the borrowing or conversion date, as the case may be, with respect to such Eurodollar Loan and ending one,

- two, three or six (or if available to all the Lenders (or, in the case of Eurodollar Competitive Loans, the Lender making such Loans) nine) months thereafter, as selected by Gannett in its notice of borrowing or notice of conversion, as the case may be, given with respect thereto; and
- (ii) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Eurodollar Loan and ending one, two, three or six (or if available to all the Lenders (or, in the case of Eurodollar Competitive Loans, the Lender making such Loans) nine) months thereafter, as selected by Gannett by irrevocable notice to the Administrative Agent not less than three Business Days prior to the last day of the then current Interest Period with respect thereto; and
  - (b) with respect to any Fixed Rate Loan, the period commencing on the Borrowing Date with respect to such Fixed Rate Loan and ending such number of days thereafter (which shall be not less than seven days or more than 360 days after the date of such borrowing) as selected by Gannett in its Competitive Bid Request given with respect thereto.

provided that all of the foregoing provisions relating to Interest Periods are subject to the following:

- (A) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of an Interest Period pertaining to a Eurodollar Loan, the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day; and
- (B) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month.

“Invitation for Competitive Bids”: an invitation made by Gannett pursuant to Section 2.3(c) in the form of Exhibit C-2.

“Lender Affiliate”: (a) any affiliate of any Lender, (b) any Person that is administered or managed by any Lender and that is engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business and (c) with respect to any Lender which is a fund that invests in commercial loans and similar extensions of credit, any other fund that invests in commercial loans and similar extensions of credit and is managed or advised by the same investment advisor as such Lender or by an affiliate of such Lender or investment advisor.

“Lenders”: as defined in the preamble hereto; provided, that unless the context otherwise requires, each reference herein to the Lenders shall be deemed to include any Conduit Lender.

“Lien”: any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any capital lease having substantially the same economic effect as any of the foregoing).

“Loan”: any loan made by any Lender pursuant to this Agreement.

“Margin”: as to any Eurodollar Competitive Loan, the margin to be added to or subtracted from the Eurodollar Rate in order to determine the interest rate applicable to such Loan, as specified in the Competitive Bid relating to such Loan.

“Material”: when used to describe an adverse effect or an event on Gannett or its Subsidiaries, shall mean a condition, event or act which, with the giving of notice or lapse of time or both, will constitute a Default or an Event of Default.

“Material Adverse Effect”: a Material adverse effect on (a) the business, assets, operations or condition, financial or otherwise, of Gannett and its Subsidiaries taken as a whole or (b) the validity or enforceability of this Agreement or the material rights or remedies of the Administrative Agent and the Lenders hereunder.

“Moody’s”: Moody’s Investors Service, Inc. and its successors; provided, however, that if Moody’s ceases rating securities similar to the senior unsecured long-term debt of Gannett and its ratings and business with respect to such securities shall not have been transferred to any successor, then “Moody’s” shall mean any other nationally recognized rating agency (other than S&P) selected by Gannett and approved by the Administrative Agent (not to be unreasonably withheld or delayed) that rates any senior unsecured long-term debt of Gannett.

“Net Property, Plant and Equipment”: the amount under that heading on the consolidated balance sheet of Gannett and its Subsidiaries prepared in accordance with GAAP.

“Non-Excluded Taxes”: as defined in Section 2.15(a).

“Non-U.S. Lender”: as defined in Section 2.15(d).

“Other Taxes”: any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement.

“Participant”: as defined in Section 9.6(b).

“Person”: an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

“Prime Rate”: the rate of interest per annum publicly announced from time to time by Bank of America, N.A. as its prime rate in effect at its principal office in Dallas, Texas (the Prime Rate not being intended to be the lowest rate of interest charged by Bank of America, N.A. in connection with extensions of credit to debtors).

“Register”: as defined in Section 9.6(d).

“Required Lenders”: at any time, the holders of more than 50% of the Total Commitments then in effect or, if the Commitments have been terminated, the Total Extensions of Credit then outstanding.

“Requirement of Law”: as to any Person, any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“Restatement Effective Date”: the date identified by Gannett in a written notice to the Administrative Agent, which date shall be at least one Business Day after receipt by the Administrative Agent of such notice and shall, in any case, occur no later than January 5, 2004.

“S&P”: Standard & Poor’s Corporation and its successors; provided, however, that if S&P ceases rating securities similar to the senior unsecured long-term debt of Gannett and its ratings and business with respect to such securities shall not have been transferred to any successor, then “S&P” shall mean any other nationally recognized rating agency (other than Moody’s) selected by Gannett and approved by the Administrative Agent (not to be unreasonably withheld or delayed) that rates any senior unsecured long-term debt of Gannett.

“Subsidiary”: any corporation the majority of the shares of voting stock of which at any time outstanding is owned directly or indirectly by Gannett or by one or more of its other subsidiaries or by Gannett in conjunction with one or more of its other subsidiaries.

“Total Commitments”: at any time, the aggregate amount of the Commitments then in effect.

“Total Extensions of Credit”: at any time, the aggregate amount of all Loans of the Lenders outstanding at such time.

“Total Shareholders’ Equity”: the amount appearing under that heading on the consolidated balance sheet of Gannett and its Subsidiaries, prepared in accordance with GAAP.

“Transferee”: any Assignee or Participant.

“Type”: as to any Five-Year Loan, its nature as an ABR Loan or a Eurodollar Loan, and as to any Competitive Loan, its nature as a Eurodollar Competitive Loan or a Fixed Rate Loan.

Section 1.2 Other Definitional Provisions.

(a) Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto.

(b) As used herein, and any certificate or other document made or delivered pursuant hereto, accounting terms relating to Gannett and its Subsidiaries not defined in Section 1.1 and accounting terms partly defined in Section 1.1, to the extent not defined, shall have the respective meanings given to them under GAAP.

(c) The words “hereof”, “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, subsection, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(d) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

ARTICLE II

Amount and Terms of the Facilities

Section 2.1 Revolving Credit Commitments. (a) [reserved]

(b) Subject to the terms and conditions hereof, each Five-Year Lender severally agrees to make revolving credit loans (“Five-Year Loans”) to Gannett from time to time during the Five-Year Commitment Period in an aggregate principal amount at any one time outstanding which does not exceed the amount of such Lender’s Five-Year Commitment. During the Five-Year Commitment Period, Gannett may use the Five-Year Commitments by borrowing, prepaying the Five-Year Loans in whole or in part, and reborrowing, all in accordance with the terms and conditions hereof. Notwithstanding anything to the contrary contained in this Agreement, in no event (after giving effect to the use of proceeds of any Borrowing) shall (i) the amount of any Lender’s Five-Year Commitment Percentage multiplied by the amount of a Borrowing of Five-Year Loans exceed such Lender’s Five-Year Available Commitment at the time of such Borrowing or (ii) the aggregate amount of Five-Year Loans and Five-Year Competitive Loans at any one time outstanding exceed the aggregate Five-Year Commitments then in effect of all Lenders.

(c) The Five-Year Loans may from time to time be (i) Eurodollar Loans, (ii) ABR Loans or (iii) a combination thereof, as determined by Gannett and notified to the Administrative Agent in accordance with Sections 2.2 and 2.6; provided that no Five-Year Loan shall be made as a Eurodollar Loan after the day that is one month prior to the Five-Year Termination Date.

(d) Gannett (upon receipt of requisite authorization from its Board of Directors) and any one or more Lenders (including New Lenders) may from time to time agree that such Lenders shall (x) make available to Gannett an additional credit facility (the “Incremental Facility.” and any loans thereunder, the “Incremental Loans”), which credit facility shall take the



form of a revolving credit facility which matures at least six months after the Five-Year Termination Date and/or (y) increase the amount of their Five-Year Commitment, or (in the case of a New Lender) make available a Five-Year Commitment, in any such case by executing and delivering to the Administrative Agent an Incremental Facility Activation Notice specifying (i) the aggregate principal amount of such increase and the Facility or Facilities involved, (ii) the applicable Incremental Facility Closing Date and (iii) in the case of the Incremental Facility, the Incremental Facility Maturity Date. Notwithstanding the foregoing, (i) the sum of aggregate principal amount of the Incremental Facility Commitments and any increase in the Five-Year Commitments shall not exceed \$1,000,000,000, (ii) no increase pursuant to this paragraph may be obtained after the occurrence and during the continuation of a Default or Event of Default and (iii) any increase effected pursuant to this paragraph shall be in a minimum amount of at least \$10,000,000. Any Incremental Facility shall be governed by this Agreement. No Lender shall have any obligation to participate in any increase described in this paragraph unless it agrees to do so in its sole discretion.

(e) Any additional bank, financial institution or other entity which, with the consent of Gannett and the Administrative Agent (which consent shall not be unreasonably withheld), elects to become a "Lender" under this Agreement in connection with any transaction described in Section 2.1(d) shall execute a New Lender Supplement (each, a "New Lender Supplement"), substantially in the form of Exhibit D-1, whereupon such bank, financial institution or other entity (a "New Lender") shall become a Lender for all purposes and to the same extent as if originally a party hereto and shall be bound by and entitled to the benefits of this Agreement.

Section 2.2 Procedure for Revolving Credit Borrowing. Gannett may borrow Five-Year Loans under the Commitments on any Business Day; provided that Gannett shall give the Administrative Agent irrevocable notice (which notice must be received by the Administrative Agent prior to 11:00 A.M., Dallas, Texas time, (a) three Business Days prior to the requested Borrowing Date, if all or any part of the requested Five-Year Loans are to be Eurodollar Loans, or (b) on the requested Borrowing Date, otherwise), specifying (i) the Facility under which the Borrowing is to be made, (ii) the amount to be borrowed, (iii) the requested Borrowing Date, (iv) whether the Borrowing is to be of Eurodollar Loans, ABR Loans or a combination thereof and (v) if the Borrowing is to be entirely or partly of Eurodollar Loans, the respective amounts of each such Type of Loan and the respective lengths of the initial Interest Periods therefor. Any Loans made on the Restatement Effective Date shall be ABR Loans. Each Borrowing under the Commitments shall be in an amount equal to \$10,000,000 or a multiple of \$1,000,000 in excess thereof. Upon receipt of any such notice from Gannett, the Administrative Agent shall promptly notify each relevant Lender thereof. Each relevant Lender will make the amount of its pro rata share of each Borrowing available to the Administrative Agent for the account of Gannett at the office of the Administrative Agent specified in Section 9.2 prior to 1:00 P.M., Dallas, Texas time, on the Borrowing Date requested by Gannett in funds immediately available to the Administrative Agent. Such Borrowing will then immediately be made available to Gannett by the Administrative Agent crediting the account of Gannett on the books of such office with the aggregate of the amounts made available to the Administrative Agent by the Lenders and in like funds as received by the Administrative Agent.

Section 2.3 Competitive Borrowings.

(a) The Competitive Bid Option. In addition to the Five-Year Loans that may be made available pursuant to Section 2.1, Gannett may, as set forth in this Section 2.3, request the Lenders to make offers to make Competitive Loans to Gannett. The Lenders may, but shall have no obligation to, make such offers, and Gannett may, but shall have no obligation to, accept any such offers in the manner set forth in this Section 2.3.

(b) Competitive Bid Request. When Gannett wishes to request offers to make Competitive Loans under this Section 2.3, it shall transmit to the Administrative Agent a Competitive Bid Request to be received no later than 12:00 Noon (Dallas, Texas time) on (x) the fourth Business Day prior to the Borrowing Date proposed therein, in the case of a Borrowing of Eurodollar Competitive Loans or (y) the Business Day immediately preceding the Borrowing Date proposed therein, in the case of a Fixed Rate Borrowing, specifying:

- (i) the Facility under which the Borrowing is to be made,
- (ii) the proposed Borrowing Date,
- (iii) the aggregate principal amount of such Borrowing, which shall be \$10,000,000 or a multiple of \$1,000,000 in excess thereof,
- (iv) the duration of the Interest Period applicable thereto, subject to the provisions of the definition of Interest Period contained in Section 1.1, and
- (v) whether the Borrowing then being requested is to be of Eurodollar Competitive Loans or Fixed Rate Loans.

A Competitive Bid Request that does not conform substantially to the format of Exhibit C-1 may be rejected by the Administrative Agent in its sole discretion, and the Administrative Agent shall promptly notify Gannett of such rejection. Gannett may request offers to make Competitive Loans for more than one Interest Period in a single Competitive Bid Request. No Competitive Bid Request shall be given within three Business Days of any other Competitive Bid Request pursuant to which Gannett has made a Competitive Borrowing.

(c) Invitation for Competitive Bids. Promptly after its receipt of a Competitive Bid Request (but, in any event, no later than 3:00 P.M., Dallas, Texas time, on the date of such receipt) conforming to the requirements of paragraph (b) above, the Administrative Agent shall send to each of the relevant Lenders an Invitation for Competitive Bids which shall constitute an invitation by Gannett to each such Lender to bid, on the terms and conditions of this Agreement, to make Competitive Loans pursuant to the Competitive Bid Request.

(d) Submission and Contents of Competitive Bids. (i) Each Lender to which an Invitation for Competitive Bids is sent may submit a Competitive Bid containing an offer or offers to make Competitive Loans in response to such Invitation for Competitive Bids. Each Competitive Bid must comply with the requirements of this paragraph (d) and must be submitted to the Administrative Agent at its offices specified in Section 9.2 not later than (x) 9:30 A.M. (Dallas, Texas time) on the third Business Day prior to the proposed Borrowing Date, in the case of a Borrowing of Eurodollar Competitive Loans or (y) 9:30 A.M. (Dallas, Texas time) on the date of the proposed Borrowing, in the case of a Fixed Rate Borrowing; provided that any

Competitive Bids submitted by the Administrative Agent in the capacity of a Lender may only be submitted if the Administrative Agent notifies Gannett of the terms of the offer or offers contained therein not later than fifteen minutes prior to the deadline for the other Lenders. A Competitive Bid submitted by a Lender pursuant to this paragraph (d) shall be irrevocable.

(ii) Each Competitive Bid shall be in substantially the form of Exhibit C-3 and shall specify:

(A) the date of the proposed Borrowing and the Facility under which it is to be made,

(B) the principal amount of the Competitive Loan for which each such offer is being made, which principal amount (w) may be greater than, equal to or less than the Commitment of the quoting Lender, (x) must be in a minimum principal amount of \$5,000,000 or a multiple of \$1,000,000 in excess thereof, (y) may not exceed the principal amount of Competitive Loans for which offers were requested and (z) may be subject to a limitation as to the maximum aggregate principal amount of Competitive Loans for which offers being made by such quoting Lender may be accepted,

(C) in the case of a Borrowing of Eurodollar Competitive Loans, the Margin offered for each such Competitive Loan, expressed as a percentage (specified in increments of 1/10,000th of 1%) to be added to or subtracted from such base rate,

(D) in the case of a Fixed Rate Borrowing, the rate of interest per annum (specified in increments of 1/10,000th of 1%) offered for each such Competitive Loan, and

(E) the identity of the quoting Lender.

A Competitive Bid may set forth up to five separate offers by the quoting Lender with respect to each Interest Period specified in the related Invitation for Competitive Bids. Any Competitive Bid shall be disregarded by the Administrative Agent if the Administrative Agent determines that it: (A) is not substantially in the form of Exhibit C-3 or does not specify all of the information required by Section 2.3(d)(ii); (B) contains qualifying, conditional or similar language (except for a limitation on the maximum principal amount which may be accepted); (C) proposes terms other than or in addition to those set forth in the applicable Invitation for Competitive Bids or (D) arrives after the time set forth in Section 2.3(d)(i).

(e) Notice to Gannett. The Administrative Agent shall promptly (and, in any event, by 10:00 A.M., Dallas, Texas time) notify Gannett, by telecopy, of all the Competitive Bids made (including all disregarded bids), the Competitive Bid Rate and the principal amount of each Competitive Loan in respect of which a Competitive Bid was made and the identity of the Lender that made each bid. The Administrative Agent shall send a copy of all Competitive Bids (including all disregarded bids) to Gannett for its records as soon as practicable after completion of the bidding process set forth in this Section 2.3.

(f) Acceptance and Notice by Gannett. Gannett may in its sole discretion, subject only to the provisions of this paragraph (f), accept or reject any Competitive Bid (other than any

disregarded bid) referred to in paragraph (e) above. Gannett shall notify the Administrative Agent by telephone, confirmed immediately thereafter by telecopy in the form of a Competitive Bid Accept/Reject Letter, whether and to what extent it wishes to accept any or all of the bids referred to in paragraph (e) above not later than (x) 11:00 A.M. (Dallas, Texas time) on the third Business Day prior to the proposed Borrowing Date, in the case of a Competitive Eurodollar Borrowing or (y) 11:00 A.M. (Dallas, Texas time) on the proposed Borrowing Date, in the case of a Fixed Rate Borrowing; provided that:

(i) the failure by Gannett to give such notice shall be deemed to be a rejection of all the bids referred to in paragraph (e) above,

(ii) the aggregate principal amount of the Competitive Bids accepted by Gannett may not exceed the lesser of (A) the principal amount set forth in the related Competitive Bid Request and (B) the excess, if any, of the aggregate Five-Year Commitments of all Five-Year Lenders or the aggregate Incremental Facility Commitments of all Incremental Facility Lenders, as applicable, then in effect over the aggregate principal amount of all Five-Year Loans or Incremental Loans, as applicable, outstanding immediately prior to the making of such Competitive Loans,

(iii) the principal amount of each Competitive Borrowing must be \$5,000,000 or a multiple of \$1,000,000 in excess thereof, and

(iv) Gannett may not accept any Competitive Bid that is disregarded by the Administrative Agent pursuant to Section 2.3(d)(ii) or that otherwise fails to comply with the requirements of this Agreement.

A notice given by Gannett pursuant to this paragraph (f) shall be irrevocable.

(g) Allocation by Administrative Agent. If offers are made by two or more Lenders with the same Competitive Bid Rates for a greater aggregate principal amount than the amount in respect of which such offers are accepted for the related Interest Period, the principal amount of Competitive Loans in respect of which such offers are accepted shall be allocated by the Administrative Agent among such Lenders as nearly as possible (in integral multiples of \$1,000,000, as the Administrative Agent may deem appropriate) in proportion to the aggregate principal amounts of such offers.

(h) Notification of Acceptance. The Administrative Agent shall promptly (and, in any event, by 11:30 A.M., Dallas, Texas time) notify each bidding Lender whether or not its Competitive Bid has been accepted (and if so, in what amount and at what Competitive Bid Rate), and each successful bidder will thereupon become bound, subject to the other applicable conditions hereof, to make the Competitive Loan in respect of which its bid has been accepted.

Section 2.4 Termination or Reduction of Commitments. Gannett shall have the right, upon not less than two Business Days' notice to the Administrative Agent, to terminate the Five-Year Commitments when no Five-Year Loans are then outstanding or, from time to time, to reduce the unutilized portion of the Five-Year Commitments. Any such reduction pursuant to this Section 2.4 shall be in an amount equal to \$10,000,000 or a multiple of

\$1,000,000 in excess thereof and shall reduce permanently the Five-Year Commitments then in effect, and the fees payable pursuant to Section 2.10 shall then reflect the reduced Five-Year Commitments.

Section 2.5 Optional Prepayments. Gannett may at any time and from time to time prepay the Loans, in whole or in part, without premium or penalty, upon irrevocable notice delivered to the Administrative Agent at least three Business Days prior thereto in the case of Eurodollar Loans and at least one Business Day prior thereto in the case of ABR Loans, which notice shall specify the date and amount of prepayment and whether the prepayment is of Eurodollar Loans or ABR Loans; provided, that if a Eurodollar Loan is prepaid on any day other than the last day of the Interest Period applicable thereto, Gannett shall also pay any amounts owing pursuant to Section 2.16. Upon receipt of any such notice the Administrative Agent shall promptly notify each relevant Lender thereof. If any such notice is given, the amount specified in such notice shall be due and payable on the date specified therein, together with accrued interest and fees to such date on the amount prepaid. Partial prepayments shall be in an aggregate principal amount of \$10,000,000 or a multiple of \$1,000,000 in excess thereof. Notwithstanding anything to the contrary contained herein, Gannett shall not prepay the Competitive Loans except pursuant to Article 7, with the consent of the Lender which has made such Competitive Loan or as provided in the related Competitive Bid Request.

Section 2.6 Conversion and Continuation Options. (a) Gannett may elect from time to time to convert Eurodollar Revolving Credit Loans to ABR Loans by giving the Administrative Agent at least one Business Day's prior irrevocable notice of such election; provided that any such conversion of Eurodollar Revolving Credit Loans may only be made on the last day of an Interest Period with respect thereto. Gannett may elect from time to time to convert ABR Loans to Eurodollar Revolving Credit Loans by giving the Administrative Agent at least three Business Days' prior irrevocable notice of such election. Any such notice of conversion to Eurodollar Revolving Credit Loans shall specify the length of the initial Interest Period or Interest Periods therefor. Upon receipt of any such notice the Administrative Agent shall promptly notify each relevant Lender thereof. All or any part of outstanding Eurodollar Revolving Credit Loans and ABR Loans may be converted as provided herein; provided that (i) no Loan may be converted into a Eurodollar Revolving Credit Loan when any Event of Default has occurred and is continuing and (ii) no Five-Year Loan may be converted into a Eurodollar Revolving Credit Loan after the date that is one month prior to the Five-Year Termination Date.

(b) Any Eurodollar Revolving Credit Loans may be continued as such upon the expiration of the then current Interest Period with respect thereto by Gannett giving notice to the Administrative Agent, in accordance with the applicable provisions of the term "Interest Period" set forth in Section 1.1, of the length of the next Interest Period to be applicable to such Loans; provided that no Eurodollar Revolving Credit Loan may be continued as such (i) when any Event of Default has occurred and is continuing or (ii) after the date that is one month prior to the Five-Year Termination Date; and provided, further, that if Gannett shall fail to give any required notice as described above in this paragraph or if such continuation is not permitted pursuant to the preceding proviso such Eurodollar Revolving Credit Loans shall be automatically converted to ABR Loans on the last day of such then expiring Interest Period.

Section 2.7 Minimum Amounts of Eurodollar Borrowings. All borrowings, conversions and continuations of Five-Year Loans hereunder and all selections of Interest Periods hereunder shall be in such amounts and be made pursuant to such elections so that, after giving effect thereto, the aggregate principal amount of the Five-Year Loans comprising each Eurodollar Borrowing shall be equal to \$10,000,000 or a multiple of \$1,000,000 in excess thereof and so that there shall not be more than 20 Eurodollar Borrowings outstanding at any one time.

Section 2.8 Repayment of Loans; Evidence of Debt. (a) Gannett hereby unconditionally promises to pay (i) to each Five-Year Lender on the Five-Year Termination Date (or such earlier date as the Five-Year Loans become due and payable pursuant to Article 7 or Section 2.5), the unpaid principal amount of each Five-Year Loan made by such Five-Year Lender and (ii) to each applicable Lender on the last day of the applicable Interest Period, the unpaid principal amount of each Competitive Loan made by any such Lender. Gannett hereby further agrees to pay interest in immediately available funds at the office of the Administrative Agent on the unpaid principal amount of the Loans from time to time from the date hereof until payment in full thereof at the rates per annum, and on the dates, set forth in Section 2.9.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of Gannett to the appropriate lending office of such Lender resulting from each Loan made by such lending office of such Lender from time to time, including the amounts of principal and interest payable and paid to such lending office of such Lender from time to time under this Agreement.

(c) The Administrative Agent shall maintain the Register pursuant to Section 9.6(d), and a subaccount for each Lender, in which Register and subaccounts (taken together) shall be recorded (i) the amount of each Loan made hereunder, the Type of each Loan made and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from Gannett to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder from Gannett and each Lender's share thereof.

(d) The entries made in the Register and accounts maintained pursuant to paragraphs (b) and (c) of this Section 2.8 shall, to the extent permitted by applicable law, be prima facie evidence of the existence and amounts of the obligations of Gannett therein recorded; provided, however, that the failure of any Lender or the Administrative Agent to maintain such account, such Register or such subaccount, as applicable, or any error therein, shall not in any manner affect the obligation of Gannett to repay (with applicable interest) the Loans made to Gannett by such Lender in accordance with the terms of this Agreement.

Section 2.9 Interest Rates and Payment Dates. (a) Each ABR Loan shall bear interest at a rate per annum equal to the ABR plus the Applicable Margin.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest at a rate per annum equal to (i) in the case of each Eurodollar Revolving Credit Loan, the Eurodollar Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin and (ii) in the case of each Eurodollar Competitive Loan, the Eurodollar Rate for the Interest Period in effect for such Borrowing plus (or minus, as the case may be) the Margin offered by the Lender making such Loan and accepted by Gannett pursuant to Section 2.3.

(c) Each Fixed Rate Loan shall bear interest at a rate per annum equal to the fixed rate of interest offered by the Lender making such Loan and accepted by Gannett pursuant to Section 2.3.

(d) Interest shall be payable in arrears on each Interest Payment Date; provided that interest accruing pursuant to paragraph (e) of this Section 2.9 shall be payable from time to time on demand.

(e) (i) If all or a portion of the principal amount of any Loan shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum equal to the rate that would otherwise be applicable thereto pursuant to the foregoing provisions of this Section 2.9 plus 1% and (ii) to the extent permitted under applicable law, if all or a portion of any interest payable on any Loan or any fee or other amount payable hereunder shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum equal to the rate then applicable to ABR Loans plus 1%, in each case, with respect to clauses (i) and (ii) above, from the date of such non-payment until such amount is paid in full (as well after as before judgment).

Section 2.10 Fees. (a) [reserved]

(b) Gannett shall pay to the Administrative Agent, for the ratable account of the Five-Year Lenders, a facility fee (the "Five-Year Facility Fee") at the rate per annum equal to (i) for each day that Gannett has Credit Status 1, .0700% of the aggregate Five-Year Commitments on such day, (ii) for each day that Gannett has Credit Status 2, .0800% of the aggregate Five-Year Commitments on such day, (iii) for each day that Gannett has Credit Status 3, .1000% of the aggregate Five-Year Commitments on such day, (iv) for each day that Gannett has Credit Status 4, .12500% of the aggregate Five-Year Commitments on such day, (v) for each day that Gannett has Credit Status 5, .1750% of the aggregate Five-Year Commitments on such day and (vi) for each day that Gannett has Credit Status 6, .2500% of the aggregate Five-Year Commitments on such day. On the first Business Day following the last day of each fiscal quarter of Gannett and on the Five-Year Termination Date (or, if earlier, on the date upon which both the Five-Year Commitments are terminated and the Five-Year Loans are paid in full), Gannett shall pay to the Administrative Agent, for the ratable benefit of the Lenders, the portion of the Five-Year Facility Fee which accrued during the fiscal quarter most recently ended (or, in the case of the payment due on the Five-Year Termination Date, the portion thereof ending on such date). Such facility fee shall be based upon the aggregate Five-Year Commitments of the Five-Year Lenders from time to time, regardless of the utilization by Gannett from time to time thereunder.

