

FORM 8-K

CURRENT REPORT

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

Date of Report: August 22, 1996

GANNETT CO., INC.

(Exact name of registrant as specified in its charter)

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

1100 Wilson Boulevard, Arlington, Virginia 22234

(Address of principal executive offices)(Zip Code)

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

ITEM 2. DISPOSITION OF ASSETS

Pursuant to an Asset Purchase Agreement dated July 9, 1996 among Gannett Co., Inc., Combined Communications Corporation, Gannett Transit, Inc., Shelter Media Communications, Inc., Gannett International Communications, Inc., and Outdoor Systems, Inc., on August 22, 1996 Gannett Co., Inc. and its affiliates sold substantially all of the assets of its Outdoor Division to Outdoor Systems, Inc. Outdoor Systems, Inc. also exercised an option to buy Gannett Outdoor's operations in Houston, Texas, subject to obtaining applicable governmental approvals. The purchase price for the Outdoor Division, including the Houston operations, is approximately \$710 million in cash. The purchase price, subject to a working capital adjustment, was arrived at through negotiations between Gannett Co., Inc. and Outdoor Systems, Inc.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(a) Pro forma financial information.

(1) Unaudited pro forma consolidated condensed balance sheet as of June 30, 1996 and the unaudited pro forma consolidated condensed statements of operations for the year ended December 31, 1995 and the six months ended June 30, 1996 (filed as an exhibit hereto).

(c) Exhibits.

See Exhibit Index for list of exhibits.

SIGNATURES

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

GANNETT CO., INC.

Dated: August 22, 1996

By: /s/Thomas L. Chapple

Thomas L. Chapple,
Senior Vice President,
General Counsel and Secretary

Exhibit Index

Exhibit Number	Title or Description	Location
2	Asset Purchase Agreement among Gannett Co., Inc., Combined Communications Corporation, Gannett Transit, Inc., Shelter Media Communications, Inc., Gannett International Communications, Inc., and Outdoor Systems, Inc.	Incorporated by reference to Exhibit 99-3 to Form 8-K filed July 10, 1996.
99-1	Unaudited pro forma consolidated condensed balance sheet as of June 30, 1996 and the unaudited pro forma consolidated condensed statements of earnings for the year ended December 31, 1995 and the six month period ended June 30, 1996.	Attached.

UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma financial statements give effect to the exchange of approximately \$700 million in cash by Outdoor Systems, Inc. for substantially all of Gannett Co., Inc.'s outdoor advertising business. The transaction involves the sale of assets of certain of the Company's outdoor subsidiaries and the sale of stock of certain other outdoor subsidiaries. In addition, Outdoor Systems, Inc. has an option to purchase the Company's remaining outdoor business in Houston, TX for approximately \$10 million.

The unaudited pro forma balance sheet presents the financial position of Gannett as of June 30, 1996, assuming that the sale had occurred as of that date. Such pro forma information is based on the historical balance sheet of the Company at June 30, 1996.

As required by rule 11-02 of regulation S-X, the unaudited pro forma statements of income have been prepared assuming that the sale occurred as of the beginning of the earliest period presented. The unaudited pro forma statements of income reflect the historical results of operations for Gannett for its fiscal year ended 1995 and the first six months of 1996. The 1995 statement also includes the eleven month pro forma effect of the Company's 1995 acquisition of Multimedia, as discussed in note 2 to the financial statements filed with the Company's 1995 Annual Report on Form 10-K.

The unaudited pro forma financial statements give effect to certain pro forma adjustments which are described in the notes to these statements. Nonrecurring charges related to the transaction are not reflected in the unaudited pro forma financial statements because they are insignificant.

