Exhibit Index begins
on page 11

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

X Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 [No Fee Required] for the fiscal year ended December 28, 1997 or

___ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 [No Fee Required] for the transition period from ______________ to _____________.

Commission file number 1-6961

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

Delaware	16-0442930
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1100 Wilson Boulevard, Arlington, Virginia	22234
(Address of principal executive offices)	(Zip Code)

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

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	New York Stock Exchange

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

None
(Title of Class)

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 X 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. [X]

The aggregate market value of the voting stock held by non-affiliates of the registrant as of March 2, 1998 was in excess of $17,768,178,823.

The number of shares outstanding of the registrant's Common Stock, Par Value $1.00, as of March 2, 1998 was 284,289,821.

Documents incorporated by reference.

(1) Portions of the registrant's Annual Report to Shareholders for the fiscal year ended December 28, 1997 in Parts I, II and III.

(2) Portions of the registrant's Proxy Statement issued in connection with its Annual Meeting of Shareholders to be held on April 28, 1998.

CROSS REFERENCE SHEET

The information required in Parts I, II and III of the Form 10-K is incorporated by reference to sections of the Company's 1997 Annual Report to Shareholders ("Annual Report") and its definitive Proxy Statement for the Annual Meeting of Shareholders to be held April 28, 1998 ("Proxy Statement") as described below:

Part I

Item 1.	Business.	Form 10-K Information (Annual Report pp. 53-62); Note 10 - Business Segment Information (Annual Report p. 48).
Item 2.	Properties.	Properties (Annual Report pp. 57, 59 and 60); Corporate Facilities (Annual Report p. 62); Markets We Serve (Annual Report pp. 68-72).
Item 3.	Legal Proceedings.	Note 9 - Commitments, Contingent Liabilities and Other Matters (Annual Report p. 47); Regulation (Annual Report pp. 58, 59, 61 and 62).
Item 4.	Submission of Matters to a Vote of Security Holders.	Not applicable.

Part II

Item 5.	Market for Registrant's Common Equity and Related Stockholder Matters	Gannett Shareholder Services (Annual Report, p. 73); Company Profile (Annual Report, p. 1); Gannett Common Stock Prices (Annual Report p. 22); Dividends (Annual Report p. 33).
Item 6.	Selected Financial Data.	Eleven-Year Summary and Notes to Eleven-Year Summary (Annual Report pp. 50-52).
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations.	Management's Discussion and Analysis of Results of Operations and Financial Position (Annual Report pp. 23-33).
Item 7A.	Quantitative and Qualitative Disclosures about Market Risk	Not applicable.
Item 8.	Financial Statements and Supplementary Data.	Consolidated Financial Statements and Notes to Consolidated Financial Statements (Annual Report pp. 34-48). Effects of inflation and changing prices (Annual Report p. 33); Quarterly Statements of Income (Annual Report pp. 64-65).
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.	None.

Part III

Item 10.	Directors and Executive Officers of the Registrant.	Executive Officers of the Company are listed below:

Sara M. Bentley - Group President, Gannett Northwest Newspaper Group, and President and Publisher, Statesman Journal
Michael C. Burrus - President, Multimedia Cablevision, Inc.
Thomas L. Chapple - Senior Vice President, General Counsel, and Secretary
Richard L. Clapp - Senior Vice President, Personnel
Susan Clark-Johnson - Senior Group President, Gannett Pacific Newspaper Group, and President and Publisher, Reno (Nev.) Gazette-Journal
Michael J. Coleman - Senior Group President, Gannett South Newspaper Group, and President and Publisher, FLORIDA TODAY at Brevard County
Robert T. Collins - President, New Jersey Newspaper Group, and President and Publisher, Asbury Park Press and Home News Tribune, East Brunswick, NJ
John J. Curley - Chairman and Chief Executive Officer
Thomas Curley - President and Publisher, USA TODAY
Philip R. Currie - Senior Vice President, News, Gannett Newspaper Division
Daniel S. Ehrman - Vice President, Planning & Development
Millicent A. Feller - Senior Vice President, Public Affairs and Government Relations
Lawrence P. Gasho - Vice President, Financial Analysis
George R. Gavagan - Vice President and Controller
Denise H. Ivey - Group President, Gannett Gulf Coast Newspaper Group, and President and Publisher, Pensacola News Journal
John B. Jaske - Senior Vice President, Labor Relations and Assistant General Counsel
Gracia C. Martore - Vice President, Treasury Services and Investor Relations
Douglas H. McCorkindale - Vice Chairman and President
Bern Mebane - Senior Group President, Gannett Piedmont Newspaper Group, and President and Publisher, the Greenville (S.C.) News
Larry F. Miller - Executive Vice President and Chief Financial Officer
W. Curtis Riddle - Senior Group President, Gannett East Newspaper Group, and President and Publisher, The News Journal (Wilmington, DE)
Carleton F. Rosenburgh - Senior Vice President, Gannett Newspaper Division
Gary F. Sherlock - Group President, Gannett Atlantic Newspaper Group, and President and Publisher, Gannett Suburban Newspapers
Mary P. Stier - Group President, Gannett Midwest Newspaper Group, and President and Publisher, Rockford Register Star
Jimmy L. Thomas - Senior Vice President, Financial Services and Treasurer
Cecil L. Walker - President, Gannett Broadcasting Division
Gary L. Watson - President, Gannett Newspaper Division