(c) Gannett shall pay to the Administrative Agent, for the ratable account of the Lenders, a utilization fee (the "Utilization Fee") at a rate per annum equal to 0.0750% for each day on which the Commitment Utilization Percentage exceeds 50%, which Utilization Fee shall accrue on the average daily amount of the Total Extensions of Credit for each Excess Utilization Day during the term of this Agreement. All Utilization Fees shall be computed on the basis of the actual number of days elapsed in a year of 360 days and shall be payable quarterly in arrears.

Section 2.11 Computation of Interest and Fees. (a) Interest payable pursuant hereto shall be calculated on the basis of a 360-day year for the actual days elapsed, except that, with respect to ABR Loans and Competitive Loans the rate of interest on which is calculated on the basis of the Prime Rate, the interest thereon shall be calculated on the basis of a 365- (or 366-, as the case may be) day year for the actual days elapsed. Fees (other than the Utilization Fees, which shall be calculated as provided in Section 2.10(c)) payable pursuant hereto shall be calculated on the basis of a 365- (or 366-, as the case may be) day year for the actual days elapsed. The Administrative Agent shall as soon as practicable notify Gannett and the relevant Lenders of each determination of a Eurodollar Rate. Any change in the interest rate on a Loan resulting from a change in the ABR or the Eurocurrency Reserve Requirements shall become effective as of the opening of business on the day on which such change becomes effective. The Administrative Agent shall as soon as practicable notify Gannett and the relevant Lenders of the effective date and the amount of each such change in interest rate.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on Gannett and the Lenders in the absence of manifest error. The Administrative Agent shall, at the request of Gannett, deliver to Gannett a statement showing the quotations used by the Administrative Agent in determining any interest rate pursuant to Section 2.11(a).

Section 2.12 Inability to Determine Interest Rate. If prior to the first day of any Interest Period the Administrative Agent shall have determined (which determination shall be conclusive and binding upon Gannett) that, by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the Eurodollar Rate for such Interest Period, the Administrative Agent shall give telecopy or telephonic notice thereof to Gannett and the relevant Lenders as soon as practicable thereafter. If such notice is given (x) any Eurodollar Loans under the relevant Facility requested to be made on the first day of such Interest Period shall be made as ABR Loans, (y) any Loans under the relevant Facility that were to have been converted on the first day of such Interest Period to Eurodollar Loans shall be continued as ABR Loans and (z) any outstanding Eurodollar Loans under the relevant Facility shall be converted, on the last day of the then-current Interest Period, to ABR Loans. Until such notice has been withdrawn by the Administrative Agent, no further Eurodollar Loans under the relevant Facility shall be made or continued as such, nor shall Gannett have the right to convert Loans under the relevant Facility to Eurodollar Loans.

Section 2.13 Pro Rata Treatment and Payments. (a) Each borrowing of Five-Year Loans from the Lenders hereunder, each payment by Gannett on account of any fee hereunder and, subject to the last sentence of Section 2.4, any reduction of the Commitments of the Lenders shall be made pro rata according to the Five-Year Commitments of the Lenders. Subject to the last sentence of Section 2.4, each payment (including each prepayment) by Gannett on account of principal of and interest on the Five-Year Loans shall be made pro rata according to the respective outstanding principal amounts of the Five-Year Loans then held by the Lenders. Each payment by Gannett on account of principal of and interest on any Borrowing of Competitive Loans shall be made pro rata among the Lenders participating in such Borrowing according to the respective principal amounts of their outstanding Competitive Loans comprising such Borrowing.



(b) All payments (including prepayments) to be made by Gannett hereunder, whether on account of principal, interest, fees or otherwise, shall be made without set-off or counterclaim and shall be made prior to 12:00 Noon, Dallas, Texas time, on the due date thereof to the Administrative Agent, for the account of the relevant Lenders, at the Agent's office specified in Section 9.2, in Dollars and in immediately available funds. Notwithstanding the foregoing, the failure by Gannett to make a payment (or prepayment) prior to 12:00 Noon on the due date thereof shall not constitute a Default or Event of Default if such payment is made on such due date; provided, however, that any payment (or prepayment) made after such time on such due date shall be deemed made on the next Business Day for the purposes of interest and reimbursement calculations. The Administrative Agent shall distribute such payments to the relevant Lenders promptly upon receipt in like funds as received. If any payment hereunder (other than payments on the Eurodollar Loans) becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day. If any payment on a Eurodollar Loan becomes due and payable on a day other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day unless the result of such extension would be to extend such payment into another calendar month, in which event such payment shall be made on the immediately preceding Business Day. In the case of any extension of any payment of principal pursuant to the preceding two sentences, interest thereon shall be payable at the then applicable rate during such extension.

(c) Unless the Administrative Agent shall have been notified in writing by any Lender prior to a borrowing that such Lender will not make the amount that would constitute its share of such borrowing available to the Administrative Agent, the Administrative Agent may assume that such Lender is making such amount available to the Administrative Agent, and the Administrative Agent may, in reliance upon such assumption, make available to Gannett a corresponding amount. If such amount is not made available to the Administrative Agent by the required time on the Borrowing Date therefor, such Lender shall pay to the Administrative Agent, on demand, such amount with interest thereon at a rate equal to the daily average Federal Funds Effective Rate for the period until such Lender makes such amount immediately available to the Administrative Agent. A certificate of the Administrative Agent submitted to any Lender with respect to any amounts owing under this paragraph shall be conclusive in the absence of manifest error. If such Lender's share of such borrowing is not made available to the Administrative Agent by such Lender within three Business Days of such Borrowing Date, the Administrative Agent shall also be entitled to recover such amount with interest thereon at the rate per annum applicable to ABR Loans under the relevant Facility, on demand, from Gannett. Nothing herein shall be deemed to limit the rights of Gannett against any Lender who fails to make its share of such borrowing available.

(d) Unless the Administrative Agent shall have been notified in writing by Gannett prior to the date of any payment being made hereunder that Gannett will not make such payment to the Administrative Agent, the Administrative Agent may assume that Gannett is making such payment, and the Administrative Agent may, but shall not be required to, in reliance upon such assumption, make available to the Lenders their respective pro rata shares of a corresponding amount. If such payment is not made to the Administrative Agent by Gannett

within three Business Days of such required date, the Administrative Agent shall be entitled to recover, on demand, from each Lender to which any amount which was made available pursuant to the preceding sentence, such amount with interest thereon at the rate per annum equal to the daily average Federal Funds Effective Rate. Nothing herein shall be deemed to limit the rights of the Administrative Agent or any Lender against Gannett.

Section 2.14 Requirements of Law. (a) If the adoption of or any change in any Requirement of Law or in the interpretation or application thereof or compliance by any Lender with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the date hereof:

- (i) shall subject any Lender to any tax of any kind whatsoever with respect to this Agreement or any Eurodollar Loan made by it, or change the basis of taxation of payments to such Lender in respect thereof (except for Non-Excluded Taxes covered by Section 2.15 and changes in the rate of tax on the overall net income of such Lender);
- (ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Lender that is not otherwise included in the determination of the Eurodollar Rate hereunder; or
- (iii) shall impose on such Lender any other condition affecting Eurodollar Loans;

and the result of any of the foregoing is to increase the cost to such Lender, by an amount that such Lender deems to be material, of making, converting into, continuing or maintaining Eurodollar Loans, or to reduce any amount receivable hereunder in respect thereof, then, in any such case, Gannett shall promptly pay such Lender, upon its demand, any additional amounts necessary to compensate such Lender for such increased cost or reduced amount receivable. If any Lender becomes entitled to claim any additional amounts pursuant to this paragraph, it shall promptly notify Gannett (with a copy to the Administrative Agent) of the event by reason of which it has become so entitled. Gannett shall not be liable in respect of any such increased costs to, or reduced amount of any sum received or receivable by, any Lender pursuant to this Section 2.14(a) with respect to any interest, fees or other amounts accrued by such Lender more than 15 days prior to the date notice thereof is given to Gannett pursuant to this Section 2.14(a).

(b) If any Lender shall have determined that the adoption of or any change in any Requirement of Law regarding capital adequacy or in the interpretation or application thereof or compliance by such Lender or any corporation controlling such Lender with any request or directive regarding capital adequacy (whether or not having the force of law) from any Governmental Authority made subsequent to the date hereof shall have the effect of reducing the rate of return on such Lender's or such corporation's capital as a consequence of its obligations hereunder to a level below that which such Lender or such corporation could have achieved but for such adoption, change or compliance (taking into consideration such Lender's or such corporation's policies with respect to capital adequacy) by an amount deemed by such Lender to

be material, then from time to time, within 15 days after submission by such Lender to Gannett (with a copy to the Administrative Agent) of a written request therefor, Gannett shall pay to such Lender such additional amount or amounts as will compensate such Lender for such reduction; provided that Gannett shall not be required to compensate a Lender pursuant to this paragraph for any amounts incurred more than 30 days prior to the date that such Lender notifies Gannett of such Lender's intention to claim compensation therefor; and provided further that, if the circumstances giving rise to such claim have a retroactive effect, then such 30 day period shall be extended to include the period of such retroactive effect.

(c) A certificate, setting forth a reasonably detailed explanation as to the reason for any additional amounts payable pursuant to this Section 2.14, submitted by any Lender to Gannett (with a copy to the Administrative Agent) shall be conclusive in the absence of manifest error. The obligations of Gannett pursuant to this Section shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

Section 2.15 Taxes. (a) All payments made by Gannett under this Agreement shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, excluding net income taxes and franchise taxes (imposed in lieu of net income taxes) imposed on the Administrative Agent or any Lender as a result of a present or former connection between the Administrative Agent or such Lender and the jurisdiction of the Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from the Administrative Agent or such Lender having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement). If any such non-excluded taxes, levies, imposts, duties, charges, fees, deductions or withholdings ("Non-Excluded Taxes") or Other Taxes are required to be withheld from any amounts payable to the Administrative Agent or any Lender hereunder, the amounts so payable to the Administrative Agent or such Lender shall be increased to the extent necessary to yield to the Administrative Agent or such Lender (after payment of all Non-Excluded Taxes and Other Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement, provided, however, that Gannett shall not be required to increase any such amounts payable to any Lender with respect to any Non-Excluded Taxes (i) that are attributable to such Lender's failure to comply with the requirements of paragraph (d) or (e) of this Section or (ii) that are United States withholding taxes imposed on amounts payable to such Lender at the time the Lender becomes a party to this Agreement (or designates a new lending office), except to the extent that such Lender's assignor (if any) was entitled, at the time of assignment, to receive additional amounts from Gannett with respect to such Non-Excluded Taxes pursuant to this paragraph.

(b) In addition, Gannett shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) Whenever any Non-Excluded Taxes or Other Taxes are payable by Gannett, as promptly as possible thereafter Gannett shall send to the Administrative Agent for its own account or for the account of the relevant Lender, as the case may be, a certified copy of an original official receipt received by Gannett showing payment thereof. If Gannett fails to pay

any Non-Excluded Taxes or Other Taxes when due to the appropriate taxing authority or fails to remit to the Administrative Agent the required receipts or other required documentary evidence, Gannett shall indemnify the Administrative Agent and the Lenders for any incremental taxes, interest or penalties that may become payable by the Administrative Agent or any Lender as a result of any such failure.

(d) Each Lender (or Transferee) that is not a "U.S. Person" as defined in Section 7701(a)(30) of the Code (a "Non-U.S. Lender") shall deliver to Gannett and the Administrative Agent (or, in the case of a Participant, to the Lender from which the related participation shall have been purchased) two copies of either U.S. Internal Revenue Service Form W-8BEN or Form W-8ECI, or, in the case of a Non-U.S. Lender claiming exemption from U.S. federal withholding tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest", a statement substantially in the form of Exhibit E and a Form W-8BEN, or any subsequent versions thereof or successors thereto, properly completed and duly executed by such Non-U.S. Lender claiming complete exemption from, or a reduced rate of, U.S. federal withholding tax on all payments by Gannett under this Agreement. Such forms shall be delivered by each Non-U.S. Lender on or before the date it becomes a party to this Agreement or designates a new lending office (or, in the case of any Participant, on or before the date such Participant purchases the related participation). In addition, each Non-U.S. Lender shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered by such Non-U.S. Lender. Each Non-U.S. Lender shall promptly notify Gannett at any time it determines that it is no longer in a position to provide any previously delivered certificate to Gannett (or any other form of certification adopted by the U.S. taxing authorities for such purpose). Notwithstanding any other provision of this paragraph, a Non-U.S. Lender shall not be required to deliver any form pursuant to this paragraph that such Non-U.S. Lender is not legally able to deliver.

(e) If the Administrative Agent or any Lender receives a refund in respect of any amounts paid by Gannett pursuant to this Section 2.15, which refund in the reasonable judgment of such Administrative Agent or such Lender is allocable to such payment, it shall pay the amount of such refund to Gannett, net of all reasonable out-of-pocket expenses of the Administrative Agent or such Lender, provided however, that Gannett, upon the request of such Lender or the Administrative Agent, agrees to repay the amount paid over to Gannett to the Administrative Agent or such Lender in the event such Administrative Agent or the Lender is required to repay such refund. Nothing contained herein shall interfere with the right of the Administrative Agent or any Lender to arrange its tax affairs in whatever manner it deems fit nor oblige the Administrative Agent or any Lender to apply for any refund or to disclose any information relating to its affairs or any computations in respect thereof.

(f) The agreements in this Section 2.15 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

Section 2.16 Indemnity. Gannett agrees to indemnify each Lender and to hold each Lender harmless from any loss or expense that such Lender sustains or incurs as a consequence of (a) default by Gannett in making a borrowing of, conversion into or continuation of Eurodollar Loans after Gannett has given a notice requesting the same in accordance with the provisions of this Agreement, (b) default by Gannett in making any prepayment of or conversion

from Eurodollar Loans after Gannett has given a notice thereof in accordance with the provisions of this Agreement or (c) the making of a prepayment of Eurodollar Loans on a day that is not the last day of an Interest Period with respect thereto. Such indemnification may include an amount equal to the excess, if any, of (i) the amount of interest that would have accrued on the amount so prepaid, or not so borrowed, converted or continued, for the period from the date of such prepayment or of such failure to borrow, convert or continue to the last day of such Interest Period (or, in the case of a failure to borrow, convert or continue, the Interest Period that would have commenced on the date of such failure) in each case at the applicable rate of interest for such Loans provided for herein (excluding, however, the Applicable Margin included therein, if any) ~~over~~ (ii) the amount of interest (as reasonably determined by such Lender) that would have accrued to such Lender on such amount by placing such amount on deposit for a comparable period with leading banks in the interbank eurodollar market. A certificate as to any amounts payable pursuant to this Section submitted to Gannett by any Lender shall be conclusive in the absence of manifest error. This covenant shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

Section 2.17 Change of Lending Office. Each Lender agrees that, upon the occurrence of any event giving rise to the operation of Section 2.14 or 2.15(a) with respect to such Lender, it will, if requested by Gannett, use reasonable efforts (subject to overall policy considerations of such Lender) to designate another lending office for any Loans affected by such event with the object of avoiding the consequences of such event; provided, that such designation is made on terms that, in the sole judgment of such Lender, cause such Lender and its lending office(s) to suffer no economic, legal or regulatory disadvantage, and provided, further, that nothing in this Section shall affect or postpone any of the obligations of Gannett or the rights of any Lender pursuant to Section 2.14 or 2.15(a).

Section 2.18 Replacement of Lenders. Gannett shall be permitted to replace any Lender that (a) requests reimbursement for amounts owing pursuant to Section 2.14 or 2.15(a) or (b) defaults in its obligation to make Loans hereunder, with a replacement financial institution; provided that (i) such replacement does not conflict with any Requirement of Law, (ii) prior to any such replacement, such Lender shall have taken no action under Section 2.17 so as to eliminate the continued need for payment of amounts owing pursuant to Section 2.14 or 2.15(a), (iii) the replacement financial institution shall purchase, at par, all Loans and other amounts owing to such replaced Lender on or prior to the date of replacement, (iv) Gannett shall be liable to such replaced Lender under Section 2.16 if any Eurodollar Loan owing to such replaced Lender shall be purchased other than on the last day of the Interest Period relating thereto, (v) the replacement financial institution, if not already a Lender, shall be reasonably satisfactory to the Administrative Agent, (vi) the replaced Lender shall be obligated to make such replacement in accordance with the provisions of Section 9.6 (provided that Gannett shall be obligated to pay the registration and processing fee referred to therein), (vii) until such time as such replacement shall be consummated, Gannett shall pay all additional amounts (if any) required pursuant to Section 2.14 or 2.15(a), as the case may be, and (viii) any such replacement shall not be deemed to be a waiver of any rights that Gannett, the Administrative Agent or any other Lender shall have against the replaced Lender.

## ARTICLE III

Representations and Warranties

To induce the Administrative Agent and the Lenders to enter into this Agreement and to make the Loans, Gannett hereby represents and warrants to the Administrative Agent and each Lender that:

Section 3.1 Organization; Powers. Gannett and each of its Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation. Except where the failure to do so, individually or in the aggregate, would result in a Material Adverse Effect, Gannett and each of its Subsidiaries is duly qualified to do business as a foreign corporation and is in good standing in all states in which it owns substantial properties or in which it conducts a substantial business and its activities make such qualifications necessary.

Section 3.2 Financial Condition; No Material Adverse Effect. On or as of the Restatement Effective Date, Gannett has furnished to each of the Lenders copies of either its Annual Report for 2003 or a report on Form 8-K, containing in either case, copies of its consolidated balance sheet as of December 28, 2003 and the related statements of consolidated income and changes in shareholders' equity and cash flows for 2003, all reported on by PricewaterhouseCoopers LLP, independent public accountants. The financial statements contained in such Annual Report or report on Form 8-K (including the related notes) fairly present Gannett's consolidated financial condition as of their respective dates and the consolidated results of the operations of Gannett and its Subsidiaries for the periods then ended, and have been prepared in accordance with GAAP. Gannett and its Subsidiaries have no Material liabilities as of December 28, 2003 not reflected in the consolidated balance sheet as of December 28, 2003 or the related notes as of said date, and from that date to the Restatement Effective Date there has been no Material change in the business or financial condition of Gannett and its Subsidiaries taken as a whole which has not been publicly disclosed.

Section 3.3 Properties. As of the Restatement Effective Date, Gannett and its Subsidiaries owned absolutely, free and clear of all Liens, all of the real or personal property reflected in the consolidated balance sheet dated as of December 28, 2003 referred to in Section 3.2 and all other property acquired by them, respectively after December 28, 2003 except such property as has been disposed of in the ordinary course of business, and except for (i) easements, restrictions, exceptions, reservations or defects which, in the aggregate, do not materially interfere with the continued use of such property or materially affect the value thereof to Gannett or its Subsidiaries, (ii) Liens, if any, for current taxes not delinquent, and (iii) Liens reflected on such consolidated balance sheet or not otherwise prohibited by Section 6.1. As of the Restatement Effective Date, Gannett and its Subsidiaries enjoy peaceful and undisturbed possession of their properties which are held under lease and all such leases are in good standing and valid and binding obligations of the lessors in full force and effect, except for exceptions, reservations or defects which in the aggregate do not materially interfere with the continued use of such property or materially affect the value thereof to Gannett or its Subsidiaries.

Section 3.4 Litigation. There are no actions, suits, or proceedings pending or, to Gannett's knowledge, threatened against or affecting it or any Subsidiary in or before any court or foreign or domestic governmental instrumentality, and neither Gannett nor any Subsidiary is in default in respect of any order of any such court or instrumentality which, in Gannett's opinion, are Material.

Section 3.5 No Conflicts. Neither the execution and delivery of this Agreement, the consummation of the transactions herein contemplated, nor compliance with the terms and provisions hereof will conflict with or result in a breach of any of the provisions of Gannett's restated certificate of incorporation, as amended, or by-laws, as amended, or any law or regulation, or any order of any court or governmental instrumentality, or any agreement or instrument by which Gannett is bound, or constitute a default thereunder, or result in the imposition of any Lien not permitted under this Agreement upon any of Gannett's property.

Section 3.6 Taxes. To the best of Gannett's knowledge, Gannett and its Subsidiaries have filed all tax returns which are required to be filed by any jurisdiction, and have paid all taxes which have become due pursuant to said returns or pursuant to any assessments against it or its Subsidiaries, except to the extent only that such taxes are not material or are being contested in good faith by appropriate proceedings.

Section 3.7 Authorization; Enforceability. The execution and delivery of this Agreement and the making of all Borrowings permitted by the provisions hereof have been duly authorized by all necessary corporate action on the part of Gannett; this Agreement has been duly and validly executed and delivered by Gannett and constitutes Gannett's valid and legally binding agreement enforceable in accordance with its terms; and the Borrowings when made, will constitute valid and binding obligations of Gannett enforceable in accordance with the terms of this Agreement, except as limited by applicable bankruptcy, insolvency, moratorium, reorganization or other laws, judicial decisions or principles of equity relating to or affecting the enforcement of creditors rights or contractual obligations generally.

Section 3.8 Environmental Matters. In the ordinary course of its business, Gannett becomes aware from time to time of the effect of Environmental Laws on its business, operations and properties and the business, operations and properties of its Subsidiaries, and it identifies and evaluates associated liabilities and costs (including, without limitation, any capital or operating expenditures required for clean-up or closure of properties then owned or operated by Gannett or its Subsidiaries, any capital or operating expenditures required to achieve or maintain compliance with environmental protection standards imposed by law or as a condition of any license, permit or contract, any related constraints on operating activities, including any periodic or permanent shutdown of any facility or reduction in the level of or change in the nature of operations conducted at such properties, and any actual or potential liabilities to third parties, including employees, and any related costs and expenses). On the basis of these evaluations, Gannett has reasonably concluded that Environmental Laws are unlikely to have a Material Adverse Effect.

Section 3.9 No Change. Since December 28, 2003, there has been no development or event that has had or would have a Material Adverse Effect.

Section 3.10 Federal Regulations. No part of the proceeds of any Loans, and no other extensions of credit hereunder, will be used for “buying” or “carrying” any “margin stock” within the respective meanings of each of the quoted terms under Regulation U as now and from time to time hereafter in effect or for any purpose that violates the provisions of the Regulations of the Board. If requested by any Lender or the Administrative Agent, Gannett will furnish to the Administrative Agent and each Lender a statement to the foregoing effect in conformity with the requirements of FR Form G-3 or FR Form U-1, as applicable, referred to in Regulation U.

Section 3.11 No Default. Neither Gannett nor any of its Subsidiaries is in default under or with respect to any of its Contractual Obligations in any respect that would have a Material Adverse Effect.

Section 3.12 Investment Company Act; Federal Regulations. Gannett is not an “investment company”, or a company “controlled” by an “investment company”, within the meaning of the Investment Company Act of 1940, as amended.

#### ARTICLE IV

##### Conditions

The obligation of each Lender to make a Loan hereunder is subject to the accuracy, as of the date hereof, of the representations and warranties herein contained and to the satisfaction of the following further conditions:

(a) The Administrative Agent shall have received (i) this Agreement, executed and delivered by the Agents and Gannett and (ii) an Addendum, executed and delivered by each Lender listed on Schedule 1.1.

(b) On the date of each Borrowing (i) no Default or Event of Default shall have occurred and be continuing and (ii) the representations and warranties contained in Sections 3.1, 3.5 and 3.7 shall be true and correct in all material respects on and as of such date as if made on and as of such date.

(c) On or prior to the date of the first Borrowing hereunder, there shall have been delivered to each Lender an opinion from Nixon Peabody LLP, counsel to Gannett, in substantially the form of Exhibit F hereto. In rendering the foregoing opinion, such counsel may rely upon certificates of officers of Gannett and its Subsidiaries as to factual matters, including (i) the nature and location of the property of Gannett and of its Subsidiaries, (ii) agreements and instruments to which Gannett and/or its Subsidiaries are a party, and (iii) the conduct of the business of Gannett and its Subsidiaries.

(d) On or prior to the date of the first Borrowing hereunder, there shall have been delivered to each Lender a certificate of the Secretary of Gannett certifying, as of the date of the Agreement, to resolutions duly adopted by the Board of Directors of Gannett or a duly authorized committee thereof authorizing Gannett’s execution and delivery of this Agreement and the making of the Borrowings.



## ARTICLE V

Affirmative Covenants.

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full, Gannett covenants and agrees with the Lenders that it shall and shall cause each of its Subsidiaries to:

Section 5.1 Financial Statements and Other Information. Furnish to the Administrative Agent and the Lenders:

(a) within 60 days after the end of each of the first three quarterly periods in each fiscal year, its consolidated statements of income for such quarterly period and for the period from the beginning of the fiscal year to the end of such quarterly period and its consolidated balance sheet at the end of that period, all in reasonable detail, subject, however, to year-end audit adjustments, together with a certificate of compliance and no default in substantially the form of Exhibit G hereto certified by an appropriate financial officer of Gannett;

(b) within 120 days after and as of the close of each fiscal year, Gannett's Annual Report to shareholders for such fiscal year, containing copies of its consolidated income statement, consolidated balance sheet and changes in shareholders' equity and cash flows for such fiscal year accompanied by a report by PricewaterhouseCoopers LLP or some other accounting firm of national reputation selected by Gannett, based on their examination of such financial statements, which examination shall have been conducted in accordance with generally accepted auditing standards and which report shall indicate that the financial statements have been prepared in accordance with GAAP, together with a certificate of compliance and no default in substantially the form of Exhibit G hereto, certified by an appropriate financial officer of Gannett;

(c) promptly upon their becoming available, copies of all regular and periodic financial reports, if any, which Gannett or any of its Subsidiaries shall file with the Securities and Exchange Commission or with any securities exchange;

(d) promptly upon their becoming available, copies of all prospectuses of Gannett and all reports, proxy statements and financial statements mailed by Gannett to its shareholders generally; and

(e) such other information respecting the financial condition and affairs of Gannett and its subsidiaries as any of the Lenders may from time to time reasonably request.