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

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

GANNETT CO., INC.
UNAUDITED PRO FORMA CONDENSED BALANCE SHEET
JUNE 30, 1996

(In thousands)	Outdoor Gannett	Sale of Pro Forma Business	Pro Forma Adjustments	Pro Forma Balance Sheet
ASSETS				
Cash and marketable securities	\$ 33,325	\$ (517)		\$ 32,808
Accounts receivable, net	569,604	(56,435)		513,169
Inventories	105,957	(1,410)		104,547
Prepaid expenses and other current assets	113,955	(25,400)		88,555
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Total Current Assets	822,841	(83,762)		739,079
Property, plant and equipment, net	2,066,505	(136,338)		1,930,167
Other assets	3,548,134	(19,671)		3,528,463
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Total Assets	\$6,437,480	\$(239,771)		\$6,197,709
	=====	=====	=====	=====
LIABILITIES & SHAREHOLDERS EQUITY				
Current maturities of Long-term debt	\$ 281	\$ 0		\$ 281
Accounts payable and current portion of film contracts payable	212,429	(13,652)		198,777
Accrued expenses and other current liabilities	343,589	(10,590)		332,999
Dividends payable	50,781	0		50,781
Income taxes	57,034	0		57,034
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Total Current Liabilities	664,114	(24,242)		639,872
Deferred income taxes	319,120	(6,856)	(14,500) (2)	297,764
Long-term debt, less current portion	2,703,891	0	\$(493,000) (1)	2,210,891
Postretirement medical and life insurance liabilities	307,729	0		307,729
Other long-term liabilities	140,522	(349)		140,173
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Total Shareholders' equity	2,302,104	(208,324)	507,500 (1)	2,601,280
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Total Liabilities and Shareholders' Equity	\$6,437,480	\$(239,771)	\$ 0	\$6,197,709
	=====	=====	=====	=====

See accompanying notes to Unaudited Pro Forma Financial Statements.

GANNETT CO., INC.
 UNAUDITED PRO FORMA CONDENSED STATEMENT OF INCOME
 SIX MONTHS ENDED JUNE 30, 1996

(In thousands except per share data)	Sale of Gannett	Outdoor Business	Pro Forma Adjustments	Pro Forma Statement of Income
NET OPERATING REVENUES:				
Newspapers	\$1,618,542			\$1,618,542
Broadcasting	317,994			317,994
Cable	95,246			95,246
Other	281,038	\$(120,947)		160,091
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Total Operating Revenues	2,312,820	(120,947)		2,191,873
	-----	-----		-----
OPERATING COSTS:				
Total operating expenses, exclusive of depreciation & amortization	1,657,945	(101,519)		1,556,426
Depreciation	106,193	(8,115)		98,078
Amortization of intangible assets	48,520	(388)		48,132
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Total Operating Expenses	1,812,658	(110,022)		1,702,636
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Total Operating Income/Loss	500,162	(10,925)		489,237
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NON-OPERATING INCOME (EXPENSE):				
Interest expense	(77,931)		\$13,568 (1)	(64,363)
Other income (expense)	(2,240)			(2,240)
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Total Non-operating	(80,171)		13,568	(66,603)
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Income Before Income Taxes	419,991	(10,925)	13,568	422,634
Provision for/benefit of Income Taxes	(180,625)	4,261	(5,292)(2)	(181,656)
	-----	-----	-----	-----
Net Income	\$ 239,366	\$ (6,664)	\$ 8,276	\$ 240,978
	=====	=====	=====	=====
Net Income Per Share	\$1.70	(\$0.05)	\$0.06	\$1.71
Average Number of Outstanding Shares	140,763	140,763	140,763	140,763

See accompanying notes to Unaudited Pro Forma Financial Statements.

GANNETT CO., INC.
 UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME
 YEAR ENDED DECEMBER 31, 1995