Information concerning the Executive Officers of the Company is included in the Annual Report on pages 18 and 19. 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.	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.

Part IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

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

(1) Financial Statements.

The following financial statements of the Company and the accountants' report thereon are included on pages 34 through 49 of the Company's 1997 Annual Report to Shareholders and are incorporated herein by reference:

Consolidated Balance Sheets as of December 28, 1997 and December 29, 1996.

Consolidated Statements of Income - Fiscal Years Ended December 28, 1997, December 29, 1996, and December 31, 1995.

Consolidated Statements of Cash Flows - Fiscal Years Ended December 28, 1997, December 29, 1996, and December 31, 1995.

Consolidated Statements of Changes in Shareholders' Equity - December 28, 1997, December 29, 1996, and December 31, 1995.

Notes to Consolidated Financial Statements.

Report of Independent Accountants.

(2) Financial Statement Schedules.

The following financial statement schedules are incorporated by reference to "Schedules to Form 10-K Information" appearing on pages 66 and 67 of the Company's 1997 Annual Report to Shareholders:

Schedule V - Property, Plant and Equipment.

Schedule VI - Accumulated Depreciation and Amortization of Property, Plant and Equipment.

Schedule VIII - Valuation and Qualifying Accounts.

Schedule X - Supplementary Income Statement Information.

The Report of Independent Accountants on Financial Statement Schedules appears on page 8 of this Annual Report on Form 10-K.

Note: Financial statements of the registrant are omitted as the registrant is primarily an operating company and the aggregate of the minority interest in and the debt of consolidated subsidiaries is not material in relation to total consolidated assets. 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 for list of exhibits filed with this Annual Report on Form 10-K. Management contracts and compensatory plans or arrangements are identified with asterisks on the Exhibit Index.

(b) Reports on Form 8-K.

None.

REPORT OF INDEPENDENT ACCOUNTANTS ON
FINANCIAL STATEMENT SCHEDULES

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

Our audits of the consolidated financial statements referred to in our report dated February 2, 1998 appearing on page 49 of the 1997 Annual Report to Shareholders of Gannett Co., Inc. (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the Financial Statement Schedules listed in Item 14(a) of this Form 10-K. In our opinion, these Financial Statement Schedules present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/Price Waterhouse LLP

PRICE WATERHOUSE LLP

Washington, D.C.
February 2, 1998

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 24, 1998 GANNETT CO., INC. (Registrant)

By /s/Douglas H. McCorkindale

Douglas H. McCorkindale,
Vice Chairman and President

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 24, 1998 /s/John J. Curley

John J. Curley,
Director, Chairman and
Chief Executive Officer

Dated: February 24, 1998 /s/Douglas H. McCorkindale

Douglas H. McCorkindale,
Director, Vice Chairman and
President

Dated: February 24, 1998 /s/Larry F. Miller

Larry F. Miller,
Executive Vice President and
Chief Financial Officer

Dated: February 24, 1998 /s/Meredith A. Brokaw

Meredith A. Brokaw, Director

Dated: February 24, 1998 /s/Peter B. Clark

Peter B. Clark, Director

Dated: February 24, 1998 /s/Stuart T.K. Ho

Stuart T.K. Ho, Director

Dated: February 24, 1998	/s/Drew Lewis ------------------------------ Drew Lewis, Director
Dated: February 24, 1998	/s/Josephine P. Louis ------------------------------ Josephine P. Louis, Director
Dated: February 24, 1998	/s/Thomas A. Reynolds, Jr. ------------------------------ Thomas A. Reynolds, Jr., Director
Dated: February 24, 1998	/s/Dolores D. Wharton ------------------------------ Dolores D. Wharton, Director
Dated: February 24, 1998	/s/Karen Hastie Williams ------------------------------ Karen Hastie Williams, Director