The financial statements of Gannett and its Subsidiaries hereafter delivered to the Lenders pursuant to this Section 5.1 will fairly set forth the financial condition of Gannett and its Subsidiaries as of the dates thereof, and the results of Gannett's and its Subsidiaries' operations for the respective periods stated therein, all in accordance with GAAP.

Section 5.2 Payment of Obligations. Duly pay and discharge all (i) material obligations when due and (ii) taxes, assessments and governmental charges of which Gannett has knowledge assessed against it or against its properties prior to the date on which penalties are attached thereto, unless and only to the extent that such obligations, taxes, assessments or charters are not material or shall be contested in good faith by appropriate proceedings initiated by Gannett.

Section 5.3 Books and Records; Inspection Rights. (a) Keep proper books of records and account in which true and correct entries, in all material respects, are made of all dealings in relation to its business and activities and (b) permit any Lender, upon reasonable request, to inspect at all reasonable times its properties, operations and books of account.

Section 5.4 Notices of Material Events. Promptly give notice to the Administrative Agent and each Lender of:

(a) the occurrence of any Default or Event of Default;

(b) any (i) default or event of default under any Contractual Obligation of Gannett or any of its Subsidiaries or (ii) litigation, investigation or proceeding that may exist at any time between Gannett or any of its Subsidiaries and any Governmental Authority, that in either case, if not cured or if adversely determined, as the case may be, would have a material adverse effect on (A) the business, assets, operations or condition, financial or otherwise, of Gannett and its Subsidiaries taken as a whole or (B) the validity or enforceability of this Agreement or the material rights or remedies of the Administrative Agent and the Lenders hereunder; and

(c) any other development or event that has had or would have a Material Adverse Effect.

Each notice pursuant to this Section 5.4 shall be accompanied by a statement of an appropriate officer of Gannett setting forth details of the occurrence referred to therein and stating what action it proposes to take with respect thereto.

Section 5.5 Existence; Conduct of Business. Do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges and franchises material to the conduct of its business; provided that the foregoing shall not prohibit any merger, consolidation or other transaction permitted under Section 6.2.

Section 5.6 Maintenance of Properties; Insurance. (a) Keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, and (b) maintain, with financially sound and reputable insurance companies, insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations.

Section 5.7 Compliance with Laws. Comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property, except where the failure to do so, individually or in the aggregate, would not have a material adverse effect on (a)

the business, assets, operations or condition, financial or otherwise, of Gannett and its Subsidiaries taken as a whole or (b) the validity or enforceability of this Agreement or the material rights or remedies of the Administrative Agent and the Lenders hereunder.

Section 5.8 Debt Ratings. With respect to Gannett, use its reasonable best efforts to maintain at all times a senior unsecured long-term debt rating from either S&P or Moody's.

## ARTICLE VI

### Negative Covenants

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full, Gannett covenants and agrees with the Lenders that, it shall not, and shall not permit any of its Subsidiaries to, directly or indirectly:

Section 6.1 Liens. Create, incur, assume or permit to exist any Lien on any of its properties or assets now owned or hereafter acquired by it, without making provision satisfactory to the Lenders whereby the Lenders obtain an equal and ratable or prior Lien as security for the payment of the Borrowings; or transfer any of its assets for the purpose of subjecting them to the payment of obligations prior in payment to any of its general creditors; or allow any liability of, or claims, or demands against it, or any of its Subsidiaries, to exist for more than 30 days if the liability, claim or demand might by law be given any priority over those of its general creditors; provided, however, that none of the above shall prohibit Gannett or any Subsidiary from creating or allowing any of the following to exist:

- (a) Liens incurred after the date hereof covering any of Gannett's or its Subsidiaries' properties or assets; provided that the total principal amount of indebtedness of Gannett and its Subsidiaries (on a consolidated basis) secured by all such Liens permitted under this Section 6.1(a) at any time outstanding shall not exceed 50% of Net Property, Plant and Equipment;
- (b) leases of all types, whether or not such leases constitute leasebacks of property sold or transferred by Gannett or any Subsidiary;
- (c) pledges and deposits securing the payment of workmen's compensation or insurance premiums, good-faith deposits in connection with tenders, contracts (other than contracts for the payment of borrowed money) or leases, deposits to secure surety or appeal bonds, liens, pledges or deposits in connection with contracts made with or at the request of the United States Government or any agency thereof, or pledges or deposits for similar purposes made in the ordinary course of business;
- (d) liens securing taxes, assessments or governmental or other charges or claims for labor, materials or supplies which are not delinquent or which are being contested in good faith by appropriate proceedings and liens, restrictions, easements, licenses on the use of property or minor irregularities in the title thereof, which do not, in Gannett's opinion, in the aggregate materially impair their use in Gannett's and its Subsidiaries' business; and

(e) Liens on the assets of any Person which becomes a Subsidiary of Gannett after the date of this Agreement to the extent that such liens existed prior to the date of acquisition of such corporation by Gannett; provided that such Liens existed at the time such Person became a Subsidiary of Gannett and were not created in anticipation thereof.

Section 6.2 Fundamental Changes. Merge, consolidate, sell, lease, transfer or otherwise dispose of all or substantially all of its assets, unless immediately after giving effect to such transaction, it shall be in compliance with Sections 6.1 and 6.3 hereof and, in the case of a merger or consolidation by Gannett, Gannett shall be the survivor corporation.

Section 6.3 Shareholders' Equity. Permit Gannett's Total Shareholders' Equity at any time to be less than \$3,500,000,000.

## ARTICLE VII

### Events of Default

Section 7.1 Events of Default. The following are Events of Default:

(a) Gannett shall fail to pay when due in accordance with the terms hereof (i) any principal on any Loan and such failure shall have continued for a period of three Business Days or (ii) any interest on any Loan, or any other amount payable hereunder, and such failure shall have continued for a period of five Business Days.

(b) Gannett shall (A) default in any payment of principal or of interest on any other obligation for borrowed money in excess of \$50,000,000 beyond any grace period provided with respect thereto, or (B) default in the performance of any other agreement, term or condition contained in any agreement under which any such obligation is created, if the effect of such default is to cause such obligation to be accelerated or become due prior to its stated maturity.

(c) Any representation or warranty herein made by Gannett, or any certificate or financial statement furnished by Gannett pursuant to the provisions hereof, shall prove to have been false or misleading in any material respect as of the time made or furnished and Gannett shall fail to take corrective measures satisfactory to the Required Lenders within 30 days after notice thereof to Gannett from any Lender or the Administrative Agent or by Gannett to the Administrative Agent.

(d) Gannett shall default in the performance of any other covenant, condition or provision hereof and such default shall not be remedied to the satisfaction of the Required Lenders within a period of 30 days after notice thereof to Gannett from any Lender or the Administrative Agent or by Gannett to the Administrative Agent.

(e) Gannett or any Subsidiary with more than \$100,000,000 in revenue in the preceding fiscal year (other than Gannett Satellite Information Network, Inc.) shall (A)

apply for or consent to the appointment of a receiver, trustee, or liquidator of Gannett, (B) make a general assignment for the benefit of creditors, or (C) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or take advantage of any insolvency law or an answer admitting the material allegations of a petition filed against Gannett in any bankruptcy, reorganization or insolvency proceeding, or corporate action shall be taken by Gannett for the purpose of affecting any of the foregoing.

(f) An order, judgment or decree shall be entered, without the application, approval or consent of Gannett, by any court of competent jurisdiction, approving a petition seeking reorganization of Gannett or appointing a receiver, trustee or liquidator of Gannett or of all or a substantial part of the assets of Gannett, and such order, judgment or decree shall continue unstayed and in effect for any period of ninety (90) consecutive days.

(g) One or more final, non-appealable judgments for the payment of money in an aggregate amount in excess of \$100,000,000 shall be rendered against Gannett, any Subsidiary or any combination thereof, and the same shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed or bonded.

Section 7.2 Remedies. If an Event of Default shall occur and be continuing:

(a) If an Event of Default specified in Section 7.1(e) or (f) shall occur and be continuing, automatically the Commitments shall immediately terminate and the Loans (with accrued interest thereon) and all other amounts owing under this Agreement shall immediately become due and payable.

(b) If an Event of Default other than those specified in Section 7.1(e) or (f) shall occur and be continuing, either or both of the following actions may be taken: (i) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to Gannett, declare Commitments to be terminated forthwith, whereupon the Commitments shall immediately terminate; and (ii) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to Gannett, declare the Loans (with accrued interest thereon) and all other amounts owing under this Agreement to be due and payable forthwith, whereupon the same shall immediately become due and payable.

(c) Except as expressly provided above in this Article, presentment, demand, protest and all other notices of any kind are hereby expressly waived by Gannett.

(d) Any Lender giving any notice to Gannett under this Article 7 shall simultaneously give like notice to the Administrative Agent.

## ARTICLE VIII

The Administrative Agent

Section 8.1 Appointment. Each Lender hereby irrevocably designates and appoints the Administrative Agent as the agent of such Lender under this Agreement, and each such Lender irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against the Administrative Agent.

Section 8.2 Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys in-fact selected by it with reasonable care.

Section 8.3 Exculpatory Provisions. Neither the Administrative Agent nor any of its respective officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by Gannett or any officer thereof contained in this Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or for any failure of Gannett to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement, or to inspect the properties, books or records of Gannett.

Section 8.4 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any instrument, writing, resolution, notice, consent, certificate, affidavit, letter, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including counsel to Gannett), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent may deem and treat the payee of any promissory note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent.

The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement unless it shall first receive such advice or concurrence of the Required Lenders (or, if so specified by this Agreement, all Lenders) as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement in accordance with a request of the Required Lenders (or, if so specified by this Agreement, all Lenders), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans.

Section 8.5 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default unless the Administrative Agent has received notice from a Lender or Gannett referring to this Agreement, describing such Default or Event of Default and stating that such notice is a “notice of default”. In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders (or, if so specified by this Agreement, all Lenders); provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

Section 8.6 Non-Reliance on Administrative Agent and Other Lenders. Each Lender expressly acknowledges that neither the Administrative Agent nor any of its respective officers, directors, employees, agents, attorneys-in-fact or affiliates have made any representations or warranties to it and that no act by the Administrative Agent hereafter taken, including any review of the affairs of a Gannett or any affiliate of Gannett, shall be deemed to constitute any representation or warranty by the Administrative Agent to any Lender. Each Lender represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of Gannett and its affiliates and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of Gannett and its affiliates. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of Gannett or any affiliate of Gannett that may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

Section 8.7 Indemnification. The Lenders agree to indemnify the Administrative Agent in its capacity as such (to the extent not reimbursed by Gannett and without limiting the obligation of Gannett to do so), ratably according to their respective Aggregate Commitment Percentages in effect on the date on which indemnification is sought under this Section (or, if indemnification is sought after the date upon which the Commitments shall have terminated and the Loans shall have been paid in full, ratably in accordance with such Aggregate Commitment Percentages immediately prior to such date), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time (whether before or after the payment of the Loans) be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of, the Commitments, this Agreement or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Administrative Agent under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from the Administrative Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of the Loans and all other amounts payable hereunder.

Section 8.8 Agent in Its Individual Capacity. The Administrative Agent and its affiliates may make loans to, accept deposits from and generally engage in any kind of business with Gannett as though the Administrative Agent were not the Administrative Agent. With respect to its Loans made or renewed by it, the Administrative Agent shall have the same rights and powers under this Agreement as any Lender and may exercise the same as though it were not the Administrative Agent, and the terms "Lender" and "Lenders" shall include the Administrative Agent in its individual capacity.

Section 8.9 Successor Administrative Agent. The Administrative Agent may resign as Administrative Agent upon 15 Business Days' notice to the Lenders and Gannett. If the Administrative Agent shall resign as Administrative Agent under this Agreement, then (a) so long as an Event of Default under Section 7.1(a), 7.1(e) or 7.1(f) with respect to Gannett shall not have occurred and be continuing, Gannett shall appoint from among the Lenders a successor agent for the Lenders, which successor agent shall be subject to approval by the Required Lenders (which approval shall not be unreasonably withheld, conditioned or delayed) and (b) if an Event of Default under Section 7.1(a), 7.1(e) or 7.1(f) with respect to Gannett shall have occurred and be continuing, the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any holders of the Loans. If no successor agent has accepted appointment as Administrative Agent by the date that is 15 Business Days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and the Lenders shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Lenders



appoint a successor agent as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Article 8 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement.

Section 8.10 Syndication Agent and Documentation Agent. Notwithstanding any provision to the contrary elsewhere in this Agreement, neither the Syndication Agent nor the Documentation Agent shall have any duties or responsibilities hereunder, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against either the Syndication Agent or the Documentation Agent.

#### ARTICLE IX

##### Miscellaneous

Section 9.1 Amendments and Waivers. Neither this Agreement nor any terms hereof may be amended, supplemented or modified except in accordance with the provisions of this Section 9.1. The Required Lenders and Gannett may, or, with the written consent of the Required Lenders, the Administrative Agent and Gannett may, from time to time, (a) enter into written amendments, supplements or modifications hereto for the purpose of adding any provisions to this Agreement or changing in any manner the rights of the Lenders or of Gannett hereunder or thereunder or (b) waive, on such terms and conditions as the Required Lenders or the Administrative Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall (i) forgive the principal amount or extend the final scheduled date of maturity of any Loan, extend the scheduled date of any amortization payment in respect of any Loan, reduce the stated rate of any interest or fee payable hereunder (except (x) in connection with the waiver of applicability of any post-default increase in interest rates, which waiver shall be effective with the consent of the Required Lenders and (y) that any amendment or modification of defined terms used in the financial covenants in this Agreement shall not constitute a reduction in the rate of interest or fees for purposes of this clause (i)) or extend the scheduled date of any payment thereof, in each case without the written consent of each Lender directly affected thereby; (ii) eliminate or reduce the voting rights of any Lender under this Section 9.1 or extend or increase the Commitment of any Lender, in each case without the written consent of such Lender; (iii) reduce any percentage specified in the definition of Required Lenders, consent to the assignment or transfer by Gannett of any of its rights and obligations under this Agreement, in each case without the written consent of all Lenders; (iv) amend, modify or waive any provision of Article 8 without the written consent of the Administrative Agent and any other Agent affected thereby; or (v) amend, modify or waive any provision of Section 2.13(a) or (b) without the written consent of each Lender directly affected thereby. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Lenders and shall be binding on Gannett, the Lenders, the Administrative Agent and all future holders of the Loans. In the case of any waiver, Gannett, the Lenders and the Administrative Agent shall be restored to their former position and rights hereunder, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

For the avoidance of doubt, this Agreement may be amended (or amended and restated) with the written consent of the Required Lenders, the Administrative Agent and Gannett (a) to add one or more additional credit facilities to this Agreement and to permit the extensions of credit from time to time outstanding thereunder and the accrued interest and fees in respect thereof (collectively, the “Additional Extensions of Credit”) to share ratably in the benefits of this Agreement with the Loans and the accrued interest and fees in respect thereof and (b) to include appropriately the Lenders holding such credit facilities in any determination of the Required Lenders.

Section 9.2 Notices. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telecopy), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered, or three Business Days after being deposited in the mail, postage prepaid, or, in the case of telecopy notice, when received, addressed as follows in the case of Gannett and the Administrative Agent, and as set forth in an administrative questionnaire delivered to the Administrative Agent in the case of the Lenders, or to such other address as may be hereafter notified by the respective parties hereto:

Gannett: 7950 Jones Branch Drive  
McLean, VA 22107  
Attention: Vice President & Treasurer  
Telecopy: 703-854-2047  
Telephone: 703-854-6248

The Administrative Agent: Bank of America, N.A.  
335 Madison Avenue  
New York, NY 10017  
Attention: Steven R. Gazzillo  
Telecopy: 704-409-0912  
Telephone: 212-503-8328

With a copy to:

Bank of America, N.A.  
335 Madison Avenue, 5<sup>th</sup> Floor  
New York, NY 10017  
Attention: Thomas Kane  
Telecopy: 212-503-7173  
Telephone: 212-503-7980

provided that any notice, request or demand to or upon the Administrative Agent or the Lenders shall not be effective until received.

Section 9.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Lender, any right, remedy,

power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Section 9.4 Survival of Representations and Warranties. All representations and warranties made hereunder and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the making of the Loans and other extensions of credit hereunder.

Section 9.5 Payment of Expenses and Taxes. (a) Gannett agrees (i) to pay or reimburse the Administrative Agent for all its reasonable out-of-pocket costs and expenses incurred in connection with the development, preparation and execution of, and any amendment, supplement or modification to, this Agreement and any other documents prepared in connection herewith, and the consummation and administration of the transactions contemplated hereby and thereby, including the reasonable fees and disbursements of counsel to the Administrative Agent and filing and recording fees and expenses, with statements with respect to the foregoing to be submitted to Gannett prior to the Restatement Effective Date (in the case of amounts to be paid on the Restatement Effective Date) and from time to time thereafter on a quarterly basis or such other periodic basis as the Administrative Agent shall deem appropriate, (ii) to pay or reimburse each Lender and the Administrative Agent for all its reasonable costs and expenses incurred in connection with the enforcement of any rights under this Agreement and any such other documents, including the reasonable fees and disbursements of counsel to each Lender and of counsel to the Administrative Agent, and (iii) to pay, indemnify, and hold each Lender and the Administrative Agent and their respective officers, directors, employees, affiliates, agents and controlling persons (each, an "Indemnitee") harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement and any such other documents, including any of the foregoing relating to the use of proceeds of the Loans and the reasonable fees and expenses of legal counsel in connection with claims, actions or proceedings by any Indemnitee against Gannett under this Agreement (all the foregoing in this clause (d), collectively, the "Indemnified Liabilities"), provided, that Gannett shall have no obligation hereunder to any Indemnitee with respect to Indemnified Liabilities to the extent such Indemnified Liabilities have resulted from the gross negligence or willful misconduct of such Indemnitee. All amounts due under this Section 9.5(a) shall be payable not later than 10 days after written demand therefor.

(b) Notwithstanding anything to the contrary in Section 9.5(a), (i) Gannett shall have no such obligation for costs and expenses if Gannett prevails or successfully defeats any enforcement or collection proceedings; and (ii) if, by final adjudication in any proceeding not involving Gannett's bankruptcy, reorganization or insolvency, the Lenders receive less relief than claimed, Gannett's obligation for costs and expenses shall be limited proportionately to the relief granted to the Lenders.

(c) Gannett agrees to pay, indemnify, and hold each Lender and the Administrative Agent harmless from, any and all recording and filing fees and any and all liabilities with respect to, or resulting from any delay in paying, stamp, excise and other taxes, if any, that may be payable or determined to be payable in connection with the execution and delivery of, or consummation or administration of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement and any such other documents.

(d) If Gannett is required to commence proceedings against any Lender to enforce its Commitment, the Lender will pay Gannett's reasonable costs and expenses (including attorneys' fees) if Gannett succeeds, or a share of such reasonable costs and expenses proportionate to Gannett's recovery if Gannett is only partially successful.

(e) The agreements in this Section 9.5 shall survive repayment of the Loans and all other amounts payable hereunder.

Section 9.6 Successors and Assigns; Participations and Assignments. (a) This Agreement shall be binding upon and inure to the benefit of Gannett, the Lenders, the Administrative Agent, all future holders of the Loans and their respective successors and assigns, except that Gannett may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of each Lender.

(b) Any Lender other than any Conduit Lender may, without the consent of Gannett or the Administrative Agent, in accordance with applicable law, at any time sell to one or more banks, financial institutions or other entities (each, a "Participant") participating interests in any Loan owing to such Lender, any Commitment of such Lender or any other interest of such Lender hereunder. In the event of any such sale by a Lender of a participating interest to a Participant, such Lender's obligations under this Agreement to the other parties to this Agreement shall remain unchanged, such Lender shall remain solely responsible for the performance thereof, such Lender shall remain the holder of any such Loan for all purposes under this Agreement, and Gannett and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. In no event shall any Participant under any such participation have any right to approve any amendment or waiver of any provision of this Agreement, or any consent to any departure by Gannett therefrom, except to the extent that such amendment, waiver or consent would reduce the principal of, or interest on, the Loans or any fees payable hereunder, or postpone the date of the final maturity of the Loans, in each case to the extent subject to such participation. Gannett agrees that if amounts outstanding under this Agreement and the Loans are due or unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall, to the maximum extent permitted by applicable law, be deemed to have the right of setoff in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement, provided that, in purchasing such participating interest, such Participant shall be deemed to have agreed to share with the Lenders the proceeds thereof as provided in Section 9.7(a) as fully as if it were a Lender hereunder. Gannett also agrees that each Participant shall be entitled to the benefits of Sections 2.14, 2.15 and 2.16 with respect to its participation in the Commitments and the Loans

outstanding from time to time as if it was a Lender; provided that, in the case of Section 2.15, such Participant shall have complied with the requirements of said Section and provided, further, that no Participant shall be entitled to receive any greater amount pursuant to any such Section than the transferor Lender would have been entitled to receive in respect of the amount of the participation transferred by such transferor Lender to such Participant had no such transfer occurred.

(c) Any Lender other than any Conduit Lender (an "Assignor") may, in accordance with applicable law, at any time and from time to time assign to any Lender or, with the consent of Gannett and the Administrative Agent (which, in each case, shall not be unreasonably withheld, delayed or conditioned; it being understood that (i) the Administrative Agent and each Lender effecting an assignment to any Person other than a Lender should notify Gannett as promptly as possible of any request for assignment and Gannett, in turn, should promptly consider such request for assignment; and (ii) Gannett's consent shall not be considered to be unreasonably withheld, delayed or conditioned if Gannett withholds, delays or conditions its consent because, among other factors, it is concerned about a potential Assignee's capital adequacy, liquidity or ability to perform its obligations under this Agreement), to any Lender Affiliate, an additional bank, financial institution or other entity (an "Assignee") all or any part of its rights and obligations under this Agreement pursuant to an Assignment and Acceptance, executed by such Assignee, such Assignor and any other Person whose consent is required pursuant to this paragraph, and delivered to the Administrative Agent for its acceptance and recording in the Register; provided that, unless otherwise agreed by Gannett and the Administrative Agent, no such assignment to an Assignee (other than any Lender or any Lender Affiliate) shall be in an aggregate principal amount of less than \$10,000,000, in each case except in the case of an assignment of all of a Lender's interests under this Agreement. For purposes of the proviso contained in the preceding sentence, the amount described therein shall be aggregated in respect of each Lender and its Lender Affiliates, if any. Upon such execution, delivery, acceptance and recording, from and after the effective date determined pursuant to such Assignment and Acceptance, (x) the Assignee thereunder shall be a party hereto and, to the extent provided in such Assignment and Acceptance, have the rights and obligations of a Lender hereunder with a Commitment and/or Loans as set forth therein, and (y) the Assignor thereunder shall, to the extent provided in such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of an Assignor's rights and obligations under this Agreement, such Assignor shall cease to be a party hereto). Notwithstanding any provision of this Section 9.6, the consent of Gannett shall not be required for any assignment that occurs when an Event of Default shall have occurred and be continuing. Notwithstanding the foregoing, any Conduit Lender may assign at any time to its designating Lender hereunder without the consent of Gannett or the Administrative Agent any or all of the Loans it may have funded hereunder and pursuant to its designation agreement and without regard to the limitations set forth in the first sentence of this Section 9.6(c).

(d) The Administrative Agent shall, on behalf of Gannett, maintain at its address referred to in Section 9.2 a copy of each Assignment and Acceptance delivered to it and a register (the "Register") for the recordation of the names and addresses of the Lenders and the Commitment of, and the principal amount of the Loans owing to, each Lender from time to time. The entries in the Register shall be conclusive, in the absence of manifest error, and Gannett, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the

Register as the owner of the Loans and any promissory notes evidencing the Loans recorded therein for all purposes of this Agreement. Any assignment of any Loan, whether or not evidenced by a promissory note, shall be effective only upon appropriate entries with respect thereto being made in the Register. Any assignment or transfer of all or part of a Loan evidenced by a promissory note shall be registered on the Register only upon surrender for registration of assignment or transfer of the promissory note evidencing such Loan, accompanied by a duly executed Assignment and Acceptance, and thereupon one or more new promissory notes shall be issued to the designated Assignee.

(e) Upon its receipt of an Assignment and Acceptance executed by an Assignor, an Assignee and any other Person whose consent is required by Section 9.6(c), together with payment to the Administrative Agent of a registration and processing fee of \$3,500 (except that no such registration and processing fee shall be payable in the case of an Assignee which is a Lender Affiliate of the relevant Assignor), the Administrative Agent shall (i) promptly accept such Assignment and Acceptance and (ii) record the information contained therein in the Register on the effective date determined pursuant thereto.

(f) For avoidance of doubt, the parties to this Agreement acknowledge that the provisions of this Section 9.6 concerning assignments relate only to absolute assignments and that such provisions do not prohibit assignments creating security interests, including any pledge or assignment by a Lender to secure obligations to a Federal Reserve Bank in accordance with applicable law; provided that no such pledge or assignment shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) Gannett, upon receipt of written notice from the relevant Lender, agrees to issue a promissory note to any Lender requiring such a note to facilitate transactions of the type described in paragraph (f) above.

(h) Each of Gannett, each Lender and the Administrative Agent hereby confirms that it will not institute against a Conduit Lender or join any other Person in instituting against a Conduit Lender any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding under any state bankruptcy or similar law, for one year and one day after the payment in full of the latest maturing commercial paper note issued by such Conduit Lender; provided, however, that each Lender designating any Conduit Lender hereby agrees to indemnify, save and hold harmless each other party hereto for any loss, cost, damage or expense arising out of its inability to institute such a proceeding against such Conduit Lender.

Section 9.7 Adjustments; Set-off. (a) Except to the extent that this Agreement expressly provides for payments to be allocated to a particular Lender, if any Lender (a "Benefited Lender") shall, at any time after the Loans and other amounts payable hereunder shall immediately become due and payable pursuant to Section 7.2, receive any payment of all or part of the obligations owing to it, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Section 7.1(f), or otherwise), in a greater proportion than any such payment to or collateral received by any other Lender, if any, in respect of the obligations owing to such other Lender, such Benefited Lender shall purchase for cash from the other Lenders a participating interest in such portion of

the obligations owing to each such other Lender, or shall provide such other Lenders with the benefits of any such collateral, as shall be necessary to cause such Benefited Lender to share the excess payment or benefits of such collateral ratably with each of the Lenders; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest.