(In thousands except per share data)	Gannett	Multimedia Pro Forma (*)	Sale of Subtotal	Outdoor Business	Pro Forma Pro Forma Adjustments	Statement of Income
NET OPERATING REVENUES:						
Newspapers	\$3,088,423	\$150,684	\$3,239,107			\$3,239,107
Broadcasting	466,187	144,412	610,599			610,599
Cable	15,061	159,581	174,642			174,642
Other	437,065	153,832	590,897	\$(253,841)		337,056
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Total Operating Revenues	4,006,736	608,509	4,615,245	(253,841)		4,361,404
	-----	-----	-----	-----		-----
OPERATING COSTS:						
Total operating expenses, exclusive of depreciation & amortization	2,944,898	374,623	3,319,521	(209,201)		3,110,320
Depreciation	159,657	53,473	213,130	(15,900)		197,230
Amortization of intangible assets	50,298	48,059	98,357	(776)		97,581
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Total Operating Expenses	3,154,853	476,155	3,631,008	(225,877)		3,405,131
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Total Operating Income	851,883	132,354	984,237	(27,964)		956,273
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NON-OPERATING INCOME (EXPENSE):						
Interest expense	(52,175)	(154,570)	(206,745)		\$29,486 (1)	(177,259)
Other income (expense)	3,754	417	4,171			4,171
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Total Non-operating	(48,421)	(154,153)	(202,574)		29,486	(173,088)
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Income Before Income Taxes	803,462	(21,799)	781,663	(27,964)	29,486	783,185
Provision for/benefit of Income Taxes	(326,200)	(7,600)	(333,800)	10,906	(11,500)(2)	(334,394)
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Net Income	\$ 477,262	\$(29,399)	\$ 447,863	\$ (17,058)	\$17,986	\$ 448,791
	=====	=====	=====	=====	=====	=====
Net Income Per Share	\$3.41	(\$0.21)	\$3.20	(\$0.12)	\$0.13	\$3.21
Average Number of Outstanding Shares	139,968	139,968	139,968	139,968	139,968	139,968

* In December, 1995, the Company completed the acquisition of Multimedia, Inc ("Multimedia"). The amounts in this column reflect the estimated results of operations of the Company and its subsidiaries as though the Multimedia acquisition was made at the beginning of the year in which the transaction was consummated along with the related costs of financing the acquisition and the additional goodwill and depreciation expense associated with the purchase. Refer to note 2 of the Company's financial statements filed with its 1995 Annual Report on Form 10-K for more information concerning this acquisition.

See accompanying notes to Unaudited Pro Forma Financial Statements.

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

Note 1 - Basis of Presentation

The unaudited pro forma balance sheet has been prepared to reflect the sale of the Company's outdoor advertising business for an aggregate price of approximately \$700 million in cash.

The unaudited pro forma balance sheet presents the financial position of the Company as of June 30, 1996 assuming that the transaction occurred as of that date. Such pro forma information is based on the historical balance sheet of Gannett as of June 30, 1996, adjusted for the effects of the sale.

As required by rule 11-02 of regulation S-X, the unaudited pro forma statements of income have been prepared assuming that the sale occurred as of the beginning of the earliest period presented. The unaudited pro forma statements of income reflect the historical results of operations for Gannett for its fiscal year ended 1995 and first six months of 1996. The 1995 pro forma statement of income also includes the eleven month pro forma effect of the Company's 1995 acquisition of Multimedia, as presented in note 2 to the financial statements filed with the Company's 1995 Annual Report on Form 10-K.

The Company believes that the assumptions used in preparing the unaudited pro forma financial statements provide a reasonable basis for presenting all of the significant effects of the sale and that the pro forma adjustments give effect to those assumptions in the unaudited pro forma financial statements.

Note 2 - Pro forma Adjustments

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

- (1) Adjustment to reflect the pay down of long-term debt from the after-tax proceeds of the sale. The proceeds are reduced by the tax on the estimated gain on sale of the business, using a combined federal and state tax rate of 39%
- (2) Adjustment to reflect payment of net deferred taxes related to the outdoor advertising business.

B. Pro forma adjustments to the June 30, 1996 unaudited condensed statement of income are made to reflect the following:

- (1) Reduction in interest expense due to pay down of long-term debt from the after-tax proceeds of the sale. The rate used to calculate the reduction in interest expense is based on the weighted average rate paid by Gannett for commercial paper during the six-month period ended June 30, 1996.
- (2) Record income tax effect of pro forma adjustments described in item 1.

C. Pro forma adjustments to the December 31, 1995 unaudited condensed combined statement of income are made to reflect the following:

- (1) Reduction in interest expense due to pay down of long-term debt from net proceeds of the sale. The rate used to calculate the reduction in interest expense is based on the weighted average rate paid by Gannett for commercial paper during the Company's fiscal year ended December 31, 1995.
- (2) Record income tax effect of pro forma adjustment in item 1.