EXHIBIT INDEX

Exhibit Number	Exhibit	Location
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 to Restated Certificate of Incorporation.	Incorporated by reference to Exhibit 3-1 to the 1993 Form 10-K.
3-2	By-laws of Gannett Co., Inc. (reflects all amendments through September 24, 1997)	Incorporated by reference to Exhibit 3-1 to Gannett Co., Inc.'s Form 10-Q for the fiscal quarter ended September 28, 1997.
4-1	$1,000,000,000 Revolving Credit Agreement among Gannett Co., Inc. and the Banks named therein.	Incorporated by reference to Exhibit 4-1 to the 1993 Form 10-K.
4-2	Amendment Number One to $1,000,000,000 Revolving Credit Agreement among Gannett Co., Inc. and the Banks named therein.	Incorporated by reference to Exhibit 4-2 to Gannett Co., Inc.'s Form 10-Q for the fiscal quarter ended June 26, 1994.
4-3	Amendment Number Two to $1,500,000,000 Revolving Credit Agreement among Gannett Co., Inc. and the Banks named therein.	Incorporated by reference to Exhibit 4-3 to Gannett Co., Inc.'s Form 10-K for the fiscal year ended December 31, 1995.
4-4	Amendment Number Three to $3,000,000,000 Revolving Credit Agreement among Gannett Co., Inc. and the Banks named therein.	Incorporated by reference to Exhibit 4-4 to Gannett Co., Inc.'s Form 10-Q for the fiscal quarter ended September 29, 1996.
4-5	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.
4-6	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.
4-7	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.
4-8	Rights Plan.	Incorporated by reference to Exhibit 1 to Gannett Co., Inc.'s Form 8-K filed on May 23, 1990.

10-1	Employment Agreement dated December 7, 1992 between Gannett Co., Inc. and John J. Curley.*	Incorporated by reference to Gannett Co., Inc.'s Form 10-K for the fiscal year ended December 27, 1992 ("1992 Form 10-K").
10-2	Employment Agreement dated December 7, 1992 between Gannett Co., Inc. and Douglas H. McCorkindale.*	Incorporated by reference to the 1992 Form 10-K.
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 quarter ended September 28, 1997. Amendment dated December 9, 1997 (attached).
10-4	Description of supplemental insurance benefits.*	Incorporated by reference to Exhibit 10-4 to the 1993 Form 10-K.
10-5	Gannett Co., Inc. Supplemental Retirement Plan, as amended.*	Incorporated by reference to Exhibit 10-8 to Gannett Co., Inc's Form 10-K for the fiscal year ended December 27, 1986 ("1986 Form 10-K").
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 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 the 1996 Form 10K.

10-7	Amended and Restated Gannett Co., Inc. 1987 Deferred Compensation Plan.*	Incorporated by reference to Exhibit 10-1 to Gannett Co., Inc.'s Form 10-Q for the fiscal quarter ended September 29, 1996. Amendment No. 5 incorporated by reference to Exhibit 10-2 to Gannett Co., Inc.'s form 10-Q for the quarter ended September 28, 1997.
10-8	Gannett Co., Inc. Transitional Compensation Plan.*	Incorporated by reference to Exhibit 10-13 to Gannett Co., Inc.'s Form 10-K for the fiscal year ended December 30, 1990.
11	Statement re computation of earnings per share.	Attached.
13	Portions of 1997 Annual Report to Shareholders incorporated by reference.	Attached.
21	Subsidiaries of Gannett Co., Inc.	Attached.
23	Consent of Independent Accountants.	Attached.
27	Financial Data Schedule	Attached.

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.

AMENDMENT TO EXECUTIVE LONG-TERM INCENTIVE PLAN

On December 9, 1997, the Company's Executive Compensation Committee adjusted Section 2.1 of the Gannett Co., Inc. 1978 Executive Long-Term Incentive Plan to increase the 175,000 share maximum to 350,000 to reflect the Company's October 6, 1997 stock split.

Calculation of Earnings Per Share

	Fiscal Year Ended		
	December 28, 1997	December 29, 1996	December 31, 1995
Basic earnings:			
Net income	$712,679,000	$943,087,000	$477,262,000
Weighted average number of common shares outstanding	283,360,000	281,782,000	280,312,000
Basic earnings per share	$2.52	$3.35	$1.70
Diluted earnings:			
Net income	$712,679,000	$943,087,000	$477,262,000
Weighted average number of common shares outstanding	283,360,000	281,782,000	280,312,000
Dilutive effect of outstanding stock options and stock incentive rights	2,250,000	1,644,000	2,011,000
Weighted average number of shares outstanding, as adjusted	285,610,000	283,426,000	282,323,000
Diluted earnings per share	$2.50	$3.33	$1.69

Company Profile

Gannett Co., Inc. is a diversified news and information company that publishes newspapers, operates broadcasting stations and cable television systems, and is engaged in marketing, commercial printing, a newswire service, data services and news programming. The company has operations in 45 states, the District of Columbia and Guam.