(b) In addition to any rights and remedies of the Lenders provided by law, each Lender shall have the right, without prior notice to Gannett, any such notice being expressly waived by Gannett to the extent permitted by applicable law, upon any amount becoming due and payable by Gannett hereunder (whether at the stated maturity, by acceleration or otherwise), to set off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender or any branch or agency thereof to or for the credit or the account of Gannett, as the case may be. Each Lender agrees promptly to notify Gannett and the Administrative Agent after any such setoff and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such setoff and application.

Section 9.8 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof. A set of the copies of this Agreement signed by all the parties shall be lodged with Gannett and the Administrative Agent.

Section 9.9 Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 9.10 Integration. This Agreement represents the entire agreement of Gannett, the Administrative Agent and the Lenders with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent or any Lender relative to the subject matter hereof not expressly set forth or referred to herein.

**Section 9.11 GOVERNING LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

Section 9.12 Submission To Jurisdiction; Waivers. Gannett hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the courts of the State of New York, the courts of the United States for the Southern District of New York, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to Gannett at its address set forth in Section 9.2 or at such other address of which the Administrative Agent shall have been notified pursuant thereto; and

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.

Section 9.13 Acknowledgements. Gannett hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement;

(b) neither the Administrative Agent nor any Lender has any fiduciary relationship with or duty to Gannett arising out of or in connection with this Agreement, and the relationship between Administrative Agent and Lenders, on one hand, and Gannett, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or otherwise exists by virtue of the transactions contemplated hereby among the Lenders or among Gannett and the Lenders.

Section 9.14 Confidentiality. Each of the Administrative Agent and each Lender agrees to keep confidential all non-public information provided to it by Gannett pursuant to this Agreement; provided that nothing herein shall prevent the Administrative Agent or any Lender from disclosing any such information (a) to the Administrative Agent, any other Lender or any Lender Affiliate subject to this Section 9.14, (b) subject to an agreement to comply with the provisions of this Section, to any actual or prospective Transferee or any direct or indirect counterparty to any Hedge Agreement (or any professional advisor to such counterparty), (c) to its employees, directors, agents, attorneys, accountants and other professional advisors or those of any of its affiliates, provided that such Persons to whom disclosure is made will be informed of the confidential nature of such information and instructed to keep such information confidential, (d) upon the request or demand of any Governmental Authority or in response to any order of any court or other Governmental Authority, upon prior written notice to Gannett to the extent reasonably practicable, (e) to the extent required by any Requirement of Law (other than as provided in clause (d) above) or in connection with any litigation or similar proceeding,



provided that Gannett shall be promptly notified, to the extent reasonably practicable, prior to any such disclosure so that Gannett may contest such disclosure or seek confidential treatment thereof, (f) that has been publicly disclosed, (g) to any nationally recognized rating agency that requires access to information about a Lender's investment portfolio in connection with ratings issued with respect to such Lender, or (h) in connection with the exercise of any remedy hereunder.

Section 9.15 USA PATRIOT Act. Each Lender hereby notifies Gannett that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies Gannett, which information includes the name and address of Gannett and other information that will allow such Lender to identify Gannett in accordance with the Act.

Section 9.16 No Novation, etc. The terms and conditions of the Existing Credit Agreement are amended as set forth in, and restated in their entirety and superseded by, this Agreement. Nothing in this Agreement shall be deemed to be a novation of any of the obligations under the Existing Credit Agreement. Notwithstanding any provision of this Agreement or any other instrument executed in connection herewith, the execution and delivery of this Agreement and the incurrence of obligations hereunder shall be in substitution for, but not in payment of, the obligations owed by Gannett under the Existing Credit Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

GANNETT CO., INC.

By: /s/ Michael A. Hart

Name: Michael A. Hart  
Title: Vice President & Treasurer

BANK OF AMERICA, N.A., as Administrative Agent

By: /s/ Thomas J. Kane

Name: Thomas J. Kane  
Title: Senior Vice President

JPMORGAN CHASE BANK, N.A., as Syndication Agent

By: /s/ David M. Mallett

Name: David M. Mallett  
Title: Vice President

BARCLAYS BANK PLC, as Documentation Agent

By: /s/ David Barton

Name: David Barton  
Title: Manager

December 2004 Amended and Restated Competitive Advance  
and Revolving Credit Agreement Signature Page

AMENDED AND RESTATED COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

The undersigned (i) agrees to all of the provisions of the Amended and Restated Competitive Advance and Revolving Credit Agreement, dated as of March 11, 2002 and effective as of March 18, 2002, as amended and restated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

BARCLAYS BANK PLC

By: /s/ David Barton

Name: David Barton

Title: Manager

Dated as of December 10, 2004

AMENDED AND RESTATED COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

The undersigned (i) agrees to all of the provisions of the Amended and Restated Competitive Advance and Revolving Credit Agreement, dated as of March 11, 2002 and effective as of March 18, 2002, as amended and restated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

JPMORGAN CHASE BANK, NA

By: /s/ David M. Mallett

Name: David M. Mallett

Title: Vice President

Dated as of December 13, 2004

AMENDED AND RESTATED COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

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THE NORTHERN TRUST

By: /s/ Forrest Vollrath

Name: Forrest Vollrath

Title: Vice President

Dated as of December 13, 2004

AMENDED AND RESTATED COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

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SUNTRUST BANK

By: /s/ Thomas C. Palmer

\_\_\_\_\_  
Name: Thomas C. Palmer

Title: Managing Director

Dated as of December 10, 2004

AMENDED AND RESTATED COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

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BANK OF TOKYO-MITSUBISHI TRUST COMPANY

By: /s/ Karen Ossolinski

Name: Karen Ossolinski

Title: Vice President

Dated as of December 13, 2004

AMENDED AND RESTATED COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

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UFJ BANK LIMITED

By: /s/ John T. Feeney

Name: John T. Feeney

Title: Vice President

Dated as of December 13, 2004



AMENDED AND RESTATED COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

The undersigned (i) agrees to all of the provisions of the Amended and Restated Competitive Advance and Revolving Credit Agreement, dated as of March 11, 2002 and effective as of March 18, 2002, as amended and restated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

BANK OF HAWAII

By: /s/ Luke Yeh

Name: Luke Yeh

Title: Vice President

Dated as of December 13, 2004

AMENDED AND RESTATED COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

The undersigned (i) agrees to all of the provisions of the Amended and Restated Competitive Advance and Revolving Credit Agreement, dated as of March 11, 2002 and effective as of March 18, 2002, as amended and restated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

MELLON BANK, N.A.

By: /s/ William M. Feathers

Name: William M. Feathers

Title: Vice President

Dated as of December 13, 2004

AMENDED AND RESTATED COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

The undersigned (i) agrees to all of the provisions of the Amended and Restated Competitive Advance and Revolving Credit Agreement, dated as of March 11, 2002 and effective as of March 18, 2002, as amended and restated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

WACHOVIA BANK, N.A.

By: /s/ John Brady

\_\_\_\_\_  
Name: John Brady

Title: Director

Dated as of December 10, 2004

AMENDED AND RESTATED COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

The undersigned (i) agrees to all of the provisions of the Amended and Restated Competitive Advance and Revolving Credit Agreement, dated as of March 11, 2002 and effective as of March 18, 2002, as amended and restated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

FIFTH THIRD BANK

By: /s/ David C. Melm

Name: David C. Melm

Title: Vice President

Dated as of December 13, 2004

AMENDED AND RESTATED COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

The undersigned (i) agrees to all of the provisions of the Amended and Restated Competitive Advance and Revolving Credit Agreement, dated as of March 11, 2002 and effective as of March 18, 2002, as amended and restated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

HSBC BANK USA N.A.

By: /s/ Darren Pinsker

Name: Darren Pinsker

Title: Senior Vice President

Dated as of December 10, 2004

AMENDED AND RESTATED COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

The undersigned (i) agrees to all of the provisions of the Amended and Restated Competitive Advance and Revolving Credit Agreement, dated as of March 11, 2002 and effective as of March 18, 2002, as amended and restated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

LLOYDS TSB BANK PLC

By: /s/ Windsor R. Davies

\_\_\_\_\_  
Name: Windsor R. Davies  
Title: Director, Corporate Banking, USA  
D061

By: /s/ Deborah Carlson

\_\_\_\_\_  
Name: Deborah Carlson  
Title: VP & Manager - Business Development Corporate  
Banking  
C103

Dated as of December 13, 2004

AMENDED AND RESTATED COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

The undersigned (i) agrees to all of the provisions of the Amended and Restated Competitive Advance and Revolving Credit Agreement, dated as of March 11, 2002 and effective as of March 18, 2002, as amended and restated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

WELLS FARGO BANK, National Association

By: /s/ Lori A. Ross

Name: Lori A. Ross

Title: Vice President

Dated as of December 10, 2004

AMENDED AND RESTATED COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

The undersigned (i) agrees to all of the provisions of the Amended and Restated Competitive Advance and Revolving Credit Agreement, dated as of March 11, 2002 and effective as of March 18, 2002, as amended and restated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

CITIBANK, N.A.

By: /s/ Catalina Satz

Name: Catalina Satz

Title: Vice President

Dated as of December 13, 2004



AMENDED AND RESTATED COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

The undersigned (i) agrees to all of the provisions of the Amended and Restated Competitive Advance and Revolving Credit Agreement, dated as of March 11, 2002 and effective as of March 18, 2002, as amended and restated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

FIRST HAWAIIAN BANK

By: /s/ Alan H. Arizumi

Name: Alan H. Arizumi

Title: Senior Vice President

Dated as of December 13, 2004

AMENDED AND RESTATED COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

The undersigned (i) agrees to all of the provisions of the Amended and Restated Competitive Advance and Revolving Credit Agreement, dated as of March 11, 2002 and effective as of March 18, 2002, as amended and restated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

BANK OF AMERICA, N.A.

By: /s/ Thomas J. Kane

Name: Thomas J. Kane

Title: Senior Vice President

Dated as of December 13, 2004

AMENDED AND RESTATED COMPETITIVE ADVANCE  
AND REVOLVING CREDIT AGREEMENT

ADDENDUM

The undersigned (i) agrees to all of the provisions of the Amended and Restated Competitive Advance and Revolving Credit Agreement, dated as of March 11, 2002 and effective as of March 18, 2002, as amended and restated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

U.S. BANK NATIONAL ASSOCIATION

By: /s/ John Franceschi

Name: John Franceschi

Title: Vice President

Dated as of December 13, 2004

**Commitments**

<u>Lenders</u>	<u>Five-Year Commitment</u>
Bank of America, N.A.	\$ 270,000,000
JPMorgan Chase Bank, N.A.	270,000,000
Barclays Bank PLC	150,000,000
HSBC Bank USA N.A.	112,500,000
Citibank N.A.	90,000,000
Wachovia Bank, N.A.	100,000,000
Lloyds TSB Bank, plc	50,000,000
Wells Fargo Bank, National Association	87,500,000
SunTrust Bank, National Association	50,000,000
The Northern Trust	40,000,000
Bank of Tokyo-Mitsubishi Trust Company	25,000,000
UFJ Bank Limited	22,500,000
U.S. Bank National Association	25,000,000
Fifth Third Bank	25,000,000
Bank of Hawaii	25,000,000
First Hawaiian Bank	10,000,000
Mellon Bank, N.A.	12,500,000
<b>Total</b>	<b>\$ 1,365,000,000</b>

FORM OF ADDENDUM

The undersigned (i) agrees to all of the provisions of the Amended and Restated Competitive Advance and Revolving Credit Agreement, dated as of March 11, 2002 and effective as of March 18, 2002, as amended and restated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined unless otherwise defined), among Gannett Co., Inc., the lenders parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documents Agent, and (ii) becomes a party thereto, as a Lender, with a Five-Year Commitment as set forth opposite the undersigned Lender's name on Schedule 1.1 to the Credit Agreement, as such amount may be changed from time to time as provided in the Credit Agreement.

\_\_\_\_\_  
(NAME OF LENDER)

By: \_\_\_\_\_

Name:

Title:

Dated as of December \_\_, 2004

FORM OF ASSIGNMENT AND ACCEPTANCE

Reference is made to the Amended and Restated Competitive Advance and Revolving Credit Agreement, dated as of March 11, 2002 and effective as of March 18, 2002, as amended and restated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein are therein defined unless otherwise defined), among Gannett Co., Inc., a Delaware corporation ("Gannett"), the several banks and other financial institutions or entities from time to time parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent.

The Assignor identified on Schedule 1 hereto (the "Assignor") and the Assignee identified on Schedule 1 hereto (the "Assignee") agree as follows:

1. The Assignor hereby irrevocably sells and assigns to the Assignee without recourse to the Assignor, and the Assignee hereby irrevocably purchases and assumes from the Assignor without recourse to the Assignor, as of the Effective Date (as defined below), the interest described in Schedule 1 hereto (the "Assigned Interest") in and to the Assignor's rights and obligations under the Credit Agreement with respect to those credit facilities contained in the Credit Agreement as are set forth on Schedule 1 hereto (individually, an "Assigned Facility"; collectively, the "Assigned Facilities"), in a principal amount for each Assigned Facility as set forth on Schedule 1 hereto.

2. The Assignor (a) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or with respect to the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement or any other instrument or document furnished pursuant thereto, other than that the Assignor has not created any adverse claim upon the interest being assigned by it hereunder and that such interest is free and clear of any such adverse claim; and (b) makes no representation or warranty and assumes no responsibility with respect to the financial condition of Gannett, any of its Subsidiaries or any other obligor or the performance or observance by Gannett, any of its Subsidiaries or any other obligor of any of their respective obligations under the Credit Agreement or any other instrument or document furnished pursuant hereto or thereto.

3. The Assignee (a) represents and warrants that it is legally authorized to enter into this Assignment and Acceptance; (b) confirms that it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant thereto, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (c) agrees that it will, independently and without reliance upon the Assignor, the Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement or any other instrument or document furnished pursuant hereto or thereto; (d) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement or any other instrument or document furnished pursuant hereto or thereto as are delegated to the Administrative Agent by the terms thereof, together with such powers as are incidental thereto; and (e) agrees that it will be bound by the provisions of the Credit Agreement and will perform in accordance with its terms all the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender.

4. The effective date of this Assignment and Acceptance shall be the Effective Date of Assignment described in Schedule 1 hereto (the "Effective Date"). Following the execution of this

Assignment and Acceptance, it will be delivered to the Administrative Agent and to Gannett for their consent (if such consent is required) and, if such consent is granted, for acceptance and recording by the Administrative Agent pursuant to the Credit Agreement, effective as of the Effective Date (which shall not, unless otherwise agreed to by the Administrative Agent, be earlier than five Business Days after the date of such acceptance and recording by the Administrative Agent). **IN THE CASE OF ASSIGNMENTS TO AN ASSIGNEE OTHER THAN AN EXISTING LENDER, THE ASSIGNOR AND ASSIGNEE HEREBY ACKNOWLEDGE THAT THIS ASSIGNMENT SHALL NOT BE EFFECTIVE UNTIL CONSENT FOR SUCH ASSIGNMENT IS GRANTED BY GANNETT AND THIS ASSIGNMENT IS SIGNED BY EACH OF GANNETT AND THE ADMINISTRATIVE AGENT; PROVIDED THAT THE CONSENT AND SIGNATURE OF GANNETT IS NOT REQUIRED IF AN EVENT OF DEFAULT SHALL HAVE OCCURRED AND BE CONTINUING.**

5. Upon such consent, acceptance and recording, from and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignee whether such amounts have accrued prior to or on or after the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Administrative Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.

6. From and after the Effective Date, (a) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and shall be bound by the provisions thereof and (b) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement.

7. This Assignment and Acceptance shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Acceptance to be executed as of the date first above written by their respective duly authorized officers on Schedule 1 hereto.



Facility Assigned	Principal Amount Assigned	Percentage Assigned of Facility (set forth, to at least 8 decimals, as a percentage of the aggregate Facility)
Five-Year Facility:	\$	%
Incremental Facility:		

Effective Date of Assignment: \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_

[Name of Assignor], as Assignor

By: \_\_\_\_\_

Name:

Title:

[Name of Assignee], as Assignee

By: \_\_\_\_\_

Name:

Title:

The undersigned hereby consent to the within assignment:

GANNETT CO., INC.

BANK OF AMERICA, N.A., as  
Administrative Agent

By: \_\_\_\_\_

Name:

Title:

By: \_\_\_\_\_

Name:

Title:

FORM OF COMPETITIVE BID REQUEST

Bank of America, N.A., as Administrative  
Agent for the Lenders referred to below  
335 Madison Avenue  
New York, NY 10017

Attention:

Dear Ladies and Gentlemen:

The undersigned, Gannett Co., Inc. ("Gannett"), refers to the Amended and Restated Competitive Advance and Revolving Credit Agreement, dated as of March 11, 2002 and effective as of March 18, 2002, as amended and restated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein are therein defined unless otherwise defined), among Gannett, the several banks and other financial institutions or entities from time to time parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent. Gannett hereby gives you notice pursuant to subsection 2.3(b) of the Credit Agreement that it requests a Competitive Loan under the Credit Agreement, and in that connection sets forth below the terms on which such Competitive Loan is requested to be made:

- (A) Facility under which Competitive Borrowing is to be made \_\_\_\_\_
- (B) Borrowing Date \_\_\_\_\_
- (C) Principal Amount of Competitive Borrowing<sup>1</sup> \_\_\_\_\_
- (D) Interest rate basis<sup>2</sup> \_\_\_\_\_
- (E) Interest Period and the last day thereof<sup>3</sup> \_\_\_\_\_

<sup>1</sup> Not less than \$10,000,000 (and in integral multiples of \$1,000,000 in excess thereof) or greater than the excess, if any, of the aggregate Five-Year Commitments or Incremental Facility Commitments, as applicable, over the aggregate principal amount of all Five-Year Loans or Incremental Loans, as applicable, outstanding immediately prior to the making of such requested Competitive Borrowing.

<sup>2</sup> Eurodollar Competitive Loan or Fixed Rate Loan.

<sup>3</sup> Which shall be subject to the definition of "Interest Period" and end on or before the Five-Year Termination Date or Incremental Facility Maturity Date, as applicable.

Very truly yours,

GANNETT CO., INC.

By: \_\_\_\_\_

Name:

Title:

FORM OF INVITATION FOR COMPETITIVE BIDS

[Name of Lender]

[Address]

\_\_\_\_\_

Attention:

Dear Ladies and Gentlemen:

Reference is made to the Amended and Restated Competitive Advance and Revolving Credit Agreement, dated as of March 11, 2002 and effective as of March 18, 2002, as amended and restated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein are therein defined unless otherwise defined), among Gannett Co., Inc. ("Gannett"), the several banks and other financial institutions or entities from time to time parties thereto, Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documents Agent. Gannett made a Competitive Bid Request on \_\_\_\_\_, \_\_\_\_\_, pursuant to subsection 2.3(b) of the Credit Agreement, and in that connection you are invited to submit a Competitive Bid by [Date]/[Time].<sup>4</sup> Your Competitive Bid must comply with subsection 2.3(d) of the Credit Agreement and the terms set forth below on which the Competitive Bid Request was made:

- (A) Facility under which Competitive Borrowing is to be made \_\_\_\_\_
- (B) Borrowing Date \_\_\_\_\_
- (C) Principal Amount of Competitive Borrowing \_\_\_\_\_
- (D) Interest rate basis<sup>5</sup> \_\_\_\_\_
- (E) Interest Period and the last day thereof<sup>6</sup> \_\_\_\_\_

BANK OF AMERICA, N.A.,  
as Administrative Agent

By: \_\_\_\_\_

Name:

Title:

<sup>4</sup> The Competitive Bid must be received by the Administrative Agent (i) in the case of Eurodollar Competitive Loans, not later than 9:30 A.M. (Dallas, TX time) three Business Days prior to the proposed Borrowing Date, and (ii) in the case of Fixed Rate Loans, not later than 9:30 A.M. (Dallas, TX time) on the proposed Borrowing Date.

<sup>5</sup> Eurodollar Competitive Loan or Fixed Rate Loan.

<sup>6</sup> Which shall be subject to the definition of "Interest Period" and end on or before the Five-Year Termination Date or Incremental Facility Maturity Date, as applicable.

FORM OF COMPETITIVE BID

Bank of America, N.A., as Administrative  
Agent for the Lenders referred to below  
335 Madison Avenue  
New York, NY 10017

Attention:

Dear Ladies and Gentlemen:

The undersigned, [Name of Lender], refers to the Amended and Restated Competitive Advance and Revolving Credit Agreement, dated as of March 11, 2002 and effective as of March 18, 2002, as amended and restated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein are therein defined unless otherwise defined), among Gannett Co., Inc. ("Gannett"), the several banks and other financial institutions or entities from time to time parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documents Agent. The undersigned hereby makes a Competitive Bid pursuant to subsection 2.3(d) of the Credit Agreement, in response to the Competitive Bid Request made by Gannett on \_\_\_\_\_, \_\_\_\_\_, and in that connection sets forth below the terms on which such Competitive Bid is made:

- (A) Facility under which Competitive Borrowing is to be made \_\_\_\_\_
- (B) Borrowing Date \_\_\_\_\_
- (C) Principal Amount<sup>1</sup> \_\_\_\_\_
- (D) Competitive Bid Rate<sup>2</sup> \_\_\_\_\_
- (E) Interest Period and the last day thereof \_\_\_\_\_

<sup>1</sup> Not less than \$5,000,000 or greater than the requested Competitive Borrowing and in integral multiples of \$1,000,000 and may be subject to limitation as to the maximum aggregate principal amount of Competitive Loans for which offers made by such quoting Lender may be accepted. Up to five separate offers may be included with respect to each Interest Period.

<sup>2</sup> i.e., Eurodollar Rate + or - \_\_%, in the case of Eurodollar Competitive Loans or \_\_%, in the case of Fixed Rate Loans, in each case specified in increments of 1/10,000th of 1%.

The undersigned hereby confirms that the above offer(s) are irrevocable and that it is prepared, subject to the conditions set forth in the Credit Agreement, to extend credit to Gannett upon acceptance by Gannett of this bid in accordance with subsection 2.3(f) of the Credit Agreement.

Very truly yours,

[NAME OF LENDER]

By: \_\_\_\_\_

Name:

Title:

FORM OF COMPETITIVE BID ACCEPT/REJECT LETTER

Bank of America, N.A., as Administrative  
 Agent for the Lenders referred to below  
 335 Madison Avenue  
 New York, NY 10017

Attention:

Dear Ladies and Gentlemen:

The undersigned, Gannett Co., Inc. ("Gannett"), refers to the Amended and Restated Competitive Advance and Revolving Credit Agreement, dated as of March 11, 2002 and effective as of March 18, 2002, as amended and restated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein are therein defined unless otherwise defined), among Gannett, the several banks and other financial institutions or entities from time to time parties thereto, Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documents Agent.

In accordance with subsection 2.3(e) of the Credit Agreement, we have received a summary of bids in connection with our Competitive Bid Request dated \_\_\_\_\_, \_\_ and in accordance with subsection 2.3(f) of the Credit Agreement, we hereby accept the following bids:

<u>Principal Amount</u>	<u>Fixed Rate/Margin</u>	<u>Maturity Date</u>	<u>Lender</u>
\$ _____	[%]/[+/-]__%		

We hereby reject the following bids:

<u>Principal Amount</u>	<u>Fixed Rate/Margin</u>	<u>Maturity Date</u>	<u>Lender</u>
\$ _____	[%]/[+/-]__%		

The \$ \_\_\_\_\_ should be deposited in Bank of America, N.A. account number [ \_\_\_\_\_ ] on [date].

Upon acceptance of any or all of the Loans offered by the Lenders in response to this request, Gannett shall be deemed to have represented and warranted that the conditions to lending specified in Article IV of the Credit Agreement have been satisfied.

Very truly yours,

GANNETT CO., INC.

By: \_\_\_\_\_

Name:

Title:



FORM OF NEW LENDER SUPPLEMENT

SUPPLEMENT, dated \_\_\_\_\_, to the Amended and Restated Competitive Advance and Revolving Credit Agreement, dated as of March 11, 2002 and effective as of March 18, 2002, as amended and restated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein are therein defined unless otherwise defined), among Gannett Co., Inc., a Delaware corporation ("Gannett"), the several banks and other financial institutions or entities from time to time parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent.

WITNESSETH:

WHEREAS, the Credit Agreement provides in Section 2.1(e) thereof that any bank, financial institution or other entity may become a party to the Credit Agreement in connection with any transaction described in Section 2.1(d) thereof with the consent of Gannett and the Administrative Agent (which consent, in the case of the Administrative Agent, shall not be unreasonably withheld) by executing and delivering to Gannett and the Administrative Agent a supplement to the Credit Agreement in substantially the form of this Supplement; and

WHEREAS, the undersigned now desires to become a party to the Credit Agreement;

NOW, THEREFORE, the undersigned hereby agrees as follows:

1. The undersigned agrees to be bound by the provisions of the Credit Agreement, and agrees that it shall, on the date this Supplement is accepted by Gannett and the Administrative Agent, become a Lender for all purposes of the Credit Agreement to the same extent as if originally a party thereto, with [Five-Year Commitments of \$ \_\_\_\_\_] [Incremental Facility Commitments of \$ \_\_\_\_\_].

2. The undersigned (a) represents and warrants that it is legally authorized to enter into this Supplement; (b) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referred to in Section 3.2 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Supplement; (c) agrees that it has made and will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement or any instrument or document furnished pursuant hereto or thereto; (d) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement or any instrument or document furnished pursuant hereto or thereto as are delegated to the Administrative Agent by the terms thereof, together with such powers as are incidental thereto; and (e) agrees that it will be bound by the provisions of the Credit Agreement and will perform in accordance with its terms all the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender including, without limitation, if it is organized under the laws of a jurisdiction outside the United States, its obligation pursuant to Section 2.15(d) of the Credit Agreement.

3. The undersigned's address for notices for the purposes of the Credit Agreement is as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

IN WITNESS WHEREOF, the undersigned has caused this Supplement to be executed and delivered by a duly authorized officer on the date first above written.

[INSERT NAME OF LENDER]

By: \_\_\_\_\_

Title:

Accepted this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

GANNETT CO., INC.