Gannett is the largest U.S. newspaper group in terms of circulation, with 87 daily newspapers, including USA TODAY, a variety of non-daily publications and USA WEEKEND, a weekly newspaper magazine. Total average paid daily circulation of Gannett's daily newspapers is approximately 6.7 million.

Gannett owns and operates 20 television stations in major markets. Gannett's cable division serves 478,000 subscribers in five states.

Gannett was founded by Frank E. Gannett in 1906 and incorporated in 1923. The company went public in 1967. Its more than 283 million shares of common stock are held by more than 14,000 shareholders of record in all 50 states and abroad. The company has 39,000 employees. Corporate headquarters is located at Arlington, Va.

Board of Directors

John J. Curley
Chairman and chief executive officer, Gannett Co., Inc. Formerly: Chairman, president and chief executive officer, Gannett Co., Inc. (1989-1997). Age 59. (b,d,f,g)

Meredith A. Brokaw
Founder, Penny Whistle Toys, Inc., New York City, and author of children's books. Other directorships: Conservation International, Washington, D.C. Age 57. (b,d,e)

Peter B. Clark
Former chairman, president and chief executive officer, The Evening News Association (1969-86). Age 69. (e,g)

Stuart T.K. Ho
Chairman of the board and president, Capital Investment of Hawaii, Inc. Other directorships: Aloha Airgroup, Inc.; College Retirement Equities Fund; Capital Investment of Hawaii, Inc.; Pacific Century Financial Corporation. Age 62. (a,b,c)

Drew Lewis
Former chairman and chief executive officer, Union Pacific Corporation. Other directorships: American Express Co.; AmTec; FPL Group, Inc.; Gulfstream Aerospace; Lucent Technologies; Union Pacific Resources Group Inc. Age 66. (a,d)

Josephine P. Louis
Chairman and chief executive officer, Eximious Inc., and Eximious Ltd. Other directorships: HDO Productions, Inc.; trustee, Chicago Horticultural Society; trustee, Chicago Historical Society. Age 67. (a,b,e)

Douglas H. McCorkindale
Vice chairman and president, Gannett Co., Inc. Formerly: Vice chairman and chief financial and administrative officer, Gannett Co., Inc. (1985-1997). Other directorships: Continental Airlines, Inc.; Frontier Corporation; and funds which are part of the Prudential group of mutual funds. Age 58. (b,f,g)

Thomas A. Reynolds Jr.
Chairman emeritus of Chicago law firm of Winston & Strawn. Other directorships: Jefferson Smurfit Group; Union Pacific Corporation. Age 69. (a,b,c)

Dolores D. Wharton
Chairman and CEO, Fund for Corporate Initiatives, Inc. Other directorships: Capital Bank & Trust Co. Age 70. (c,g)

Karen Hastie Williams
Partner of Washington, D.C., law firm of Crowell & Moring. Other directorships: Crestar Financial Services Corporation; Continental Airlines, Inc.; Fannie Mae; SunAmerica, Inc.; Washington Gas Light Company. Age 53. (a)

(a) Member of Audit Committee.
(b) Member of Executive Committee.
(c) Member of Executive Compensation Committee.
(d) Member of Management Continuity Committee.
(e) Member of Public Responsibility and Personnel Practices Committee.
(f) Member of Gannett Management Committee.
(g) Member of Contributions Committee.

Company & Divisional Officers

Gannett's principal management group is the Gannett Management Committee, which coordinates overall management policies for the company. The Gannett Newspaper Operating Committee oversees operations of the company's Newspaper Division. The members of these two groups are identified at right and on the previous pages.

The managers of the company's various local operating units enjoy substantial autonomy in local policy, operational details, news content and political endorsements.

Gannett's headquarters staff includes specialists who provide advice and assistance to the company's operating units in various phases of the company's operations.

At right are brief descriptions of the business experience during the last five years of the officers of the company and the heads of its national and regional divisions. Officers serve for a term of one year and may be re-elected. Information about the two officers who serve as directors (John J. Curley and Douglas H. McCorkindale) can be found on pages 16-17.

Pictured on these pages are members of the Gannett Management Committee and Gannett Newspaper Operating Committee.

(a) Member of the Gannett Management Committee.

(b) Member of the Gannett Newspaper Operating Committee.

Christopher W. Baldwin, Vice president, taxes. Formerly: Director, taxes (1979-1993). Age 54.