By \_\_\_\_\_

Title:

Accepted this \_\_ day of \_\_\_\_\_, \_\_\_\_.

BANK OF AMERICA, N.A.,  
as Administrative Agent

By \_\_\_\_\_

Title:

FORM OF INCREMENTAL FACILITY ACTIVATION NOTICE

To: BANK OF AMERICA, N.A.,  
as Administrative Agent under the Credit Agreement referred to below

Reference is hereby made to the Amended and Restated Competitive Advance and Revolving Credit Agreement, dated as of March 11, 2002 and effective as of March 18, 2002, as amended and restated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein are therein defined unless otherwise defined), among Gannett Co., Inc., a Delaware corporation ("Gannett"), the several banks and other financial institutions or entities from time to time parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documents Agent.

This notice is an Incremental Facility Activation Notice referred to in the Credit Agreement, and Gannett and each of the Lenders party hereto hereby notify you that:

1. Each Lender party hereto agrees to make or increase the amount of its [Five-Year Commitment] [Incremental Facility Commitment] as set forth opposite such Lender's name below under the caption "Incremental Facility Amount".
2. The Incremental Facility Closing Date is \_\_\_\_\_.
- [3. The Incremental Facility Maturity Date is \_\_\_\_\_.]

GANNETT CO., INC.

By: \_\_\_\_\_

Name:

Title:

Incremental Facility Amount

[NAME OF LENDER]

\$

By: \_\_\_\_\_

Name:

Title:

CONSENTED TO:

BANK OF AMERICA, N.A.,  
as Administrative Agent

By \_\_\_\_\_

Name:

Title:

FORM OF EXEMPTION CERTIFICATE

Reference is made to the Amended and Restated Competitive Advance and Revolving Credit Agreement, dated as of March 11, 2002 and effective as of March 18, 2002, as amended and restated as of December 13, 2004 and effective as of January 5, 2005 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein are therein defined unless otherwise defined), among Gannett Co., Inc., a Delaware corporation ("Gannett"), the several banks and other financial institutions or entities from time to time parties thereto, Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documentation Agent. [Name of Non-U.S. Person] (the "Lender") is providing this certificate pursuant to subsection 2.15(d) of the Credit Agreement. The Lender hereby represents and warrants that:

1. The Lender is the sole record and beneficial owner of the Loans in respect of which it is providing this certificate.

2. The Lender is not a "bank" for purposes of Section 881(c)(3)(A) of the Internal Revenue Code of 1986, as amended (the "Code"). In this regard, the Lender represents and warrants that:

(a) the Lender is not subject to regulatory or other legal requirements as a bank in any jurisdiction; and

(b) the Lender has not been treated as a bank for purposes of any tax, securities law or other filing or submission made to any governmental authority, any application made to a rating agency or qualification for any exemption from tax, securities law or other legal requirements.

3. The Lender meets all of the requirements under Code Section 871(a) or 881(c) to be eligible for a complete exemption from withholding of taxes on interest payments made to it under the Credit Agreement (i.e., Gannett will not be required to withhold any amounts under U.S. tax law with respect to such interest payments), including without limitation that it is not a 10-percent shareholder (within the meaning of Section 871(h)(3)(B) of the Code) of Gannett and is not a controlled foreign corporation related to Gannett (within the meaning of Section 864(d)(4) of the Code).

4. The Lender shall promptly notify Gannett and the Administrative Agent if any of the representations and warranties made herein are no longer true and correct.

IN WITNESS WHEREOF, the undersigned has duly executed this certificate as of the \_\_ day of \_\_\_\_\_, \_\_.

[NAME OF LENDER]

By: \_\_\_\_\_

Name:

Title:

FORM OF OPINION OF NIXON PEABODY LLP

[Letterhead of Nixon Peabody LLP]

[DATE]

To the Lenders parties to the Amended and Restated Competitive Advance and Revolving Credit Agreement dated as of March 11, 2002 and effective as of March 18, 2002, as amended and restated as of December 13, 2004 and effective as of January 5, 2005, among Gannett Co., Inc., the Lenders parties thereto, Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documents Agent

Ladies and Gentlemen:

We are counsel to Gannett Co., Inc., a Delaware corporation ("Gannett"), and as such we are familiar with the Amended and Restated Competitive Advance and Revolving Credit Agreement, dated as of March 11, 2002 and effective as of March 18, 2002, as amended and restated as of December 13, 2004 and effective as of January 5, 2005, among Gannett, the several lenders from time to time parties thereto (the "Lenders"), Bank of America, N.A., as Administrative Agent (the "Administrative Agent"), JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documents Agent (the "Credit Agreement"). Capitalized terms defined in the Credit Agreement are used herein with the respective meanings assigned to such terms in the Credit Agreement.

In connection with this opinion, we have examined, among other documents, an executed copy of the Credit Agreement and Gannett's Restated Certificate of Incorporation, as amended, and By-laws, as amended. Subject to the assumptions and qualifications contained herein, we also have examined originals or copies, certified or otherwise identified to our satisfaction, of such other documents, and made such investigations of law, as we have deemed necessary or appropriate as a basis for the opinions expressed below. We also have relied upon certificates and other documents from public officials.

In rendering the following opinions, we have assumed, without investigation, the authenticity of any document or other instrument submitted to us as an original, the conformity to the originals of any document or other instrument submitted to us as a copy, the legal capacity of natural persons, and the genuineness of all signatures on such originals or copies.

We express no opinion herein as to (i) any provisions of the Credit Agreement which provide for indemnification, waiver or release to the extent such provisions may be limited or rendered, unenforceable, in whole or in part, by securities laws, criminal statutes or other laws or the policies underlying such laws and by the effect of general rules of contract law that limit the enforceability of provisions releasing, exculpating or exempting a party from, or requiring indemnification for liability for action or inaction, to the extent the action or inaction involves gross negligence, recklessness, willful misconduct or unlawful conduct, or (ii) the waiver of inconvenient forum or any claim that venue is improper or provisions relating to subject matter jurisdiction of the courts set forth in the Credit Agreement.

The phrase “to our knowledge,” when used herein, means that our opinion is based solely on matters within the actual knowledge of attorneys in the firm who have been involved in the preparation of this opinion and the Credit Agreement.

Members of our firm involved in the preparation of this opinion are licensed to practice law in the State of New York and we do not purport to be experts on, or to express any opinion herein concerning, any law other than the laws of the State of New York, the General Corporation Law of the State of Delaware and the Federal law of the United States.

Based upon and subject to the foregoing and the other assumptions and qualifications contained herein, we are of the opinion that:

1. Gannett is a corporation duly organized, validly existing and in good standing under the laws of Delaware and is duly qualified to do business as a foreign corporation, and Gannett is in good standing in all states in which it owns substantial properties or in which it conducts substantial business or in which qualification is necessary in order that the business or financial condition of Gannett and its Subsidiaries, taken as a whole, be not Materially adversely affected.

2. To our knowledge, there are no actions, suits or proceedings pending or threatened against or affecting Gannett or any of its Subsidiaries in or before any court or foreign or domestic government instrumentality, and neither Gannett nor any of its Subsidiaries is in default in respect of any order of any such court or governmental instrumentality which, in any such case, in the opinion of Gannett, are Material.

3. Neither the execution and delivery of the Credit Agreement, the consummation of the transactions therein contemplated nor compliance with the terms and provisions thereof will conflict with or result in breach of any of the provisions of the Restated Certificate of Incorporation, as amended, or the By-Laws, as amended, of Gannett or, to our knowledge and based on reasonable inquiries made of corporate officers, of any law or of any regulation or order of any court or governmental instrumentality or any material agreement or instrument by which Gannett is bound or constitute a default thereunder or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever not permitted under Section 6.1 of the Credit Agreement upon any of the property of Gannett.

4. The execution and delivery of the Credit Agreement and the making of all Borrowings contemplated or permitted by the provisions thereof have been duly authorized by all necessary corporate action on the part of Gannett; and the Credit Agreement has been duly and validly executed and delivered by Gannett. The Credit Agreement constitutes a valid and legally binding agreement of Gannett enforceable in accordance with its terms and the Borrowings, when duly made, will constitute valid and legally binding obligations of Gannett enforceable in accordance with the terms thereof and of the Credit Agreement, except as limited by applicable bankruptcy, insolvency, moratorium, reorganization or other laws, judicial decisions or principles of equity relating to or affecting the enforcement of creditors' rights or contractual obligations generally.

In rendering the foregoing opinions, we have relied upon the certificates of officers of Gannett as to factual matters, including (i) the nature and location of the property of Gannett, (ii) the agreements and instruments to which Gannett and/or its Subsidiaries is a party which are material, and (iii) the existence of Material pending or threatened actions, suits or proceedings or orders of any court or governmental instrumentality and other information from such officers. We have not independently investigated or verified the information represented in such certificates provided to us and do not opine as to the accuracy thereof.

Very truly yours,

FORM OF COMPLIANCE CERTIFICATE

**[Use for quarterly report]**

The undersigned, an officer of Gannett Co., Inc. ("Gannett"), has executed this Certificate on behalf of Gannett pursuant to Section 5.1(a) of the Amended and Restated Competitive Advance and Revolving Credit Agreement, dated as of March 11, 2002 and effective as of March 18, 2002, as amended and restated as of December 13, 2004 and effective as of January 5, 2005 (the "Agreement"), among Gannett, the several banks and other financial institutions or entities from time to time parties thereto, Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documents Agent. The undersigned has reviewed Gannett's activities during the preceding fiscal quarter, which has consisted solely of a review of the unaudited consolidated financial statements of Gannett for said fiscal quarter.

**[Use for annual report]**

The undersigned, an officer of Gannett Co., Inc. ("Gannett") has executed this Certificate on behalf of Gannett pursuant to Section 5.1(b) of the Amended and Restated Competitive Advance and Revolving Credit Agreement, dated as of March 11, 2002 and effective as of March 18, 2002, as amended and restated as of December 13, 2004 and effective as of January 5, 2005 (the "Agreement"), among Gannett, the several banks and other financial institutions or entities from time to time parties thereto, Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A., as Syndication Agent, and Barclays Bank PLC, as Documents Agent. The undersigned has reviewed the activities of Gannett and its Subsidiaries during the preceding fiscal year, which has consisted solely of a review of the audited consolidated financial statements of Gannett for said fiscal year.

**[Use for quarterly and annual report]**

At \_\_\_\_\_ the Total Shareholders' Equity \_\_\_\_\_ is .

The undersigned hereby CERTIFIES THAT, based upon the review described above and a review of the Agreement, nothing came to the undersigned's attention which caused the undersigned to believe that (i) Gannett has not fulfilled all of its obligations under the Agreement or (ii) there has occurred an Event of Default as defined in said Agreement, or any condition, event or act, which with notice or lapse of time or both, would constitute an Event of Default, which has not been cured pursuant to the provisions of the Agreement.

---

GANNETT CO., INC.

By: \_\_\_\_\_

Name:

Title:



Gannett Co., Inc.  
Compensation for Non-Employee Directors

Annual Fees

Each director is entitled to receive an annual fee of \$45,000. Each committee chair is entitled to receive an additional annual fee of \$15,000.

In lieu of receiving their annual fees in cash, directors may elect to receive their fees in:

- (1) shares of restricted stock worth 110% of the applicable cash fee, based on the market value of Gannett's stock at the time of payment. These restricted shares generally vest at a rate of 1/36<sup>th</sup> of the shares per month, receive dividend equivalent rights and are issuable to a director upon his or her retirement.
- (2) options to purchase a number of shares of common stock equal to four times the number of shares that would have been issued if the applicable fee had been paid in shares of restricted stock. These options generally vest at a rate of 1/4 of the shares on each anniversary of the date of grant, have an exercise price equal to the fair market value of a share of common stock on the date of grant, and are exercisable for a period of eight years from the date of grant.

In addition, upon each annual meeting of shareholders, each director receives a long-term award of either 1,250 shares of restricted stock or options to purchase 5,000 shares of stock.

Meeting Fees

Directors receive \$2,000 for each board meeting attended and \$1,000 for each committee meeting attended.

Deferral

Directors may elect to defer their cash or restricted stock fees under Gannett's Deferred Compensation Plan, which for cash fee deferrals provides for ten deemed investment options, including mutual funds and a Gannett common stock fund. Deferred fees paid as restricted stock must be invested in the Gannett common stock fund of the Deferred Compensation Plan.

Expenses

Directors are reimbursed for their reasonable expenses of attending board and committee meetings.

## AGREEMENT

This Agreement is dated February 25, 2005 (the "Contract Date"), and is between Gannett Co., Inc., a Delaware corporation ("Gannett"), and Thomas L. Chapple ("Executive"). Executive is Gannett's Senior Vice President, Chief Administrative Officer and General Counsel and has been employed by Gannett for more than 28 years. As a key member of senior management of Gannett, Executive has contributed substantially to the growth and success of Gannett. Executive's current responsibilities include supervision of the following company-wide activities: Human Resources, Legal Affairs, Corporate Communications, federal and state Government Relations, Security, Flight Operations, Travel Services, and the Gannett Foundation. His responsibilities also include supervision of Corporate Facilities, full attendance at all Gannett Board and Board committee meetings (other than executive sessions), board membership on Newsquest PLC, and other responsibilities as have been assigned by the Board or the CEO. He is also the Company's Ethics Officer and its Compliance Officer and a member of the Gannett Management Committee. Gannett's chief executive officer, Douglas H. McCorkindale, is subject to an employment agreement the term of which expires on June 30, 2006, and Gannett expects there will be a transition to a new chief executive officer. In light of that transition, as well as Executive's exemplary contributions, Gannett desires to retain the Executive's services as set forth in this Agreement and to provide the necessary consideration to assure such services.

Gannett and Executive therefore agree as follows:

1. Employment. Gannett hereby employs Executive as its Senior Vice President, Chief Administrative Officer and General Counsel or in such other senior executive position as the Board of Directors and Executive shall mutually agree upon. Executive hereby accepts the employment specified herein, agrees to perform, in good faith, the duties, consistent with Executive's position, and as prescribed by Executive's supervisor, abide by the terms and conditions described in this Agreement and devote Executive's full working time and best efforts to Gannett. These obligations shall not restrict Executive from engaging in Executive's customary activities as a director or trustee of other business and not-for-profit organizations.

2. Term of Agreement. This Agreement shall become effective on the Contract Date, provided that certain provisions herein shall apply only during the eighteen-month period commencing on the date that Douglas H. McCorkindale no longer holds all of the titles Chairman, President and Chief Executive Officer (the "Transition Period").

3. Compensation. During the term of this Agreement, Gannett shall pay Executive a base salary at the rate of \$490,000 per annum, or such greater amount as the Executive Compensation Committee, in its sole discretion, shall determine. Such salary shall be payable in accordance with Gannett's standard payroll practices for

senior executives. Gannett may pay Executive a bonus in such amount and at such time or times as the Executive Compensation Committee, in its sole discretion, shall determine.

4. Reimbursement for Expenses. It is anticipated that Executive will incur various reasonable business expenses customarily incurred by persons holding like positions, including but not limited to travel, entertainment and similar expenses incurred for the benefit of Gannett. Gannett shall reimburse Executive for such expenses from time to time, at Executive's request, and Executive shall account to Gannett for such expenses.

5. Termination of Employment by Gannett.

- (a) Termination Date. The date of any cessation of Executive's employment is referred to herein as the "Termination Date."
- (b) Death. This Agreement shall automatically terminate upon the death of Executive, and Gannett shall have no further obligations under this Agreement except as set forth in Section 7(b) hereof.
- (c) Disability During the Transition Period. During the Transition Period, if Gannett terminates Executive's employment because Executive has an illness or other disability that has incapacitated Executive from performing Executive's duties for six months, as determined by the Gannett Long Term Disability Plan's independent plan administrator, then, in addition to other applicable provisions of this Agreement that are intended to survive termination of employment, Executive shall be entitled to receive a cash payment equal to the present value (based on Gannett's then current all-in cost of borrowing) of (A) the sum of Executive's (1) annual salary at the then current rate, (2) most recent annual bonus paid to Executive prior to the Termination Date, and (3) the deemed value of all fringe benefits (prior to any elective deferrals or any other deductions as to salary and bonus) multiplied by (B) a fraction, the numerator of which is the number of months remaining in the Transition Period and the denominator of which is the number 12. This cash payment shall be payable within 30 days of the Termination Date. For this purpose, the deemed value of fringe benefits shall equal five percent of Executive's annual salary plus the aggregate amount of club dues and home security charges paid by Gannett on Executive's behalf in the calendar year prior to the year of termination.

Whenever compensation is payable to Executive hereunder during a time when Executive is partially or totally disabled, and such

disability (except for the provisions hereof) would entitle Executive to disability income or to salary continuation payments from Gannett or from its insurer under the terms of the Gannett long-term disability plan, or any successor Gannett plan or policy in effect at the time of such disability, the compensation payable to Executive hereunder shall be inclusive of any such disability income or salary continuation and shall not be in addition thereto.

- (d) Termination for Cause. Gannett may also terminate Executive's employment for Good Cause, upon written notice. For this purpose, "Good Cause" means (1) any material misappropriation of funds or property of Gannett by Executive; (2) persistent neglect or refusal by Executive to perform Executive's duties as provided in Section 1 hereof; (3) the breach by Executive of any provision of Section 12; (4) conviction of Executive of a felony; or (5) Executive's voluntary resignation as an employee of Gannett without the prior written consent of Gannett. If Gannett terminates Executive's employment for Good Cause, Gannett shall have no further obligations under this Agreement except as set forth under Section 7(b) below.
- (e) Other Termination in the Transition Period. Gannett may terminate Executive's employment during the Transition Period without Good Cause, subject to the applicable provisions of this Agreement that are intended to survive termination of employment. A termination described in Section 5(c) shall not be treated as a termination under this Section 5(e).
- (f) Employee Status. At any time before or after the Transition Period, Executive shall have the status of an employee at will and either party may terminate Executive's employment at any time for any reason or for no reason at all, subject to the applicable provisions of this Agreement that are intended to survive termination of employment.

6. Termination of Employment by Executive.

- (a) During the Transition Period, Executive shall have the right to terminate employment under this Agreement for "Good Reason" upon 30 days' notice to Gannett given within 90 days following the occurrence of any of the following events and specifying which event or events has occurred, each of which shall constitute a "Good Reason" for such termination: (1) Executive is not elected or retained as Senior Vice President, Chief Administrative Officer and General Counsel (or such other senior executive position as

Executive may have agreed to serve in) of Gannett; (2) Gannett acts to materially reduce Executive's duties and responsibilities hereunder including, without limitation, that Executive no longer directly reports to any one of the Chairman, President or Chief Executive Officer; (3) Gannett acts to change the geographic location of the performance of Executive's duties from the Washington, D.C. metropolitan area; or (4) Gannett otherwise materially breaches this Agreement; provided that, none of the foregoing events shall constitute Good Reason if the event is an isolated, insubstantial or inadvertent event which is remedied by Gannett within 30 days after receipt of notice given by Executive to Gannett specifying the event or events.

- (b) Executive may terminate his employment during the Transition Period without Good Reason or at any time before or after the Transition Period for any reason or for no reason at all, provided that Executive shall provide Gannett with 30 days advance notice.

7. Benefits Upon Termination.

- (a) During the Transition Period. During the Transition Period, if Executive's employment is terminated by Executive pursuant to Section 6(a) hereof, or by Gannett pursuant to Section 5(e) hereof, and conditioned upon and subject to Executive executing a valid release agreement releasing Gannett, its affiliates, and their respective employees, directors and agents, from any and all claims which Executive has or may have against such parties arising out of Executive's employment (the "Release"), the following shall apply:
  - (i) Executive shall be entitled to receive a cash severance payment equal to 1.5 times the sum of Executive's (1) annual salary at the then current rate, and (2) most recent annual bonus paid to Executive prior to the Termination Date (both prior to any elective deferrals or any other deductions as to such salary or bonus). Such cash payment shall be payable 30 days after the Termination Date, provided that the Release has become effective on or before such date; and
  - (ii) All outstanding stock options granted to Executive on or prior to the Termination Date shall vest in full on the Termination Date. In the event that Gannett grants any stock-based awards to Executive that are subject to performance-based vesting, such awards granted to

Executive on or prior to the Termination Date shall be deemed to have been fully earned as of such date and the value thereof shall be promptly paid to Executive; and

- (iii) Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor will any payments hereunder be subject to offset in respect of any claims which Gannett may have against Executive, nor shall the amount of any payment or benefit provided for in this Section 7 be reduced by any compensation earned as a result of Executive's self-employment or employment with another employer.
- (b) If Executive's employment is terminated by Executive or by Gannett for any reason, Executive shall be paid all earned but unpaid compensation, accrued vacation and accrued but unreimbursed expenses required to be reimbursed under this Agreement within 30 days of the Termination Date. For the avoidance of doubt, if Gannett terminates Executive's employment for any reason or for no reason at all before or after the Transition Period, Executive shall only be entitled to the payments described in this Section 7(b) and, to the extent applicable, Sections 8(b) or 8(c) hereof. The preceding sentence is not intended to preclude any severance arrangement that Gannett may agree to in the event Executive is terminated before or after the Transition Period.

#### 8. Miscellaneous Benefits.

- (a) During Employment. So long as Executive remains employed by Gannett, Executive shall be entitled to receive all benefits, facilities or privileges, in comparable amounts and under comparable terms and conditions, as are made available during such period to any other member of the Gannett Management Committee (other than the chief executive officer and other than sign-on bonuses and similar one-time benefits).
- (b) Following Employment. If Executive terminates employment with Gannett for any reason, or Gannett terminates Executive's employment hereunder for any reason other than the reasons specified in Section 5(b) or (d) hereof, Executive shall receive all benefits afforded to retired Gannett Management Committee members (other than Gannett's chief executive officer) and, in accordance with Gannett policies, to other retired executive officers generally, as described in Exhibit A to this Agreement.

- (c) Retirement Plan Credit. If Executive's employment with Gannett terminates before March 1, 2008, Executive shall receive additional service credit for purposes of calculating Executive's benefit under the Gannett Supplemental Retirement Plan, or a similar plan adopted to replace such plan (the "SERP"), equal to the difference between 36 months and the number of full months of service credited to Executive between the Contract Date and Executive's Termination Date. In the event that the preceding sentence results in Executive being credited with service for a period of time after Executive's Termination Date, benefits under the SERP shall be calculated as of Executive's Termination Date by assuming that Executive continued employment for the period of time for which Executive is granted additional service credit and assuming Executive's compensation for such period is equal to Executive's annual salary and most recent annual bonus as of the Termination Date. Notwithstanding the foregoing, in the event that Executive's employment is terminated pursuant to Section 5(b) or 5(d) above or by Executive for any reason other than those set forth in Section 6(a) above, then Executive will not be credited with any additional service beyond Executive's Termination Date.

9. Change in Control. Upon a change in control, as defined below, the Executive shall receive the greater of (i) any compensation and/or other benefits that become due under the Gannett Transitional Compensation Plan, or (ii) any compensation and/or other benefits that become due under this Agreement, but not both. For purposes of this Agreement, the term "change in control" has the same meaning given it under the Transitional Compensation Plan (or any successor plan).

10. Certain Additional Payments by Gannett.

- (a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by Gannett to or for the benefit of Executive, whether paid or payable, pursuant to the terms of this Agreement or otherwise (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code ("Code") or similar section (provided that Section 409A of the Code shall not be treated as a similar section), or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax imposed

upon the Gross-Up Payment, Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

- (b) All determinations required to be made under Section 10(a) (including whether and when a Gross-Up Payment is required, the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination) shall be made by the nationally recognized accounting firm serving as Gannett's independent accounting firm (the "Accounting Firm"). The Accounting Firm shall provide detailed supporting calculations to both Gannett and Executive within 10 business days of Gannett's receipt of notice from Executive that there has been a Payment or at such earlier time as is requested by Gannett. All fees and expenses of the Accounting Firm shall be borne solely by Gannett. Any Gross-Up Payment, as determined pursuant to Section 10(a), shall be paid by Gannett to Executive within 5 days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Company and Executive.
- (c) As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments that will not have been made by Gannett should have been made (the "Underpayment") or that Gross-Up Payments will have been made that should not have been made ("Overpayments"), consistent with the calculations required to be made hereunder. In the event Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by Gannett to or for the benefit of Executive. If the Accounting Firm shall determine that an Overpayment has been made, Executive shall promptly repay the amount of the Overpayment to Gannett.

11. Legal Expenses and Interest. If, with respect to any alleged failure by Gannett to comply with any of the terms of this Agreement, Executive hires legal counsel with respect to this Agreement or institutes any negotiations or institutes or responds to legal action to assert or defend the validity of, enforce Executive's rights under, or recover damages for breach of this Agreement and thereafter Gannett is found in a judgment no longer subject to review or appeal to have breached this Agreement in any material respect, then Gannett shall indemnify Executive for Executive's actual expenses for attorneys' fees and disbursements, together with such additional payments, if any, as may be necessary so that the net after-tax payments to Executive equal such fees and disbursements.



12. Trade Secrets. Executive agrees that unless duly authorized in writing by Gannett, Executive will neither during Executive's employment by Gannett nor at any time thereafter divulge or use in any manner that is injurious to Gannett any trade secrets or confidential information first acquired by Executive during and by virtue of Executive's employment with Gannett.

13. Notice. Any and all notices referred to herein shall be sufficient if furnished in writing and sent by registered mail to the parties.

14. Transferability. The rights, benefits and obligations of Gannett under this Agreement shall be transferable and all covenants and agreements hereunder shall inure to the benefit of and be enforceable by or against its successors and assigns. Whenever the term "Gannett" is used in this Agreement, such term shall mean and include Gannett Co., Inc. and its successors and assigns. The rights and benefits of Executive under this Agreement shall not be transferable other than rights to property or compensation that may pass on Executive's death to Executive's estate or beneficiaries through Executive's will or the laws of descent and distribution and the terms of any Gannett compensation or benefit plan.

15. Severability. If any provision of this Agreement or the application thereof is held invalid or unenforceable, the invalidity or unenforceability thereof shall not affect any other provisions of this Agreement which can be given effect without the invalid or unenforceable provision, and to this end the provisions of this Agreement are to be severable.