Sara M. Bentley, President, Gannett Northwest Newspaper Group, and president and publisher, Statesman Journal, Salem, Ore. Formerly: President and publisher, Statesman Journal (1988-1994). Age 46. (b)

Michael C. Burrus, President, Multimedia Cablevision. Formerly: Vice president, Multimedia, Inc., and president, Multimedia Cablevision and Multimedia Security (1993-1995); executive vice president, Multimedia Cablevision (1992-1993); vice president, operations and finance, Multimedia Cablevision (1985-1992). Age 43.

Thomas L. Chapple, Senior vice president, general counsel and secretary. Formerly: Vice president, general counsel and secretary (1991-1995). Age 50. (a)

Richard L. Clapp, Senior vice president/personnel. Formerly: Vice president, compensation and benefits (1983-1995). Age 57. (a)

Susan Clark-Johnson, Senior group president, Gannett Pacific Newspaper Group, and president and publisher, Reno (Nev.) Gazette-Journal. Formerly: President, Gannett West Newspaper Group, and president and publisher, Reno Gazette-Journal (1985-1994). Age 51. (b)

Michael J. Coleman, Senior group president, Gannett South Newspaper Group, and president and publisher, FLORIDA TODAY at Brevard County. Formerly: President, Gannett South Newspaper Group, and president and publisher, FLORIDA TODAY (1991-1994). Age 54. (b)

Robert T. Collins, President, New Jersey Newspaper Group, and president and publisher, Asbury Park Press and Home News Tribune, East Brunswick, N.J. Formerly: President and publisher, Asbury Park Press and Home News Tribune (1997-1998); president and publisher, Courier-Post, Camden, N.J. (1993-1997); president, Gannett East Newspaper Group, and president and publisher, Courier-Post (1985-1993). Age 54. (b)

Thomas Curley, President and publisher, USA TODAY. Thomas Curley is the brother of John J. Curley. Age 49. (a)

Philip R. Currie, Senior vice president, news, Newspaper Division. Formerly: Vice president, news, Newspaper Division (1982-1995). Age 56. (b)

Daniel S. Ehrman Jr., Vice president, planning and development. Formerly: Senior vice president, Gannett Broadcasting (1995-1997); vice president, finance and business affairs, Gannett Broadcasting (1984-1995). Age 51.

Millicent A. Feller, Senior vice president, public affairs and government relations. Age 50. (a)

Lawrence P. Gasho, Vice president, financial analysis. Age 55.

George R. Gavagan, Vice president and controller. Formerly: Vice president, corporate accounting services (1993-1997); assistant controller (1986-1993). Age 51.

Denise H. Ivey, President, Gannett Gulf Coast Newspaper Group, and president and publisher, Pensacola (Fla.) News Journal. Formerly: Vice president, Gannett South Newspaper Group, and president and publisher, Pensacola News Journal (1991-1994). Age 47. (b)

John B. Jaske, Senior vice president, labor relations and assistant general counsel. Age 53. (a)

Kristin H. Kent, Vice president, senior legal counsel and assistant secretary. Formerly: Vice president, senior legal counsel (1993-1995); senior legal counsel (1986-1993). Age 47.

Gracia C. Martore, Vice president, treasury services and investor relations. Formerly: Vice president, treasury services (1993-1996); assistant treasurer (1985-1993). Age 45.

Myron Maslowsky, Vice president, internal audit. Formerly: Director, internal audit (1989-1995). Age 43.

Bern Mebane, Senior group president, Gannett Piedmont Newspaper Group, and president and publisher, The Greenville (S.C.) News. Formerly: Senior group president, Gannett Piedmont Newspaper Group (1995-1997); president, Multimedia Newspaper Company (1989-1995). Age 48. (b)

Larry F. Miller, Executive vice president and chief financial officer. Formerly: Senior vice president, financial planning and controller (1991-1997). Age 59. (a)

W. Curtis Riddle, Senior group president, Gannett East Newspaper Group, and president and publisher, The News Journal, Wilmington, Del. Formerly: President, East Newspaper Group, and president and publisher, Lansing (Mich.) State Journal (1993-1994); president, Gannett Central Newspaper Group (1991-1993), and president and publisher, Lansing State Journal (1990-1993). Age 46. (b)

Carleton F. Rosenburgh, Senior vice president, Gannett Newspaper Division. Age 58. (b)

Gary F. Sherlock, President, Gannett Atlantic Newspaper Group, and president and publisher, Gannett Suburban Newspapers. Formerly: Vice president, Gannett Metro Newspaper Group, and president and publisher, Gannett Suburban Newspapers (1990-1994). Age 52. (b)

Mary P. Stier, President, Gannett Midwest Newspaper Group, and president and publisher, Rockford (Ill.) Register Star. Formerly: Vice president, Gannett Central Newspaper Group (1990-1993), and president and publisher, Rockford Register Star (1991-1993). Age 40. (b)

Jimmy L. Thomas, Senior vice president, financial services and treasurer. Age 56. (a)

Wendell J. Van Lare, Vice president, senior labor counsel. Formerly: Director, labor relations (1980-1993). Age 52.

Cecil L. Walker, President, Gannett Broadcasting Division. Age 61. (a)

Barbara W. Wall, Vice president, senior legal counsel. Formerly: Senior legal counsel (1990-1993). Age 43.

Gary L. Watson, President, Gannett Newspaper Division. Age 52. (a)(b)

Gannett Common Stock Prices

Restated to reflect the 2-for-1 stock split effective Oct. 6, 1997. High-low range by quarters based on NYSE-composite closing prices.

Year	Quarter	Low	High
1987	first	$17.97	$24.82
	second	$21.88	$27.44
	third	$24.25	$27.63
	fourth	$15.88	$26.38
1988	first	$16.88	$19.75
	second	$14.69	$17.82
	third	$15.25	$17.13
	fourth	$16.19	$17.50
1989	first	$17.32	$19.13
	second	$18.32	$24.25
	third	$21.82	$24.94
	fourth	$19.75	$22.63
1990	first	$19.75	$22.19
	second	$17.75	$21.13
	third	$14.94	$18.75
	fourth	$15.32	$18.88
1991	first	$17.88	$21.32
	second	$19.88	$22.19
	third	$19.69	$23.32
	fourth	$17.94	$21.13
1992	first	$21.13	$23.94
	second	$20.75	$24.57
	third	$21.94	$24.13
	fourth	$23.00	$26.82
1993	first	$25.32	$27.69
	second	$23.75	$27.38
	third	$23.88	$25.69
	fourth	$23.75	$29.07
1994	first	$26.69	$29.19
	second	$25.32	$27.44
	third	$24.19	$25.82
	fourth	$23.38	$26.69
1995	first	$25.07	$27.50
	second	$26.00	$27.88
	third	$26.50	$27.75
	fourth	$26.44	$32.19

1996	first	$29.63	$35.38
	second	$32.25	$35.82
	third	$32.00	$35.07
	fourth	$34.75	$39.25
1997	first	$35.81	$44.75
	second	$40.50	$50.66
	third	$48.00	$53.00
	fourth	$51.13	$61.81
1998	first	$57.25	$64.56*

* through February 27, 1998

Management's responsibility for financial statements

The management of the company has prepared and is responsible for the consolidated financial statements and related financial information included in this report. These financial statements were prepared in accordance with generally accepted accounting principles. These financial statements necessarily include amounts determined using management's best judgments and estimates.

The company's accounting and other control systems provide reasonable assurance that assets are safeguarded and that the books and records reflect the authorized transactions of the company. Underlying the concept of reasonable assurance is the premise that the cost of control not exceed the benefit derived. Management believes that the company's accounting and other control systems appropriately recognize this cost/benefit relationship.

The company's independent accountants, Price Waterhouse LLP, provide an independent assessment of the degree to which management meets its responsibility for fairness in financial reporting. They regularly evaluate the company's system of internal accounting control and perform such tests and other procedures as they deem necessary to reach and express an opinion on the financial statements. The Price Waterhouse LLP report appears on page 49.

The Audit Committee of the Board of Directors is responsible for reviewing and monitoring the company's financial reports and accounting practices to ascertain that they are appropriate in the circumstances. The Audit Committee consists of five non-management directors, and meets to discuss audit and financial reporting matters with representatives of financial management, the internal auditors and the independent accountants. The internal auditors and the independent accountants have direct access to the Audit Committee to review the results of their examinations, the adequacy of internal accounting controls and the quality of financial reporting.

Douglas H. McCorkindale	Larry F. Miller
Vice Chairman and President	Executive Vice President and Chief Financial Officer

Management's discussion and analysis of results of operations and financial position

Basis of reporting

Following is a discussion of the key factors that have affected the company's business over the last three years. This commentary should be read in conjunction with the company's financial statements, the 11-year summary of operations and the Form 10-K information that appear in the following sections of this report.

The company's fiscal year ends on the last Sunday of the calendar year. The company's 1997 fiscal year ended on Dec. 28, 1997 and encompassed a 52-week period. The company's 1996 fiscal year encompassed a 52-week period, and its 1995 year encompassed a 53-week period.

Business acquisitions, exchanges and dispositions

1997 exchange of television stations

In January 1997, the company concluded a transaction to exchange WLWT-TV (NBC-Cincinnati) and KOCO-TV (ABC-Oklahoma City) for WZZM-TV (ABC-Grand Rapids/Kalamazoo/Battle Creek) and WGRZ-TV (NBC-Buffalo). This exchange, which was necessary to comply with Federal Communications Commission (FCC) cross-ownership rules, was accounted for as a non-monetary transaction under which no gain or loss was recognized. This exchange did not materially affect broadcast operating results.