16. Amendment; Waiver. This Agreement contains the entire agreement of the parties with respect to the employment of Executive by Gannett. Notwithstanding the foregoing, except as expressly provided herein, nothing in this Agreement is intended to abrogate or modify any benefits to which Executive may now or hereafter be entitled under Gannett's various employee benefit plans. No amendment or modification of this Agreement shall be valid unless evidenced by a written instrument executed by the parties hereto. No waiver by either party of any breach by the other party of any provision or conditions of this Agreement shall be deemed a waiver of any similar or dissimilar provision or condition at the same or any prior or subsequent time.

17. Tax Withholding. Gannett may withhold from any payments due to Executive hereunder, such amounts as its independent public accountants may determine are required to be withheld under applicable federal, state and local tax laws.

18. Section 409A. Notwithstanding anything to the contrary contained herein, in the event that Gannett determines that payments under this Agreement are subject

to Section 409A of the Code (or Executive makes such determination and informs Gannett of such determination by December 1, 2005): (i) payments under this Agreement shall not commence until six months after the Termination Date (or, if earlier, the date Executive dies); and (ii) Gannett may unilaterally amend the Agreement to make such other changes it reasonably determines are required to comply with Section 409A of the Code.

19. Governing Law. This Agreement shall be governed by and construed under and in accordance with the laws of the State of Delaware without regard to principles of conflicts of laws.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

GANNETT CO., INC.

By /s/ Douglas H. McCorkindale

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Douglas H. McCorkindale  
Chairman, President and  
Chief Executive Officer

/s/ Thomas L. Chapple

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Thomas L. Chapple

Agreed on behalf of the  
Executive Compensation Committee

/s/ James A. Johnson

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James A. Johnson, Chair

**EXECUTIVE RETIREMENT BENEFITS APPLICABLE TO CURRENT MEMBERS OF THE  
GANNETT MANAGEMENT COMMITTEE\***

**Life Insurance:** Active GMC members own a whole life insurance policy in an amount equal to 2 times salary and last bonus plus \$200,000. The Company pays the policy premium. Upon retirement, the policy's face amount reduces 10%, and 10% each year thereafter, to a minimum benefit of \$350,000.

**Travel Accident Insurance:** Active GMC members receive insurance equal to 3 times salary and last bonus on a 24-hour business or pleasure basis. (This is in addition to the regular employee travel accident insurance benefit of 3 times salary and last bonus.) Upon retirement, the benefit ceases. However, if a retired GMC member is asked to represent Gannett at a function or event and receives prior approval from the CEO, travel accident insurance coverage of \$1,000,000 will be provided while on business travel status.

**Executive Health Insurance:** Active GMC members receive supplemental health coverage with a maximum annual benefit of \$25,000 per executive family. (This is in addition to the regular employee health insurance coverage.) Upon retirement, the maximum annual benefit remains unchanged. Upon death, the maximum annual family benefit for eligible dependents becomes \$12,500 per year for life.

**Company Automobile:** Upon retirement, the company automobile is offered to a GMC member at the fair market value.

**Legal and Financial Services:** Upon retirement, this benefit ceases on April 15 of the year of retirement or the year following retirement, depending on the actual retirement date.

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\* Gannett reserves the right, in its sole discretion, to amend or terminate these benefits from time-to-time, provided that any changes made with respect to the benefits provided to Executive shall also apply to similarly situated Gannett executives.

## AGREEMENT

This Agreement is dated February 25, 2005 (the "Contract Date"), and is between Gannett Co., Inc., a Delaware corporation ("Gannett"), and Craig A. Dubow ("Executive"). Executive is President and CEO of Gannett Broadcasting and has been employed by Gannett for more than 23 years. As a key member of senior management of Gannett, Executive has contributed substantially to the growth and success of Gannett. Executive's current responsibilities include the leadership and management of the Broadcast Division and Gannett's Information Technology department. In his capacity as President and CEO of Gannett Broadcasting, he is responsible for exploring new means of information distribution including orchestrating the delivery of information on electronic platforms and video-related genre such as Captivate. In addition to these roles, he serves on the Gannett Management Committee and is an officer of the company. He performs other responsibilities as assigned by the Board or the CEO. Gannett's chief executive officer, Douglas H. McCorkindale, is subject to an employment agreement the term of which expires on June 30, 2006, and Gannett expects there will be a transition to a new chief executive officer. In light of that transition, as well as Executive's exemplary contributions, Gannett desires to retain the Executive's services as set forth in this Agreement and to provide the necessary consideration to assure such services.

Gannett and Executive therefore agree as follows:

1. Employment. Gannett hereby employs Executive as its President and CEO of Gannett Broadcasting or in such other senior executive position as the Board of Directors and Executive shall mutually agree upon. Executive hereby accepts the employment specified herein, agrees to perform, in good faith, the duties, consistent with Executive's position, and as prescribed by Executive's supervisor, abide by the terms and conditions described in this Agreement and devote Executive's full working time and best efforts to Gannett. These obligations shall not restrict Executive from engaging in Executive's customary activities as a director or trustee of other business and not-for-profit organizations.

2. Term of Agreement. This Agreement shall become effective on the Contract Date, provided that certain provisions herein shall apply only during the eighteen-month period commencing on the date that Douglas H. McCorkindale no longer holds all of the titles Chairman, President and Chief Executive Officer (the "Transition Period").

3. Compensation. During the term of this Agreement, Gannett shall pay Executive a base salary at the rate of \$595,000 per annum, or such greater amount as the Executive Compensation Committee, in its sole discretion, shall determine. Such salary shall be payable in accordance with Gannett's standard payroll practices for senior executives. Gannett may pay Executive a bonus in such amount and at such time or times as the Executive Compensation Committee, in its sole discretion, shall determine.

4. Reimbursement for Expenses. It is anticipated that Executive will incur various reasonable business expenses customarily incurred by persons holding like positions, including but not limited to travel, entertainment and similar expenses incurred for the benefit of Gannett. Gannett shall reimburse Executive for such expenses from time to time, at Executive's request, and Executive shall account to Gannett for such expenses.

5. Termination of Employment by Gannett.

- (a) Termination Date. The date of any cessation of Executive's employment is referred to herein as the "Termination Date."
- (b) Death. This Agreement shall automatically terminate upon the death of Executive, and Gannett shall have no further obligations under this Agreement except as set forth in Section 7(b) hereof.
- (c) Disability During the Transition Period. During the Transition Period, if Gannett terminates Executive's employment because Executive has an illness or other disability that has incapacitated Executive from performing Executive's duties for six months, as determined by the Gannett Long Term Disability Plan's independent plan administrator, then, in addition to other applicable provisions of this Agreement that are intended to survive termination of employment, Executive shall be entitled to receive a cash payment equal to the present value (based on Gannett's then current all-in cost of borrowing) of (A) the sum of Executive's (1) annual salary at the then current rate, (2) most recent annual bonus paid to Executive prior to the Termination Date, and (3) the deemed value of all fringe benefits (prior to any elective deferrals or any other deductions as to salary and bonus) multiplied by (B) a fraction, the numerator of which is the number of months remaining in the Transition Period and the denominator of which is the number 12. This cash payment shall be payable within 30 days of the Termination Date. For this purpose, the deemed value of fringe benefits shall equal five percent of Executive's annual salary plus the aggregate amount of club dues and home security charges paid by Gannett on Executive's behalf in the calendar year prior to the year of termination.

Whenever compensation is payable to Executive hereunder during a time when Executive is partially or totally disabled, and such disability (except for the provisions hereof) would entitle Executive to disability income or to salary continuation payments from Gannett or from its insurer under the terms of the Gannett long-term disability plan, or any successor Gannett plan or policy in

effect at the time of such disability, the compensation payable to Executive hereunder shall be inclusive of any such disability income or salary continuation and shall not be in addition thereto.

- (d) Termination for Cause. Gannett may also terminate Executive's employment for Good Cause, upon written notice. For this purpose, "Good Cause" means (1) any material misappropriation of funds or property of Gannett by Executive; (2) persistent neglect or refusal by Executive to perform Executive's duties as provided in Section 1 hereof; (3) the breach by Executive of any provision of Section 12; (4) conviction of Executive of a felony; or (5) Executive's voluntary resignation as an employee of Gannett without the prior written consent of Gannett. If Gannett terminates Executive's employment for Good Cause, Gannett shall have no further obligations under this Agreement except as set forth under Section 7(b) below.
- (e) Other Termination in the Transition Period. Gannett may terminate Executive's employment during the Transition Period without Good Cause, subject to the applicable provisions of this Agreement that are intended to survive termination of employment. A termination described in Section 5(c) shall not be treated as a termination under this Section 5(e).
- (f) Employee Status. At any time before or after the Transition Period, Executive shall have the status of an employee at will and either party may terminate Executive's employment at any time for any reason or for no reason at all, subject to the applicable provisions of this Agreement that are intended to survive termination of employment.

6. Termination of Employment by Executive.

- (a) During the Transition Period, Executive shall have the right to terminate employment under this Agreement for "Good Reason" upon 30 days' notice to Gannett given within 90 days following the occurrence of any of the following events and specifying which event or events has occurred, each of which shall constitute a "Good Reason" for such termination: (1) Executive is not elected or retained as President and CEO of Gannett Broadcasting (or such other senior executive position as Executive may have agreed to serve in) of Gannett; (2) Gannett acts to materially reduce Executive's duties and responsibilities hereunder including, without limitation, that Executive no longer directly reports to any one of the Chairman, President or Chief Executive Officer; (3) Gannett acts to change the geographic location of the performance of Executive's

duties from the Washington, D.C. metropolitan area; or (4) Gannett otherwise materially breaches this Agreement; provided that, none of the foregoing events shall constitute Good Reason if the event is an isolated, insubstantial or inadvertent event which is remedied by Gannett within 30 days after receipt of notice given by Executive to Gannett specifying the event or events.

- (b) Executive may terminate his employment during the Transition Period without Good Reason or at any time before or after the Transition Period for any reason or for no reason at all, provided that Executive shall provide Gannett with 30 days advance notice.

7. Benefits Upon Termination.

- (a) During the Transition Period. During the Transition Period, if Executive's employment is terminated by Executive pursuant to Section 6(a) hereof, or by Gannett pursuant to Section 5(e) hereof, and conditioned upon and subject to Executive executing a valid release agreement releasing Gannett, its affiliates, and their respective employees, directors and agents, from any and all claims which Executive has or may have against such parties arising out of Executive's employment (the "Release"), the following shall apply:
- (i) Executive shall be entitled to receive a cash severance payment equal to 1.5 times the sum of Executive's (1) annual salary at the then current rate, and (2) most recent annual bonus paid to Executive prior to the Termination Date (both prior to any elective deferrals or any other deductions as to such salary or bonus). Such cash payment shall be payable 30 days after the Termination Date, provided that the Release has become effective on or before such date; and
  - (ii) All outstanding stock options granted to Executive on or prior to the Termination Date shall vest in full on the Termination Date and shall be exercisable for the lesser of the remaining term thereof or three years. In the event that Gannett grants any stock-based awards to Executive that are subject to performance-based vesting, such awards granted to Executive on or prior to the Termination Date shall be deemed to have been fully earned as of such date and the value thereof shall be promptly paid to Executive; and
  - (iii) Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement



by seeking other employment or otherwise, nor will any payments hereunder be subject to offset in respect of any claims which Gannett may have against Executive, nor shall the amount of any payment or benefit provided for in this Section 7 be reduced by any compensation earned as a result of Executive's self-employment or employment with another employer.

- (b) If Executive's employment is terminated by Executive or by Gannett for any reason, Executive shall be paid all earned but unpaid compensation, accrued vacation and accrued but unreimbursed expenses required to be reimbursed under this Agreement within 30 days of the Termination Date. For the avoidance of doubt, if Gannett terminates Executive's employment for any reason or for no reason at all before or after the Transition Period, Executive shall only be entitled to the payments described in this Section 7(b) and, to the extent applicable, Sections 8(b) or 8(c) hereof. The preceding sentence is not intended to preclude any severance arrangement that Gannett may agree to in the event Executive is terminated before or after the Transition Period.

**8. Miscellaneous Benefits.**

- (a) During Employment. So long as Executive remains employed by Gannett, Executive shall be entitled to receive all benefits, facilities or privileges, in comparable amounts and under comparable terms and conditions, as are made available during such period to any other member of the Gannett Management Committee (other than the chief executive officer and other than sign-on bonuses and similar one-time benefits).
- (b) Following Employment. If Executive terminates employment with Gannett for any reason, or Gannett terminates Executive's employment hereunder for any reason other than the reasons specified in Section 5(b) or (d) hereof, Executive shall receive all benefits afforded to retired Gannett Management Committee members (other than Gannett's chief executive officer) and, in accordance with Gannett policies, to other retired executive officers generally, as described in Exhibit A to this Agreement.
- (c) Retirement Plan Credit. If Executive's employment with Gannett terminates before November 1, 2009, Executive shall receive additional service credit for purposes of calculating Executive's benefit under the Gannett Supplemental Retirement Plan, or a similar plan adopted to replace such plan (the "SERP"), equal to the difference between 56 months and the number of full months of

service credited to Executive between the Contract Date and Executive's Termination Date. In the event that the preceding sentence results in Executive being credited with service for a period of time after Executive's Termination Date, benefits under the SERP shall be calculated as of Executive's Termination Date by assuming that Executive continued employment for the period of time for which Executive is granted additional service credit and assuming Executive's compensation for such period is equal to Executive's annual salary and most recent annual bonus as of the Termination Date. Notwithstanding the foregoing, in the event that Executive's employment is terminated pursuant to Section 5(b) or 5(d) above or by Executive for any reason other than those set forth in Section 6(a) above, then Executive will not be credited with any additional service beyond Executive's Termination Date.

9. Change in Control. Upon a change in control, as defined below, the Executive shall receive the greater of (i) any compensation and/or other benefits that become due under the Gannett Transitional Compensation Plan, or (ii) any compensation and/or other benefits that become due under this Agreement, but not both. For purposes of this Agreement, the term "change in control" has the same meaning given it under the Transitional Compensation Plan (or any successor plan).

10. Certain Additional Payments by Gannett.

- (a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by Gannett to or for the benefit of Executive, whether paid or payable, pursuant to the terms of this Agreement or otherwise (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code ("Code") or similar section (provided that Section 409A of the Code shall not be treated as a similar section), or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax imposed upon the Gross-Up Payment, Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.
- (b) All determinations required to be made under Section 10(a) (including whether and when a Gross-Up Payment is required, the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination) shall be made by the nationally recognized accounting firm serving as Gannett's

independent accounting firm (the "Accounting Firm"). The Accounting Firm shall provide detailed supporting calculations to both Gannett and Executive within 10 business days of Gannett's receipt of notice from Executive that there has been a Payment or at such earlier time as is requested by Gannett. All fees and expenses of the Accounting Firm shall be borne solely by Gannett. Any Gross-Up Payment, as determined pursuant to Section 10(a), shall be paid by Gannett to Executive within 5 days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Company and Executive.

- (c) As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments that will not have been made by Gannett should have been made (the "Underpayment") or that Gross-Up Payments will have been made that should not have been made ("Overpayments"), consistent with the calculations required to be made hereunder. In the event Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by Gannett to or for the benefit of Executive. If the Accounting Firm shall determine that an Overpayment has been made, Executive shall promptly repay the amount of the Overpayment to Gannett.

11. Legal Expenses and Interest. If, with respect to any alleged failure by Gannett to comply with any of the terms of this Agreement, Executive hires legal counsel with respect to this Agreement or institutes any negotiations or institutes or responds to legal action to assert or defend the validity of, enforce Executive's rights under, or recover damages for breach of this Agreement and thereafter Gannett is found in a judgment no longer subject to review or appeal to have breached this Agreement in any material respect, then Gannett shall indemnify Executive for Executive's actual expenses for attorneys' fees and disbursements, together with such additional payments, if any, as may be necessary so that the net after-tax payments to Executive equal such fees and disbursements.

12. Trade Secrets. Executive agrees that unless duly authorized in writing by Gannett, Executive will neither during Executive's employment by Gannett nor at any time thereafter divulge or use in any manner that is injurious to Gannett any trade secrets or confidential information first acquired by Executive during and by virtue of Executive's employment with Gannett.

13. Notice. Any and all notices referred to herein shall be sufficient if furnished in writing and sent by registered mail to the parties.

14. Transferability. The rights, benefits and obligations of Gannett under this Agreement shall be transferable and all covenants and agreements hereunder shall inure to the benefit of and be enforceable by or against its successors and assigns. Whenever the term "Gannett" is used in this Agreement, such term shall mean and include Gannett Co., Inc. and its successors and assigns. The rights and benefits of Executive under this Agreement shall not be transferable other than rights to property or compensation that may pass on Executive's death to Executive's estate or beneficiaries through Executive's will or the laws of descent and distribution and the terms of any Gannett compensation or benefit plan.

15. Severability. If any provision of this Agreement or the application thereof is held invalid or unenforceable, the invalidity or unenforceability thereof shall not affect any other provisions of this Agreement which can be given effect without the invalid or unenforceable provision, and to this end the provisions of this Agreement are to be severable.

16. Amendment; Waiver. This Agreement contains the entire agreement of the parties with respect to the employment of Executive by Gannett. Notwithstanding the foregoing, except as expressly provided herein, nothing in this Agreement is intended to abrogate or modify any benefits to which Executive may now or hereafter be entitled under Gannett's various employee benefit plans. No amendment or modification of this Agreement shall be valid unless evidenced by a written instrument executed by the parties hereto. No waiver by either party of any breach by the other party of any provision or conditions of this Agreement shall be deemed a waiver of any similar or dissimilar provision or condition at the same or any prior or subsequent time.

17. Tax Withholding. Gannett may withhold from any payments due to Executive hereunder, such amounts as its independent public accountants may determine are required to be withheld under applicable federal, state and local tax laws.

18. Section 409A. Notwithstanding anything to the contrary contained herein, in the event that Gannett determines that payments under this Agreement are subject to Section 409A of the Code (or Executive makes such determination and informs Gannett of such determination by December 1, 2005): (i) payments under this Agreement shall not commence until six months after the Termination Date (or, if earlier, the date Executive dies); (ii) if the extended stock option exercise period provided under Section 7(a)(ii) would result in the stock options being subject to Section 409A of the Code, the stock options exercise period shall be reduced to such shorter period as will result in the stock options not being subject to Section 409A of the Code; and (iii) Gannett may unilaterally amend the Agreement to make such other changes it reasonably determines are required to comply with Section 409A of the Code. In the event that pursuant to clause (ii) above the Executive's stock options' exercise period is reduced to a period that is shorter than what the Executive would otherwise be entitled to under Section 7(a)(ii) above, Gannett shall provide Executive additional compensation with a value that it determines, in good faith, reflects the value of the reduction in the extended exercise period from that described in Section 7(a)(ii) above.

19. Governing Law. This Agreement shall be governed by and construed under and in accordance with the laws of the State of Delaware without regard to principles of conflicts of laws.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

GANNETT CO., INC.

By /s/ Douglas H. McCorkindale

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Douglas H. McCorkindale  
Chairman, President and  
Chief Executive Officer

/s/ Craig A. Dubow

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Craig A. Dubow

Agreed on behalf of the  
Executive Compensation Committee

/s/ James A. Johnson

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James A. Johnson, Chair

**EXECUTIVE RETIREMENT BENEFITS APPLICABLE TO CURRENT MEMBERS OF THE  
GANNETT MANAGEMENT COMMITTEE\***

**Life Insurance:** Active GMC members own a whole life insurance policy in an amount equal to 2 times salary and last bonus plus \$200,000. The Company pays the policy premium. Upon retirement, the policy's face amount reduces 10%, and 10% each year thereafter, to a minimum benefit of \$350,000.

**Travel Accident Insurance:** Active GMC members receive insurance equal to 3 times salary and last bonus on a 24-hour business or pleasure basis. (This is in addition to the regular employee travel accident insurance benefit of 3 times salary and last bonus.) Upon retirement, the benefit ceases. However, if a retired GMC member is asked to represent Gannett at a function or event and receives prior approval from the CEO, travel accident insurance coverage of \$1,000,000 will be provided while on business travel status.

**Executive Health Insurance:** Active GMC members receive supplemental health coverage with a maximum annual benefit of \$25,000 per executive family. (This is in addition to the regular employee health insurance coverage.) Upon retirement, the maximum annual benefit remains unchanged. Upon death, the maximum annual family benefit for eligible dependents becomes \$12,500 per year for life.

**Company Automobile:** Upon retirement, the company automobile is offered to a GMC member at the fair market value.

**Legal and Financial Services:** Upon retirement, this benefit ceases on April 15 of the year of retirement or the year following retirement, depending on the actual retirement date.

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\* Gannett reserves the right, in its sole discretion, to amend or terminate these benefits from time-to-time, provided that any changes made with respect to the benefits provided to Executive shall also apply to similarly situated Gannett executives.

## AGREEMENT

This Agreement is dated February 25, 2005 (the "Contract Date"), and is between Gannett Co., Inc., a Delaware corporation ("Gannett"), and Gracia C. Martore ("Executive"). Executive is Gannett's Senior Vice President and Chief Financial Officer and has been employed by Gannett for more than 20 years. As a key member of senior management of Gannett, Executive has contributed substantially to the growth and success of Gannett. Executive's current responsibilities include supervision of Gannett's finance, treasury, tax, accounting, internal audit, budget, pension, insurance, and investor relations functions, Gannett Supply, and other responsibilities assigned by the chief executive officer, and membership on the Gannett Management Committee. Gannett's chief executive officer, Douglas H. McCorkindale, is subject to an employment agreement the term of which expires on June 30, 2006, and Gannett expects there will be a transition to a new chief executive officer. In light of that transition, as well as Executive's exemplary contributions, Gannett desires to retain the Executive's services as set forth in this Agreement and to provide the necessary consideration to assure such services.

Gannett and Executive therefore agree as follows:

1. Employment. Gannett hereby employs Executive as its Senior Vice President and Chief Financial Officer or in such other senior executive position as the Board of Directors and Executive shall mutually agree upon. Executive hereby accepts the employment specified herein, agrees to perform, in good faith, the duties, consistent with Executive's position, and as prescribed by Executive's supervisor, abide by the terms and conditions described in this Agreement and devote Executive's full working time and best efforts to Gannett. These obligations shall not restrict Executive from engaging in Executive's customary activities as a director or trustee of other business and not-for-profit organizations.

2. Term of Agreement. This Agreement shall become effective on the Contract Date, provided that certain provisions herein shall apply only during the eighteen-month period commencing on the date that Douglas H. McCorkindale no longer holds all of the titles Chairman, President and Chief Executive Officer (the "Transition Period").

3. Compensation. During the term of this Agreement, Gannett shall pay Executive a base salary at the rate of \$480,000 per annum, or such greater amount as the Executive Compensation Committee, in its sole discretion, shall determine. Such salary shall be payable in accordance with Gannett's standard payroll practices for senior executives. Gannett may pay Executive a bonus in such amount and at such time or times as the Executive Compensation Committee, in its sole discretion, shall determine.

4. Reimbursement for Expenses. It is anticipated that Executive will incur various reasonable business expenses customarily incurred by persons holding like positions, including but not limited to travel, entertainment and similar expenses incurred for the benefit of Gannett. Gannett shall reimburse Executive for such expenses from time to time, at Executive's request, and Executive shall account to Gannett for such expenses.

5. Termination of Employment by Gannett.

- (a) Termination Date. The date of any cessation of Executive's employment is referred to herein as the "Termination Date."
- (b) Death. This Agreement shall automatically terminate upon the death of Executive, and Gannett shall have no further obligations under this Agreement except as set forth in Section 7(b) hereof.
- (c) Disability During the Transition Period. During the Transition Period, if Gannett terminates Executive's employment because Executive has an illness or other disability that has incapacitated Executive from performing Executive's duties for six months, as determined by the Gannett Long Term Disability Plan's independent plan administrator, then, in addition to other applicable provisions of this Agreement that are intended to survive termination of employment, Executive shall be entitled to receive a cash payment equal to the present value (based on Gannett's then current all-in cost of borrowing) of (A) the sum of Executive's (1) annual salary at the then current rate, (2) most recent annual bonus paid to Executive prior to the Termination Date, and (3) the deemed value of all fringe benefits (prior to any elective deferrals or any other deductions as to salary and bonus) multiplied by (B) a fraction, the numerator of which is the number of months remaining in the Transition Period and the denominator of which is the number 12. This cash payment shall be payable within 30 days of the Termination Date. For this purpose, the deemed value of fringe benefits shall equal five percent of Executive's annual salary plus the aggregate amount of club dues and home security charges paid by Gannett on Executive's behalf in the calendar year prior to the year of termination.

Whenever compensation is payable to Executive hereunder during a time when Executive is partially or totally disabled, and such disability (except for the provisions hereof) would entitle Executive to disability income or to salary continuation payments from Gannett or from its insurer under the terms of the Gannett long-term disability plan, or any successor Gannett plan or policy in



effect at the time of such disability, the compensation payable to Executive hereunder shall be inclusive of any such disability income or salary continuation and shall not be in addition thereto.

- (d) Termination for Cause. Gannett may also terminate Executive's employment for Good Cause, upon written notice. For this purpose, "Good Cause" means (1) any material misappropriation of funds or property of Gannett by Executive; (2) persistent neglect or refusal by Executive to perform Executive's duties as provided in Section 1 hereof; (3) the breach by Executive of any provision of Section 12; (4) conviction of Executive of a felony; or (5) Executive's voluntary resignation as an employee of Gannett without the prior written consent of Gannett. If Gannett terminates Executive's employment for Good Cause, Gannett shall have no further obligations under this Agreement except as set forth under Section 7(b) below.
- (e) Other Termination in the Transition Period. Gannett may terminate Executive's employment during the Transition Period without Good Cause, subject to the applicable provisions of this Agreement that are intended to survive termination of employment. A termination described in Section 5(c) shall not be treated as a termination under this Section 5(e).
- (f) Employee Status. At any time before or after the Transition Period, Executive shall have the status of an employee at will and either party may terminate Executive's employment at any time for any reason or for no reason at all, subject to the applicable provisions of this Agreement that are intended to survive termination of employment.

6. Termination of Employment by Executive.

- (a) During the Transition Period, Executive shall have the right to terminate employment under this Agreement for "Good Reason" upon 30 days' notice to Gannett given within 90 days following the occurrence of any of the following events and specifying which event or events has occurred, each of which shall constitute a "Good Reason" for such termination: (1) Executive is not elected or retained as Senior Vice President and Chief Financial Officer (or such other senior executive position as Executive may have agreed to serve in) of Gannett; (2) Gannett acts to materially reduce Executive's duties and responsibilities hereunder including, without limitation, that Executive no longer directly reports to any one of the Chairman, President or Chief Executive Officer; (3)

Gannett acts to change the geographic location of the performance of Executive's duties from the Washington, D.C. metropolitan area; or (4) Gannett otherwise materially breaches this Agreement; provided that, none of the foregoing events shall constitute Good Reason if the event is an isolated, insubstantial or inadvertent event which is remedied by Gannett within 30 days after receipt of notice given by Executive to Gannett specifying the event or events.

- (b) Executive may terminate his employment during the Transition Period without Good Reason or at any time before or after the Transition Period for any reason or for no reason at all, provided that Executive shall provide Gannett with 30 days advance notice.

7. Benefits Upon Termination.

- (a) During the Transition Period. During the Transition Period, if Executive's employment is terminated by Executive pursuant to Section 6(a) hereof, or by Gannett pursuant to Section 5(e) hereof, and conditioned upon and subject to Executive executing a valid release agreement releasing Gannett, its affiliates, and their respective employees, directors and agents, from any and all claims which Executive has or may have against such parties arising out of Executive's employment (the "Release"), the following shall apply:
- (i) Executive shall be entitled to receive a cash severance payment equal to 1.5 times the sum of Executive's (1) annual salary at the then current rate, and (2) most recent annual bonus paid to Executive prior to the Termination Date (both prior to any elective deferrals or any other deductions as to such salary or bonus). Such cash payment shall be payable 30 days after the Termination Date, provided that the Release has become effective on or before such date; and
- (ii) All outstanding stock options granted to Executive on or prior to the Termination Date shall vest in full on the Termination Date and shall be exercisable for the lesser of the remaining term thereof or three years. In the event that Gannett grants any stock-based awards to Executive that are subject to performance-based vesting, such awards granted to Executive on or prior to the Termination Date shall be deemed to have been fully earned as of such date and the value thereof shall be promptly paid to Executive; and

- (iii) Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor will any payments hereunder be subject to offset in respect of any claims which Gannett may have against Executive, nor shall the amount of any payment or benefit provided for in this Section 7 be reduced by any compensation earned as a result of Executive's self-employment or employment with another employer.
- (b) If Executive's employment is terminated by Executive or by Gannett for any reason, Executive shall be paid all earned but unpaid compensation, accrued vacation and accrued but unreimbursed expenses required to be reimbursed under this Agreement within 30 days of the Termination Date. For the avoidance of doubt, if Gannett terminates Executive's employment for any reason or for no reason at all before or after the Transition Period, Executive shall only be entitled to the payments described in this Section 7(b) and, to the extent applicable, Sections 8(b) or 8(c) hereof. The preceding sentence is not intended to preclude any severance arrangement that Gannett may agree to in the event Executive is terminated before or after the Transition Period.

8. Miscellaneous Benefits.

- (a) During Employment. So long as Executive remains employed by Gannett, Executive shall be entitled to receive all benefits, facilities or privileges, in comparable amounts and under comparable terms and conditions, as are made available during such period to any other member of the Gannett Management Committee (other than the chief executive officer and other than sign-on bonuses and similar one-time benefits).
- (b) Following Employment. If Executive terminates employment with Gannett for any reason, or Gannett terminates Executive's employment hereunder for any reason other than the reasons specified in Section 5(b) or (d) hereof, Executive shall receive all benefits afforded to retired Gannett Management Committee members (other than Gannett's chief executive officer) and, in accordance with Gannett policies, to other retired executive officers generally, as described in Exhibit A to this Agreement.

- (c) **Retirement Plan Credit.** If Executive's employment with Gannett terminates before March 1, 2008, Executive shall receive additional service credit for purposes of calculating Executive's benefit under the Gannett Supplemental Retirement Plan, or a similar plan adopted to replace such plan (the "SERP"), equal to the difference between 36 months and the number of full months of service credited to Executive between the Contract Date and Executive's Termination Date. In the event that the preceding sentence results in Executive being credited with service for a period of time after Executive's Termination Date, benefits under the SERP shall be calculated as of Executive's Termination Date by assuming that Executive continued employment for the period of time for which Executive is granted additional service credit and assuming Executive's compensation for such period is equal to Executive's annual salary and most recent annual bonus as of the Termination Date. Notwithstanding the foregoing, in the event that Executive's employment is terminated pursuant to Section 5(b) or 5(d) above or by Executive for any reason other than those set forth in Section 6(a) above, then Executive will not be credited with any additional service beyond Executive's Termination Date.

9. **Change in Control.** Upon a change in control, as defined below, the Executive shall receive the greater of (i) any compensation and/or other benefits that become due under the Gannett Transitional Compensation Plan, or (ii) any compensation and/or other benefits that become due under this Agreement, but not both. For purposes of this Agreement, the term "change in control" has the same meaning given it under the Transitional Compensation Plan (or any successor plan).

10. **Certain Additional Payments by Gannett.**

- (a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by Gannett to or for the benefit of Executive, whether paid or payable, pursuant to the terms of this Agreement or otherwise (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code ("Code") or similar section (provided that Section 409A of the Code shall not be treated as a similar section), or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax imposed upon the Gross-Up Payment, Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

- (b) All determinations required to be made under Section 10(a) (including whether and when a Gross-Up Payment is required, the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination) shall be made by the nationally recognized accounting firm serving as Gannett's independent accounting firm (the "Accounting Firm"). The Accounting Firm shall provide detailed supporting calculations to both Gannett and Executive within 10 business days of Gannett's receipt of notice from Executive that there has been a Payment or at such earlier time as is requested by Gannett. All fees and expenses of the Accounting Firm shall be borne solely by Gannett. Any Gross-Up Payment, as determined pursuant to Section 10(a), shall be paid by Gannett to Executive within 5 days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Company and Executive.
- (c) As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments that will not have been made by Gannett should have been made (the "Underpayment") or that Gross-Up Payments will have been made that should not have been made ("Overpayments"), consistent with the calculations required to be made hereunder. In the event Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by Gannett to or for the benefit of Executive. If the Accounting Firm shall determine that an Overpayment has been made, Executive shall promptly repay the amount of the Overpayment to Gannett.

11. Legal Expenses and Interest. If, with respect to any alleged failure by Gannett to comply with any of the terms of this Agreement, Executive hires legal counsel with respect to this Agreement or institutes any negotiations or institutes or responds to legal action to assert or defend the validity of, enforce Executive's rights under, or recover damages for breach of this Agreement and thereafter Gannett is found in a judgment no longer subject to review or appeal to have breached this Agreement in any material respect, then Gannett shall indemnify Executive for Executive's actual expenses for attorneys' fees and disbursements, together with such additional payments, if any, as may be necessary so that the net after-tax payments to Executive equal such fees and disbursements.

12. Trade Secrets. Executive agrees that unless duly authorized in writing by Gannett, Executive will neither during Executive's employment by Gannett nor at any time thereafter divulge or use in any manner that is injurious to Gannett any trade secrets or confidential information first acquired by Executive during and by virtue of Executive's employment with Gannett.

13. Notice. Any and all notices referred to herein shall be sufficient if furnished in writing and sent by registered mail to the parties.

14. Transferability. The rights, benefits and obligations of Gannett under this Agreement shall be transferable and all covenants and agreements hereunder shall inure to the benefit of and be enforceable by or against its successors and assigns. Whenever the term "Gannett" is used in this Agreement, such term shall mean and include Gannett Co., Inc. and its successors and assigns. The rights and benefits of Executive under this Agreement shall not be transferable other than rights to property or compensation that may pass on Executive's death to Executive's estate or beneficiaries through Executive's will or the laws of descent and distribution and the terms of any Gannett compensation or benefit plan.

15. Severability. If any provision of this Agreement or the application thereof is held invalid or unenforceable, the invalidity or unenforceability thereof shall not affect any other provisions of this Agreement which can be given effect without the invalid or unenforceable provision, and to this end the provisions of this Agreement are to be severable.

16. Amendment; Waiver. This Agreement contains the entire agreement of the parties with respect to the employment of Executive by Gannett. Notwithstanding the foregoing, except as expressly provided herein, nothing in this Agreement is intended to abrogate or modify any benefits to which Executive may now or hereafter be entitled under Gannett's various employee benefit plans. No amendment or modification of this Agreement shall be valid unless evidenced by a written instrument executed by the parties hereto. No waiver by either party of any breach by the other party of any provision or conditions of this Agreement shall be deemed a waiver of any similar or dissimilar provision or condition at the same or any prior or subsequent time.

17. Tax Withholding. Gannett may withhold from any payments due to Executive hereunder, such amounts as its independent public accountants may determine are required to be withheld under applicable federal, state and local tax laws.

18. Section 409A. Notwithstanding anything to the contrary contained herein, in the event that Gannett determines that payments under this Agreement are subject to Section 409A of the Code (or Executive makes such determination and informs Gannett of such determination by December 1, 2005): (i) payments under this

Agreement shall not commence until six months after the Termination Date (or, if earlier, the date Executive dies); (ii) if the extended stock option exercise period provided under Section 7(a)(ii) would result in the stock options being subject to Section 409A of the Code, the stock options exercise period shall be reduced to such shorter period as will result in the stock options not being subject to Section 409A of the Code; and (iii) Gannett may unilaterally amend the Agreement to make such other changes it reasonably determines are required to comply with Section 409A of the Code. In the event that pursuant to clause (ii) above the Executive's stock options' exercise period is reduced to a period that is shorter than what the Executive would otherwise be entitled to under Section 7(a)(ii) above, Gannett shall provide Executive additional compensation with a value that it determines, in good faith, reflects the value of the reduction in the extended exercise period from that described in Section 7(a)(ii) above.

19. Governing Law. This Agreement shall be governed by and construed under and in accordance with the laws of the State of Delaware without regard to principles of conflicts of laws.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

GANNETT CO., INC.

By /s/ Douglas H. McCorkindale

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Douglas H. McCorkindale  
Chairman, President and  
Chief Executive Officer

/s/ Gracia C. Martore

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Gracia C. Martore

Agreed on behalf of the  
Executive Compensation Committee

/s/ James A. Johnson

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James A. Johnson, Chair

**EXECUTIVE RETIREMENT BENEFITS APPLICABLE TO CURRENT MEMBERS OF THE  
GANNETT MANAGEMENT COMMITTEE\***

**Life Insurance:** Active GMC members own a whole life insurance policy in an amount equal to 2 times salary and last bonus plus \$200,000. The Company pays the policy premium. Upon retirement, the policy's face amount reduces 10%, and 10% each year thereafter, to a minimum benefit of \$350,000.

**Travel Accident Insurance:** Active GMC members receive insurance equal to 3 times salary and last bonus on a 24-hour business or pleasure basis. (This is in addition to the regular employee travel accident insurance benefit of 3 times salary and last bonus.) Upon retirement, the benefit ceases. However, if a retired GMC member is asked to represent Gannett at a function or event and receives prior approval from the CEO, travel accident insurance coverage of \$1,000,000 will be provided while on business travel status.

**Executive Health Insurance:** Active GMC members receive supplemental health coverage with a maximum annual benefit of \$25,000 per executive family. (This is in addition to the regular employee health insurance coverage.) Upon retirement, the maximum annual benefit remains unchanged. Upon death, the maximum annual family benefit for eligible dependents becomes \$12,500 per year for life.

**Company Automobile:** Upon retirement, the company automobile is offered to a GMC member at the fair market value.

**Legal and Financial Services:** Upon retirement, this benefit ceases on April 15 of the year of retirement or the year following retirement, depending on the actual retirement date.

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\* Gannett reserves the right, in its sole discretion, to amend or terminate these benefits from time-to-time, provided that any changes made with respect to the benefits provided to Executive shall also apply to similarly situated Gannett executives.



## AGREEMENT

This Agreement is dated February 25, 2005 (the "Contract Date"), and is between Gannett Co., Inc., a Delaware corporation ("Gannett"), and Craig A. Moon ("Executive"). Executive is Gannett's President and Publisher of USA TODAY and has been employed by Gannett for more than 19 years. As a key member of senior management of Gannett, Executive has contributed substantially to the growth and success of Gannett. Executive's current responsibilities include supervision of USA TODAY, USA TODAY International, USATODAY.com, USA TODAY Sports Weekly, USA TODAY Live, and other responsibilities assigned by the chief executive officer, and membership on the Gannett Management Committee. Gannett's chief executive officer, Douglas H. McCorkindale, is subject to an employment agreement the term of which expires on June 30, 2006, and Gannett expects there will be a transition to a new chief executive officer. In light of that transition, as well as Executive's exemplary contributions, Gannett desires to retain the Executive's services as set forth in this Agreement and to provide the necessary consideration to assure such services.

Gannett and Executive therefore agree as follows:

1. Employment. Gannett hereby employs Executive as President and Publisher of USA TODAY or in such other senior executive position as the Board of Directors and Executive shall mutually agree upon. Executive hereby accepts the employment specified herein, agrees to perform, in good faith, the duties, consistent with Executive's position, and as prescribed by Executive's supervisor, abide by the terms and conditions described in this Agreement and devote Executive's full working time and best efforts to Gannett. These obligations shall not restrict Executive from engaging in Executive's customary activities as a director or trustee of other business and not-for-profit organizations.

2. Term of Agreement. This Agreement shall become effective on the Contract Date, provided that certain provisions herein shall apply only during the eighteen-month period commencing on the date that Douglas H. McCorkindale no longer holds all of the titles Chairman, President and Chief Executive Officer (the "Transition Period").

3. Compensation. During the term of this Agreement, Gannett shall pay Executive a base salary at the rate of \$505,000 per annum, or such greater amount as the Executive Compensation Committee, in its sole discretion, shall determine. Such salary shall be payable in accordance with Gannett's standard payroll practices for senior executives. Gannett may pay Executive a bonus in such amount and at such time or times as the Executive Compensation Committee, in its sole discretion, shall determine.

4. Reimbursement for Expenses. It is anticipated that Executive will incur various reasonable business expenses customarily incurred by persons holding like

positions, including but not limited to travel, entertainment and similar expenses incurred for the benefit of Gannett. Gannett shall reimburse Executive for such expenses from time to time, at Executive's request, and Executive shall account to Gannett for such expenses.

5. Termination of Employment by Gannett.

- (a) Termination Date. The date of any cessation of Executive's employment is referred to herein as the "Termination Date."
- (b) Death. This Agreement shall automatically terminate upon the death of Executive, and Gannett shall have no further obligations under this Agreement except as set forth in Section 7(b) hereof.
- (c) Disability During the Transition Period. During the Transition Period, if Gannett terminates Executive's employment because Executive has an illness or other disability that has incapacitated Executive from performing Executive's duties for six months, as determined by the Gannett Long Term Disability Plan's independent plan administrator, then, in addition to other applicable provisions of this Agreement that are intended to survive termination of employment, Executive shall be entitled to receive a cash payment equal to the present value (based on Gannett's then current all-in cost of borrowing) of (A) the sum of Executive's (1) annual salary at the then current rate, (2) most recent annual bonus paid to Executive prior to the Termination Date, and (3) the deemed value of all fringe benefits (prior to any elective deferrals or any other deductions as to salary and bonus) multiplied by (B) a fraction, the numerator of which is the number of months remaining in the Transition Period and the denominator of which is the number 12. This cash payment shall be payable within 30 days of the Termination Date. For this purpose, the deemed value of fringe benefits shall equal five percent of Executive's annual salary plus the aggregate amount of club dues and home security charges paid by Gannett on Executive's behalf in the calendar year prior to the year of termination.

Whenever compensation is payable to Executive hereunder during a time when Executive is partially or totally disabled, and such disability (except for the provisions hereof) would entitle Executive to disability income or to salary continuation payments from Gannett or from its insurer under the terms of the Gannett long-term disability plan, or any successor Gannett plan or policy in effect at the time of such disability, the compensation payable to Executive hereunder shall be inclusive of any such disability income or salary continuation and shall not be in addition thereto.

- (d) Termination for Cause. Gannett may also terminate Executive's employment for Good Cause, upon written notice. For this purpose, "Good Cause" means (1) any material misappropriation of funds or property of Gannett by Executive; (2) persistent neglect or refusal by Executive to perform Executive's duties as provided in Section 1 hereof; (3) the breach by Executive of any provision of Section 12; (4) conviction of Executive of a felony; or (5) Executive's voluntary resignation as an employee of Gannett without the prior written consent of Gannett. If Gannett terminates Executive's employment for Good Cause, Gannett shall have no further obligations under this Agreement except as set forth under Section 7(b) below.
- (e) Other Termination in the Transition Period. Gannett may terminate Executive's employment during the Transition Period without Good Cause, subject to the applicable provisions of this Agreement that are intended to survive termination of employment. A termination described in Section 5(c) shall not be treated as a termination under this Section 5(e).
- (f) Employee Status. At any time before or after the Transition Period, Executive shall have the status of an employee at will and either party may terminate Executive's employment at any time for any reason or for no reason at all, subject to the applicable provisions of this Agreement that are intended to survive termination of employment.

6. Termination of Employment by Executive.

- (a) During the Transition Period, Executive shall have the right to terminate employment under this Agreement for "Good Reason" upon 30 days' notice to Gannett given within 90 days following the occurrence of any of the following events and specifying which event or events has occurred, each of which shall constitute a "Good Reason" for such termination: (1) Executive is not elected or retained as President and Publisher of USA TODAY (or such other senior executive position as Executive may have agreed to serve in) of Gannett; (2) Gannett acts to materially reduce Executive's duties and responsibilities hereunder including, without limitation, that Executive no longer directly reports to any one of the Chairman, President or Chief Executive Officer; (3) Gannett acts to change the geographic location of the performance of

Executive's duties from the Washington, D.C. metropolitan area; or (4) Gannett otherwise materially breaches this Agreement; provided that, none of the foregoing events shall constitute Good Reason if the event is an isolated, insubstantial or inadvertent event which is remedied by Gannett within 30 days after receipt of notice given by Executive to Gannett specifying the event or events.

- (b) Executive may terminate his employment during the Transition Period without Good Reason or at any time before or after the Transition Period for any reason or for no reason at all, provided that Executive shall provide Gannett with 30 days advance notice.

7. Benefits Upon Termination.

- (a) During the Transition Period. During the Transition Period, if Executive's employment is terminated by Executive pursuant to Section 6(a) hereof, or by Gannett pursuant to Section 5(e) hereof, and conditioned upon and subject to Executive executing a valid release agreement releasing Gannett, its affiliates, and their respective employees, directors and agents, from any and all claims which Executive has or may have against such parties arising out of Executive's employment (the "Release"), the following shall apply:
  - (i) Executive shall be entitled to receive a cash severance payment equal to 1.5 times the sum of Executive's (1) annual salary at the then current rate, and (2) most recent annual bonus paid to Executive prior to the Termination Date (both prior to any elective deferrals or any other deductions as to such salary or bonus). Such cash payment shall be payable 30 days after the Termination Date, provided that the Release has become effective on or before such date; and
  - (ii) All outstanding stock options granted to Executive on or prior to the Termination Date shall vest in full on the Termination Date. In the event that Gannett grants any stock-based awards to Executive that are subject to performance-based vesting, such awards granted to Executive on or prior to the Termination Date shall be deemed to have been fully earned as of such date and the value thereof shall be promptly paid to Executive; and

- (iii) Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor will any payments hereunder be subject to offset in respect of any claims which Gannett may have against Executive, nor shall the amount of any payment or benefit provided for in this Section 7 be reduced by any compensation earned as a result of Executive's self-employment or employment with another employer.
- (b) If Executive's employment is terminated by Executive or by Gannett for any reason, Executive shall be paid all earned but unpaid compensation, accrued vacation and accrued but unreimbursed expenses required to be reimbursed under this Agreement within 30 days of the Termination Date. For the avoidance of doubt, if Gannett terminates Executive's employment for any reason or for no reason at all before or after the Transition Period, Executive shall only be entitled to the payments described in this Section 7(b) and, to the extent applicable, Sections 8(b) or 8(c) hereof. The preceding sentence is not intended to preclude any severance arrangement that Gannett may agree to in the event Executive is terminated before or after the Transition Period.

8. Miscellaneous Benefits.

- (a) During Employment. So long as Executive remains employed by Gannett, Executive shall be entitled to receive all benefits, facilities or privileges, in comparable amounts and under comparable terms and conditions, as are made available during such period to any other member of the Gannett Management Committee (other than the chief executive officer and other than sign-on bonuses and similar one-time benefits).
- (b) Following Employment. If Executive terminates employment with Gannett for any reason, or Gannett terminates Executive's employment hereunder for any reason other than the reasons specified in Section 5(b) or (d) hereof, Executive shall receive all benefits afforded to retired Gannett Management Committee members (other than Gannett's chief executive officer) and, in accordance with Gannett policies, to other retired executive officers generally, as described in Exhibit A to this Agreement.
- (c) Retirement Plan Credit. If Executive's employment with Gannett terminates before March 1, 2008, Executive shall receive additional service credit for purposes of calculating Executive's benefit under

the Gannett Supplemental Retirement Plan, or a similar plan adopted to replace such plan (the "SERP"), equal to the difference between 36 months and the number of full months of service credited to Executive between the Contract Date and Executive's Termination Date. In the event that the preceding sentence results in Executive being credited with service for a period of time after Executive's Termination Date, benefits under the SERP shall be calculated as of Executive's Termination Date by assuming that Executive continued employment for the period of time for which Executive is granted additional service credit and assuming Executive's compensation for such period is equal to Executive's annual salary and most recent annual bonus as of the Termination Date. Notwithstanding the foregoing, in the event that Executive's employment is terminated pursuant to Section 5(b) or 5(d) above or by Executive for any reason other than those set forth in Section 6(a) above, then Executive will not be credited with any additional service beyond Executive's Termination Date.

9. Change in Control. Upon a change in control, as defined below, the Executive shall receive the greater of (i) any compensation and/or other benefits that become due under the Gannett Transitional Compensation Plan, or (ii) any compensation and/or other benefits that become due under this Agreement, but not both. For purposes of this Agreement, the term "change in control" has the same meaning given it under the Transitional Compensation Plan (or any successor plan).

10. Certain Additional Payments by Gannett.

- (a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by Gannett to or for the benefit of Executive, whether paid or payable, pursuant to the terms of this Agreement or otherwise (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code ("Code") or similar section (provided that Section 409A of the Code shall not be treated as a similar section), or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax imposed upon the Gross-Up Payment, Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

- (b) All determinations required to be made under Section 10(a) (including whether and when a Gross-Up Payment is required, the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination) shall be made by the nationally recognized accounting firm serving as Gannett's independent accounting firm (the "Accounting Firm"). The Accounting Firm shall provide detailed supporting calculations to both Gannett and Executive within 10 business days of Gannett's receipt of notice from Executive that there has been a Payment or at such earlier time as is requested by Gannett. All fees and expenses of the Accounting Firm shall be borne solely by Gannett. Any Gross-Up Payment, as determined pursuant to Section 10(a), shall be paid by Gannett to Executive within 5 days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Company and Executive.
- (c) As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments that will not have been made by Gannett should have been made (the "Underpayment") or that Gross-Up Payments will have been made that should not have been made ("Overpayments"), consistent with the calculations required to be made hereunder. In the event Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by Gannett to or for the benefit of Executive. If the Accounting Firm shall determine that an Overpayment has been made, Executive shall promptly repay the amount of the Overpayment to Gannett.

11. Legal Expenses and Interest. If, with respect to any alleged failure by Gannett to comply with any of the terms of this Agreement, Executive hires legal counsel with respect to this Agreement or institutes any negotiations or institutes or responds to legal action to assert or defend the validity of, enforce Executive's rights under, or recover damages for breach of this Agreement and thereafter Gannett is found in a judgment no longer subject to review or appeal to have breached this Agreement in any material respect, then Gannett shall indemnify Executive for Executive's actual expenses for attorneys' fees and disbursements, together with such additional payments, if any, as may be necessary so that the net after-tax payments to Executive equal such fees and disbursements.

12. Trade Secrets. Executive agrees that unless duly authorized in writing by Gannett, Executive will neither during Executive's employment by Gannett nor at any

time thereafter divulge or use in any manner that is injurious to Gannett any trade secrets or confidential information first acquired by Executive during and by virtue of Executive's employment with Gannett.

13. Notice. Any and all notices referred to herein shall be sufficient if furnished in writing and sent by registered mail to the parties.

14. Transferability. The rights, benefits and obligations of Gannett under this Agreement shall be transferable and all covenants and agreements hereunder shall inure to the benefit of and be enforceable by or against its successors and assigns. Whenever the term "Gannett" is used in this Agreement, such term shall mean and include Gannett Co., Inc. and its successors and assigns. The rights and benefits of Executive under this Agreement shall not be transferable other than rights to property or compensation that may pass on Executive's death to Executive's estate or beneficiaries through Executive's will or the laws of descent and distribution and the terms of any Gannett compensation or benefit plan.

15. Severability. If any provision of this Agreement or the application thereof is held invalid or unenforceable, the invalidity or unenforceability thereof shall not affect any other provisions of this Agreement which can be given effect without the invalid or unenforceable provision, and to this end the provisions of this Agreement are to be severable.

16. Amendment; Waiver. This Agreement contains the entire agreement of the parties with respect to the employment of Executive by Gannett. Notwithstanding the foregoing, except as expressly provided herein, nothing in this Agreement is intended to abrogate or modify any benefits to which Executive may now or hereafter be entitled under Gannett's various employee benefit plans. No amendment or modification of this Agreement shall be valid unless evidenced by a written instrument executed by the parties hereto. No waiver by either party of any breach by the other party of any provision or conditions of this Agreement shall be deemed a waiver of any similar or dissimilar provision or condition at the same or any prior or subsequent time.

17. Tax Withholding. Gannett may withhold from any payments due to Executive hereunder, such amounts as its independent public accountants may determine are required to be withheld under applicable federal, state and local tax laws.

18. Section 409A. Notwithstanding anything to the contrary contained herein, in the event that Gannett determines that payments under this Agreement are subject to Section 409A of the Code (or Executive makes such determination and informs Gannett of such determination by December 1, 2005): (i) payments under this Agreement shall not commence until six months after the Termination Date (or, if earlier, the date Executive dies); and (ii) Gannett may unilaterally amend the Agreement to make such other changes it reasonably determines are required to comply with Section 409A of the Code.



19. Governing Law. This Agreement shall be governed by and construed under and in accordance with the laws of the State of Delaware without regard to principles of conflicts of laws.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

GANNETT CO., INC.