1997 acquisitions

In May 1997, the company acquired KNAZ-TV (NBC-Flagstaff, Ariz.), KMOH-TV (WB-Kingman, Ariz.) and Printed Media Companies, a full-service heat-set printer in Minneapolis, Minn. In July 1997, Mary Morgan, Inc., a commercial printing business in Green Bay, Wis., was purchased. In August 1997, the company acquired Army Times Publishing Company, located in Springfield, Va. It publishes six weekly military newspapers and one monthly defense publication.

In October 1997, the company acquired New Jersey Press, Inc., which publishes two dailies, Asbury Park Press and the Home News Tribune of East Brunswick, and operates In Jersey, an Internet service. The Asbury Park Press has a daily circulation of approximately 155,000 and 224,000 on Sunday. The Home News Tribune has a daily circulation of approximately 75,000 and 82,000 on Sunday.

The aggregate purchase price for businesses acquired in 1997 was approximately $445 million in cash and liabilities assumed. The acquisitions were accounted for under the purchase method of accounting. The acquisitions did not materially affect reported results of operations for the year.

1997 dispositions

In January 1997, the company contributed the Niagara Gazette newspaper to the Gannett Foundation. In April 1997, the company sold its newspaper in Moultrie, Ga., and in November 1997, the company sold its newspapers in Tarentum and North Hills, Pa. These newspaper dispositions did not materially affect results of operations.

Stock split

On Aug. 19, 1997, the company's Board of Directors approved a two-for-one stock split effective on Oct. 6, 1997, for shareholders of record on Sept. 12, 1997. In this report, all share and per-common-share amounts have been adjusted to reflect the stock split.

Earnings per share

In the fourth quarter of 1997, the company adopted Statement of Financial Accounting Standards No. 128, "Earnings Per Share." This standard requires the presentation of earnings per share data in the company's financial statements in two ways. The first, "basic" earnings per share, is computed by dividing net income by the average number of common shares outstanding. This method of calculation is identical to that used in previously issued financial statements.

The second per share presentation, "diluted" earnings per share, gives effect to the assumed dilution from outstanding stock options and stock incentive rights (refer to Note 8 to the financial statements on pages 45-47 for details on options and incentive rights).

Diluted earnings per share (net income) were less than basic earnings per share for 1997, 1996 and 1995 by $.02, $.02 and $.01, respectively, a difference of less than 1% for each of the three years.

Prior-year transactions

Exchange of broadcast stations

In December 1996, the company concluded a transaction to acquire WTSP-TV, the CBS affiliate in Tampa-St. Petersburg, Fla., in exchange for radio stations KIIS/KIIS-FM in Los Angeles, KSDO/KKBH-FM in San Diego and WDAE/WUSA-FM in Tampa.

For financial reporting purposes, the company recorded the exchange as two simultaneous but separate events; that is, a sale of radio stations for which a non-cash gain was recognized, and the acquisition of the television station accounted for under the purchase method. The gain reported on the exchange was measured by the difference between the estimated current fair value of the assets exchanged over the carrying value or basis in the properties it exchanged. The estimated fair value of the assets exchanged was $170 million, while the carrying value or basis in the radio stations was approximately $12 million. In the fourth quarter of 1996, therefore, for financial reporting purposes, the company reported a pre-tax, non-cash, non-operating gain of $158 million on the exchange. The television station acquired in the exchange was recorded at estimated fair value or $170 million.

On an after-tax basis, this accounting treatment resulted in a non-cash increase in earnings of $93 million and earnings per share of $.33 for the fourth quarter of 1996.

Sale of outdoor advertising business

In August 1996, the company completed the sale of its outdoor advertising business for a selling price of $713 million in cash. The company recorded an after-tax gain of $295 million or $1.05 per share on this sale. The gain and outdoor operating results for the period leading up to the sale are reported as a discontinued operation in the company's financial statements.

Sale of Multimedia Entertainment

In December 1996, the company sold its television entertainment programming business, Multimedia Entertainment, which had been acquired in December 1995 as part of the acquisition of Multimedia, Inc. ("Multimedia"). The selling price for this transaction approximated the value assigned to it by the company upon acquisition. Therefore, no gain was recognized on the sale.

The operating results for Multimedia Entertainment for the period leading up to the sale are reported as a discontinued operation in the company's financial statements.

The company's financial statements for 1996 and prior years reflect the classification of the outdoor and entertainment businesses as discontinued operations.