By /s/ Douglas H. McCorkindale

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Douglas H. McCorkindale  
Chairman, President and  
Chief Executive Officer

/s/ Craig A. Moon

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Craig A. Moon

Agreed on behalf of the  
Executive Compensation Committee

/s/ James A. Johnson

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James A. Johnson, Chair

**EXECUTIVE RETIREMENT BENEFITS APPLICABLE TO CURRENT MEMBERS OF THE  
GANNETT MANAGEMENT COMMITTEE\***

**Life Insurance:** Active GMC members own a whole life insurance policy in an amount equal to 2 times salary and last bonus plus \$200,000. The Company pays the policy premium. Upon retirement, the policy's face amount reduces 10%, and 10% each year thereafter, to a minimum benefit of \$350,000.

**Travel Accident Insurance:** Active GMC members receive insurance equal to 3 times salary and last bonus on a 24-hour business or pleasure basis. (This is in addition to the regular employee travel accident insurance benefit of 3 times salary and last bonus.) Upon retirement, the benefit ceases. However, if a retired GMC member is asked to represent Gannett at a function or event and receives prior approval from the CEO, travel accident insurance coverage of \$1,000,000 will be provided while on business travel status.

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**Company Automobile:** Upon retirement, the company automobile is offered to a GMC member at the fair market value.

**Legal and Financial Services:** Upon retirement, this benefit ceases on April 15 of the year of retirement or the year following retirement, depending on the actual retirement date.

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\* Gannett reserves the right, in its sole discretion, to amend or terminate these benefits from time-to-time, provided that any changes made with respect to the benefits provided to Executive shall also apply to similarly situated Gannett executives.

## AGREEMENT

This Agreement is dated February 25, 2005 (the "Contract Date"), and is between Gannett Co., Inc., a Delaware corporation ("Gannett"), and Gary L. Watson ("Executive"). Executive is President of the Newspaper Division and has been employed by Gannett for more than 35 years. As a key member of senior management of Gannett, Executive has contributed substantially to the growth and success of Gannett. Executive's current responsibilities include supervision of the Newspaper Division, which includes 100 daily newspapers and about 750 non-daily and specialized publications and businesses, including Army Times Publishing Company, USA WEEKEND magazine, Clipper magazine, Nursing Spectrum, GMTI and Gannett Offset, which includes six commercial printing plants. The operations are located in 42 states and Guam. He also coordinates the Division's major capital projects, including negotiations of multi-million dollar purchases from international vendors. In addition, he also represents Gannett on the boards of directors of Classified Ventures, Careerbuilder and Cross Media. He also has other responsibilities as assigned by the chief executive officer, and membership on the Gannett Management Committee. Gannett's chief executive officer, Douglas H. McCorkindale, is subject to an employment agreement the term of which expires on June 30, 2006, and Gannett expects there will be a transition to a new chief executive officer. In light of that transition, as well as Executive's exemplary contributions, Gannett desires to retain the Executive's services as set forth in this Agreement and to provide the necessary consideration to assure such services.

Gannett and Executive therefore agree as follows:

1. Employment. Gannett hereby employs Executive as the President of the Newspaper Division or in such other senior executive position as the Board of Directors and Executive shall mutually agree upon. Executive hereby accepts the employment specified herein, agrees to perform, in good faith, the duties, consistent with Executive's position, and as prescribed by Executive's supervisor, abide by the terms and conditions described in this Agreement and devote Executive's full working time and best efforts to Gannett. These obligations shall not restrict Executive from engaging in Executive's customary activities as a director or trustee of other business and not-for-profit organizations.

2. Term of Agreement. This Agreement shall become effective on the Contract Date, provided that certain provisions herein shall apply only during the eighteen-month period commencing on the date that Douglas H. McCorkindale no longer holds all of the titles Chairman, President and Chief Executive Officer (the "Transition Period").

3. Compensation. During the term of this Agreement, Gannett shall pay Executive a base salary at the rate of \$765,000 per annum, or such greater amount as the Executive Compensation Committee, in its sole discretion, shall determine. Such

salary shall be payable in accordance with Gannett's standard payroll practices for senior executives. Gannett may pay Executive a bonus in such amount and at such time or times as the Executive Compensation Committee, in its sole discretion, shall determine.

4. Reimbursement for Expenses. It is anticipated that Executive will incur various reasonable business expenses customarily incurred by persons holding like positions, including but not limited to travel, entertainment and similar expenses incurred for the benefit of Gannett. Gannett shall reimburse Executive for such expenses from time to time, at Executive's request, and Executive shall account to Gannett for such expenses.

5. Termination of Employment by Gannett.

- (a) Termination Date. The date of any cessation of Executive's employment is referred to herein as the "Termination Date."
- (b) Death. This Agreement shall automatically terminate upon the death of Executive, and Gannett shall have no further obligations under this Agreement except as set forth in Section 7(b) hereof.
- (c) Disability During the Transition Period. During the Transition Period, if Gannett terminates Executive's employment because Executive has an illness or other disability that has incapacitated Executive from performing Executive's duties for six months, as determined by the Gannett Long Term Disability Plan's independent plan administrator, then, in addition to other applicable provisions of this Agreement that are intended to survive termination of employment, Executive shall be entitled to receive a cash payment equal to the present value (based on Gannett's then current all-in cost of borrowing) of (A) the sum of Executive's (1) annual salary at the then current rate, (2) most recent annual bonus paid to Executive prior to the Termination Date, and (3) the deemed value of all fringe benefits (prior to any elective deferrals or any other deductions as to salary and bonus) multiplied by (B) a fraction, the numerator of which is the number of months remaining in the Transition Period and the denominator of which is the number 12. This cash payment shall be payable within 30 days of the Termination Date. For this purpose, the deemed value of fringe benefits shall equal five percent of Executive's annual salary plus the aggregate amount of club dues and home security charges paid by Gannett on Executive's behalf in the calendar year prior to the year of termination.

Whenever compensation is payable to Executive hereunder during a time when Executive is partially or totally disabled, and such disability (except for the provisions hereof) would entitle Executive to disability income or to salary continuation payments from Gannett or from its insurer under the terms of the Gannett long-term disability plan, or any successor Gannett plan or policy in effect at the time of such disability, the compensation payable to Executive hereunder shall be inclusive of any such disability income or salary continuation and shall not be in addition thereto.

- (d) Termination for Cause. Gannett may also terminate Executive's employment for Good Cause, upon written notice. For this purpose, "Good Cause" means (1) any material misappropriation of funds or property of Gannett by Executive; (2) persistent neglect or refusal by Executive to perform Executive's duties as provided in Section 1 hereof; (3) the breach by Executive of any provision of Section 12; (4) conviction of Executive of a felony; or (5) Executive's voluntary resignation as an employee of Gannett without the prior written consent of Gannett. If Gannett terminates Executive's employment for Good Cause, Gannett shall have no further obligations under this Agreement except as set forth under Section 7(b) below.
- (e) Other Termination in the Transition Period. Gannett may terminate Executive's employment during the Transition Period without Good Cause, subject to the applicable provisions of this Agreement that are intended to survive termination of employment. A termination described in Section 5(c) shall not be treated as a termination under this Section 5(e).
- (f) Employee Status. At any time before or after the Transition Period, Executive shall have the status of an employee at will and either party may terminate Executive's employment at any time for any reason or for no reason at all, subject to the applicable provisions of this Agreement that are intended to survive termination of employment.

6. Termination of Employment by Executive.

- (a) During the Transition Period, Executive shall have the right to terminate employment under this Agreement for "Good Reason" upon 30 days' notice to Gannett given within 90 days following the occurrence of any of the following events and specifying which event or events has occurred, each of which shall constitute a "Good Reason" for such termination: (1) Executive is not elected

or retained as President of the Newspaper Division (or such other senior executive position as Executive may have agreed to serve in) of Gannett; (2) Gannett acts to materially reduce Executive's duties and responsibilities hereunder including, without limitation, that Executive no longer directly reports to any one of the Chairman, President or Chief Executive Officer; (3) Gannett acts to change the geographic location of the performance of Executive's duties from the Washington, D.C. metropolitan area; or (4) Gannett otherwise materially breaches this Agreement; provided that, none of the foregoing events shall constitute Good Reason if the event is an isolated, insubstantial or inadvertent event which is remedied by Gannett within 30 days after receipt of notice given by Executive to Gannett specifying the event or events.

- (b) Executive may terminate his employment during the Transition Period without Good Reason or at any time before or after the Transition Period for any reason or for no reason at all, provided that Executive shall provide Gannett with 30 days advance notice.

7. Benefits Upon Termination.

- (a) During the Transition Period. During the Transition Period, if Executive's employment is terminated by Executive pursuant to Section 6(a) hereof, or by Gannett pursuant to Section 5(e) hereof, and conditioned upon and subject to Executive executing a valid release agreement releasing Gannett, its affiliates, and their respective employees, directors and agents, from any and all claims which Executive has or may have against such parties arising out of Executive's employment (the "Release"), the following shall apply:
  - (i) Executive shall be entitled to receive a cash severance payment equal to 1.5 times the sum of Executive's (1) annual salary at the then current rate, and (2) most recent annual bonus paid to Executive prior to the Termination Date (both prior to any elective deferrals or any other deductions as to such salary or bonus). Such cash payment shall be payable 30 days after the Termination Date, provided that the Release has become effective on or before such date; and
  - (ii) All outstanding stock options granted to Executive on or prior to the Termination Date shall vest in full on the Termination Date. In the event that Gannett grants any stock-based awards to Executive that are subject to

performance-based vesting, such awards granted to Executive on or prior to the Termination Date shall be deemed to have been fully earned as of such date and the value thereof shall be promptly paid to Executive; and

- (iii) Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor will any payments hereunder be subject to offset in respect of any claims which Gannett may have against Executive, nor shall the amount of any payment or benefit provided for in this Section 7 be reduced by any compensation earned as a result of Executive's self-employment or employment with another employer.
- (b) If Executive's employment is terminated by Executive or by Gannett for any reason, Executive shall be paid all earned but unpaid compensation, accrued vacation and accrued but unreimbursed expenses required to be reimbursed under this Agreement within 30 days of the Termination Date. For the avoidance of doubt, if Gannett terminates Executive's employment for any reason or for no reason at all before or after the Transition Period, Executive shall only be entitled to the payments described in this Section 7(b) and, to the extent applicable, Sections 8(b) or 8(c) hereof. The preceding sentence is not intended to preclude any severance arrangement that Gannett may agree to in the event Executive is terminated before or after the Transition Period.

#### 8. Miscellaneous Benefits.

- (a) During Employment. So long as Executive remains employed by Gannett, Executive shall be entitled to receive all benefits, facilities or privileges, in comparable amounts and under comparable terms and conditions, as are made available during such period to any other member of the Gannett Management Committee (other than the chief executive officer and other than sign-on bonuses and similar one-time benefits).
- (b) Following Employment. If Executive terminates employment with Gannett for any reason, or Gannett terminates Executive's employment hereunder for any reason other than the reasons specified in Section 5(b) or (d) hereof, Executive shall receive all benefits afforded to retired Gannett Management Committee members (other than Gannett's chief executive officer) and, in accordance with Gannett policies, to other retired executive officers generally, as described in Exhibit A to this Agreement.



- (c) Retirement Plan Credit. If Executive's employment with Gannett terminates before March 1, 2008, Executive shall receive additional service credit for purposes of calculating Executive's benefit under the Gannett Supplemental Retirement Plan, or a similar plan adopted to replace such plan (the "SERP"), equal to the difference between 36 months and the number of full months of service credited to Executive between the Contract Date and Executive's Termination Date. In the event that the preceding sentence results in Executive being credited with service for a period of time after Executive's Termination Date, benefits under the SERP shall be calculated as of Executive's Termination Date by assuming that Executive continued employment for the period of time for which Executive is granted additional service credit and assuming Executive's compensation for such period is equal to Executive's annual salary and most recent annual bonus as of the Termination Date. Notwithstanding the foregoing, in the event that Executive's employment is terminated pursuant to Section 5(b) or 5(d) above or by Executive for any reason other than those set forth in Section 6(a) above, then Executive will not be credited with any additional service beyond Executive's Termination Date.

9. Change in Control. Upon a change in control, as defined below, the Executive shall receive the greater of (i) any compensation and/or other benefits that become due under the Gannett Transitional Compensation Plan, or (ii) any compensation and/or other benefits that become due under this Agreement, but not both. For purposes of this Agreement, the term "change in control" has the same meaning given it under the Transitional Compensation Plan (or any successor plan).

10. Certain Additional Payments by Gannett.

- (a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by Gannett to or for the benefit of Executive, whether paid or payable, pursuant to the terms of this Agreement or otherwise (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code ("Code") or similar section (provided that Section 409A of the Code shall not be treated as a similar section), or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by

Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax imposed upon the Gross-Up Payment, Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

- (b) All determinations required to be made under Section 10(a) (including whether and when a Gross-Up Payment is required, the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination) shall be made by the nationally recognized accounting firm serving as Gannett's independent accounting firm (the "Accounting Firm"). The Accounting Firm shall provide detailed supporting calculations to both Gannett and Executive within 10 business days of Gannett's receipt of notice from Executive that there has been a Payment or at such earlier time as is requested by Gannett. All fees and expenses of the Accounting Firm shall be borne solely by Gannett. Any Gross-Up Payment, as determined pursuant to Section 10(a), shall be paid by Gannett to Executive within 5 days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Company and Executive.
- (c) As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments that will not have been made by Gannett should have been made (the "Underpayment") or that Gross-Up Payments will have been made that should not have been made ("Overpayments"), consistent with the calculations required to be made hereunder. In the event Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by Gannett to or for the benefit of Executive. If the Accounting Firm shall determine that an Overpayment has been made, Executive shall promptly repay the amount of the Overpayment to Gannett.

11. Legal Expenses and Interest. If, with respect to any alleged failure by Gannett to comply with any of the terms of this Agreement, Executive hires legal counsel with respect to this Agreement or institutes any negotiations or institutes or responds to legal action to assert or defend the validity of, enforce Executive's rights under, or recover damages for breach of this Agreement and thereafter Gannett is found in a judgment no longer subject to review or appeal to have breached this Agreement in any material respect, then Gannett shall indemnify Executive for

Executive's actual expenses for attorneys' fees and disbursements, together with such additional payments, if any, as may be necessary so that the net after-tax payments to Executive equal such fees and disbursements.

12. Trade Secrets. Executive agrees that unless duly authorized in writing by Gannett, Executive will neither during Executive's employment by Gannett nor at any time thereafter divulge or use in any manner that is injurious to Gannett any trade secrets or confidential information first acquired by Executive during and by virtue of Executive's employment with Gannett.

13. Notice. Any and all notices referred to herein shall be sufficient if furnished in writing and sent by registered mail to the parties.

14. Transferability. The rights, benefits and obligations of Gannett under this Agreement shall be transferable and all covenants and agreements hereunder shall inure to the benefit of and be enforceable by or against its successors and assigns. Whenever the term "Gannett" is used in this Agreement, such term shall mean and include Gannett Co., Inc. and its successors and assigns. The rights and benefits of Executive under this Agreement shall not be transferable other than rights to property or compensation that may pass on Executive's death to Executive's estate or beneficiaries through Executive's will or the laws of descent and distribution and the terms of any Gannett compensation or benefit plan.

15. Severability. If any provision of this Agreement or the application thereof is held invalid or unenforceable, the invalidity or unenforceability thereof shall not affect any other provisions of this Agreement which can be given effect without the invalid or unenforceable provision, and to this end the provisions of this Agreement are to be severable.

16. Amendment; Waiver. This Agreement contains the entire agreement of the parties with respect to the employment of Executive by Gannett. Notwithstanding the foregoing, except as expressly provided herein, nothing in this Agreement is intended to abrogate or modify any benefits to which Executive may now or hereafter be entitled under Gannett's various employee benefit plans. No amendment or modification of this Agreement shall be valid unless evidenced by a written instrument executed by the parties hereto. No waiver by either party of any breach by the other party of any provision or conditions of this Agreement shall be deemed a waiver of any similar or dissimilar provision or condition at the same or any prior or subsequent time.

17. Tax Withholding. Gannett may withhold from any payments due to Executive hereunder, such amounts as its independent public accountants may determine are required to be withheld under applicable federal, state and local tax laws.

18. Section 409A. Notwithstanding anything to the contrary contained herein, in the event that Gannett determines that payments under this Agreement are subject to Section 409A of the Code (or Executive makes such determination and informs Gannett of such determination by December 1, 2005): (i) payments under this Agreement shall not commence until six months after the Termination Date (or, if earlier, the date Executive dies); and (ii) Gannett may unilaterally amend the Agreement to make such other changes it reasonably determines are required to comply with Section 409A of the Code.

19. Governing Law. This Agreement shall be governed by and construed under and in accordance with the laws of the State of Delaware without regard to principles of conflicts of laws.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

GANNETT CO., INC.

By /s/ Douglas H. McCorkindale

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Douglas H. McCorkindale  
Chairman, President and  
Chief Executive Officer

/s/ Gary L. Watson

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Gary L. Watson

Agreed on behalf of the  
Executive Compensation Committee

/s/ James A. Johnson

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James A. Johnson, Chair

**EXECUTIVE RETIREMENT BENEFITS APPLICABLE TO CURRENT MEMBERS OF THE  
GANNETT MANAGEMENT COMMITTEE\***

**Life Insurance:** Active GMC members own a whole life insurance policy in an amount equal to 2 times salary and last bonus plus \$200,000. The Company pays the policy premium. Upon retirement, the policy's face amount reduces 10%, and 10% each year thereafter, to a minimum benefit of \$350,000.

**Travel Accident Insurance:** Active GMC members receive insurance equal to 3 times salary and last bonus on a 24-hour business or pleasure basis. (This is in addition to the regular employee travel accident insurance benefit of 3 times salary and last bonus.) Upon retirement, the benefit ceases. However, if a retired GMC member is asked to represent Gannett at a function or event and receives prior approval from the CEO, travel accident insurance coverage of \$1,000,000 will be provided while on business travel status.

**Executive Health Insurance:** Active GMC members receive supplemental health coverage with a maximum annual benefit of \$25,000 per executive family. (This is in addition to the regular employee health insurance coverage.) Upon retirement, the maximum annual benefit remains unchanged. Upon death, the maximum annual family benefit for eligible dependents becomes \$12,500 per year for life.

**Company Automobile:** Upon retirement, the company automobile is offered to a GMC member at the fair market value.

**Legal and Financial Services:** Upon retirement, this benefit ceases on April 15 of the year of retirement or the year following retirement, depending on the actual retirement date.

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\* Gannett reserves the right, in its sole discretion, to amend or terminate these benefits from time-to-time, provided that any changes made with respect to the benefits provided to Executive shall also apply to similarly situated Gannett executives.

SUBSIDIARY LIST

<u>UNIT</u>	<u>STATE OF INCORPORATION</u>
101, INC.	HAWAII
ACTION ADVERTISING, INC.	WISCONSIN
THE ADVERTISER COMPANY	ALABAMA
ALEXANDRIA NEWSPAPERS, INC.	LOUISIANA
APP NEW JERSEY PUBLISHING CO., INC.	DELAWARE
ARKANSAS TELEVISION COMPANY	ARKANSAS
ASBURY PARK PRESS INC.	NEW JERSEY
ASHLAND LAS VEGAS LLC	DELAWARE
ASHLAND PRINTING AND MAILING, LLC	ARIZONA
ASHLAND PUBLISHING, LLC	ARIZONA
BAXTER COUNTY NEWSPAPERS, INC.	ARKANSAS
CALIFORNIA NEWSPAPERS, INC.	CALIFORNIA
CAPE PUBLICATIONS, INC.	KENTUCKY
CARANTIN & CO., INC.	ARIZONA
CENTRAL NEWSPAPERS, INC.	INDIANA
CHILDREN'S EDITION, INC.	KENTUCKY
CITIZEN PUBLISHING COMPANY	ARIZONA
COMBINED COMMUNICATIONS CORPORATION OF OKLAHOMA, INC.	OKLAHOMA
CUARTO PODER PUBLICACIONES, L.L.C.	ARIZONA
DES MOINES PRESS CITIZEN LLC	DELAWARE
DES MOINES REGISTER AND TRIBUNE COMPANY	IOWA
THE DESERT SUN PUBLISHING COMPANY	CALIFORNIA

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THE DETROIT NEWS, INC.	MICHIGAN
DETROIT NEWSPAPER AGENCY	MICHIGAN
DETROIT WEEKEND DIRECT, LLC	DELAWARE
DIGICOL, INC.	DELAWARE
FEDERATED PUBLICATIONS, INC.	DELAWARE
FIRST COAST TOWER GROUP	FLORIDA
GANNETT 101, INC.	DELAWARE
GANNETT DIRECT MARKETING SERVICES, INC.	KENTUCKY
GANNETT EL PASO PUBLISHING, INC.	DELAWARE
GANNETT GEORGIA L.P.	GEORGIA
GANNETT GEORGIA PUBLISHING, INC.	DELAWARE
GANNETT HAWAII PUBLISHING, LLC	DELAWARE
GANNETT KENTUCKY LIMITED PARTNERSHIP	KENTUCKY
GANNETT MISSOURI PUBLISHING, INC.	KANSAS
GANNETT NEVADA PUBLISHING, INC.	NEVADA
GANNETT NEW JERSEY PARTNERS L.P.	DELAWARE
GANNETT PACIFIC CORPORATION	HAWAII
GANNETT PACIFIC PUBLICATIONS, INC.	DELAWARE
GANNETT RETAIL ADVERTISING GROUP, INC.	DELAWARE
GANNETT RIVER STATES PUBLISHING CORPORATION	ARKANSAS
GANNETT SATELLITE INFORMATION NETWORK, INC.	DELAWARE
GANNETT SUPPLY CORPORATION	DELAWARE
GANNETT TEXAS L.P.	DELAWARE
GANNETT TEXAS PUBLISHING, INC.	DELAWARE
GANNETT U.K. LIMITED	UNITED KINGDOM



GANNETT VERMONT INSURANCE, INC.	VERMONT
GANNETT VERMONT PUBLISHING, INC.	DELAWARE
GANSAT NEW JERSEY PUBLISHING CO., INC.	DELAWARE
GUAM PUBLICATIONS, INCORPORATED	HAWAII
HAWAII TOURISM, LLC	DELAWARE
INDIANA NEWSPAPERS, INC.	INDIANA
KXTV, INC.	MICHIGAN
LAKE CEDAR GROUP LLC	DELAWARE
MCCLURE NEWSPAPERS, INC.	DELAWARE
MULTIMEDIA, INC.	SOUTH CAROLINA
MULTIMEDIA OF CINCINNATI, INC.	OHIO
MULTIMEDIA ENTERPRISE, INC.	SOUTH CAROLINA
MULTIMEDIA GEORGIA BROADCASTING, INC.	SOUTH CAROLINA
MULTIMEDIA HOLDINGS CORPORATION	SOUTH CAROLINA
MULTIMEDIA KSDK, INC.	SOUTH CAROLINA
NEW JERSEY PRESS, INC.	NEW JERSEY
NEWCO TELEMARKETING, INC.	DELAWARE
NEWSQUEST MEDIA (SOUTHERN) PLC	UNITED KINGDOM
NEWSQUEST PLC	UNITED KINGDOM
OKLAHOMA PRESS PUBLISHING COMPANY	OKLAHOMA
P&S GEORGIA BROADCASTING, INC.	DELAWARE
PACIFIC COMMUNITY PUBLISHING, INC.	DELAWARE
PACIFIC MEDIA, INC.	DELAWARE
PACIFIC AND SOUTHERN COMPANY, INC.	DELAWARE
PHOENIX NEWSPAPERS, INC.	ARIZONA

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PRESS-CITIZEN COMPANY INC.	IOWA
RBC PUBLICATIONS, INC.	DELAWARE
RENO NEWSPAPERS, INC.	NEVADA
SALINAS NEWSPAPERS INC.	CALIFORNIA
THE SUN COMPANY OF SAN BERNARDINO, CALIFORNIA	CALIFORNIA
TELEFARM, INC.	DELAWARE
TEXAS-NEW MEXICO NEWSPAPERS PARTNERSHIP	DELAWARE
THE TIMES HERALD COMPANY	MICHIGAN
TIMES NEWS GROUP, INC.	DELAWARE
TNI PARTNERS	ARIZONA
USA TODAY INTERNATIONAL CORPORATION	DELAWARE
VERTICORE COMMUNICATIONS LTD.	CANADA
VISALIA NEWSPAPERS INC.	CALIFORNIA
WFMY TELEVISION CORP.	NORTH CAROLINA
WKYC HOLDINGS, INC.	DELAWARE
WKYC-TV, INC.	DELAWARE

The company has omitted the names of 52 wholly owned subsidiaries, which in the aggregate would not constitute a significant subsidiary of the company.

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-85430) and Form S-8 (Nos. 2-63038, 2-84088, 33-15319, 33-16790, 33-28413, 33-35305, 33-50813, 33-64959, 333-03941, 333-61859, 333-66051, 333-90309, 333-04459, 333-48202, 333-60402, 333-83426, 333-105029, 333-107240 and 333-115135) of Gannett Co., Inc. of our report dated February 25, 2005 relating to the financial statements, financial statement schedule, management's assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

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PricewaterhouseCoopers LLP

McLean, VA  
February 25, 2005

## CERTIFICATIONS

I, Douglas H. McCorkindale, certify that:

1. I have reviewed this report on Form 10-K of Gannett Co., Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2005

/s/ Douglas H. McCorkindale

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Douglas H. McCorkindale  
Chairman, President and  
Chief Executive Officer

## CERTIFICATIONS

I, Gracia C. Martore, certify that:

1. I have reviewed this report on Form 10-K of Gannett Co., Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2005

/s/ Gracia C. Martore

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Gracia C. Martore  
Senior Vice President and  
Chief Financial Officer

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Gannett Co., Inc. ("Gannett") on Form 10-K for the year ended December 26, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Douglas H. McCorkindale, chairman, president and chief executive officer of Gannett, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Gannett.

/s/ Douglas H. McCorkindale

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Douglas H. McCorkindale  
Chairman, President and  
Chief Executive Officer

February 25, 2005

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Gannett Co., Inc. ("Gannett") on Form 10-K for the year ended December 26, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gracia C. Martore, senior vice president and chief financial officer of Gannett, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Gannett.

/s/ Gracia C. Martore

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Gracia C. Martore  
Senior Vice President and  
Chief Financial Officer

February 25, 2005