Results of operations
Consolidated summary

In millions of dollars, except per share amounts

	1997	Change	1996	Change	1995	Change
Operating revenues	$4,729	7%	$4,421	18%	$3,744	4%
Operating expenses	$3,413	2%	$3,355	15%	$2,922	5%
Operating income	$1,316	23%	$1,066	30%	$ 822	3%
Income from continuing operations, excluding gain on exchange of broadcast stations	$ 713	34%	$ 531	15%	$ 459	1%
After-tax gain on exchange of broadcast stations	0	---	$ 93	---	0	---
Income from continuing operations, as reported	$ 713	14%	$ 624	36%	$ 459	1%
Earnings per share from continuing operations, excluding gain on exchange of broadcast stations						
Basic	$ 2.52	34%	$ 1.88	15%	$ 1.64	4%
Diluted	$ 2.50	34%	$ 1.87	15%	$ 1.63	4%
Earnings per share from gain on exchange of broadcast stations						
Basic	0	---	$ .33	---	0	---
Diluted	0	---	$ .33	---	0	---
Earnings per share from continuing operations, as reported						
Basic	$ 2.52	14%	$ 2.21	35%	$ 1.64	4%
Diluted	$ 2.50	14%	$ 2.20	35%	$ 1.63	4%

A discussion of the operating results of each of the company's principal business segments and other factors affecting financial results follows. Operating cash flow amounts presented with business segment information represent operating income plus depreciation and amortization of intangible assets. Such cash flow amounts vary from net cash flow from operating activities presented in the Consolidated Statements of Cash Flows, because cash payments for interest and taxes are not reflected therein, nor are the cash flow effects of non-operating items, discontinued operations or changes in certain operations-related balance sheet accounts.

Newspapers

In addition to its local newspapers, the company's newspaper publishing operations include USA TODAY, USA WEEKEND and Gannett Offset commercial printing. The newspaper segment in 1997 contributed 80% of the company's revenues and 76% of its operating income. Record earnings were achieved by the newspaper segment in 1997, driven by revenue gains in all major categories and lower newsprint prices. Revenue and earnings gains were reported for newspapers at large, medium and small markets, and in all geographic regions. Sharply improved results were reported at The Detroit News, which continued its rebound from the strike initiated in mid-1995. Major gains in earnings were also reported in the larger markets of Cincinnati, Louisville, Des Moines and Westchester County, N.Y. USA WEEKEND posted record results.

At USA TODAY, record revenues and earnings were also reported. Advertising revenues were very strong, comparing favorably with 1996 revenues, which were buoyed by the Summer Olympics in Atlanta. Newsprint prices were below year-ago levels for most of the year, but they began to rise in the second quarter of 1997 and in the fourth quarter they rose slightly above prior-year levels. For the full year, the average newsprint price was 21% below 1996's average price.

The complement of local newspapers acquired at the end of 1995 as part of the purchase of Multimedia, Inc., reported significant earnings gains again in 1997.

Newspaper properties acquired in 1997 did not materially affect segment results for the full year, although each contributed positively to consolidated net income for the year.

Newspaper operating results were as follows:

In millions of dollars

	1997	Change	1996	Change	1995	Change
Revenues	$3,771	8%	$3,502	7%	$3,260	3%
Expenses	$2,769	2%	$2,716	6%	$2,558	5%
Operating income	$1,002	27%	$ 786	12%	$ 702	(4%)
Operating cash flow	$1,170	23%	$ 948	11%	$ 851	(4%)

Newspaper operating revenues: Newspaper operating revenues are derived principally from advertising and circulation sales, which accounted for 70%

and 25%, respectively, of total newspaper revenue in 1997. Other newspaper publishing revenues are mainly from commercial printing businesses. The table on the following page presents these components of reported revenue for the last three years. In this comparison of newspaper advertising revenues and volume and circulation revenues, changes from 1995 to 1996 are impacted by the longer reporting period in 1995.

Newspaper publishing revenues, in millions of dollars

	1997	Change	1996	Change	1995	Change
Advertising	$2,634	9%	$2,418	9%	$2,219	3%
Circulation	$ 948	3%	$ 918	6%	$ 869	2%
Commercial printing and other	$ 189	13%	$ 166	(3%)	$ 172	(2%)
Total	$3,771	8%	$3,502	7%	$3,260	3%

In the tables that follow, newspaper advertising linage, circulation volume statistics and related revenue results are presented on a pro forma basis for newspapers owned at the end of 1997. Newspapers acquired in 1997 are included as if they were owned throughout the period covered by these comparisons.

Advertising revenue, in millions of dollars (pro forma)

	1997	Change	1996	Change	1995	Change
Local	$ 897	4%	$ 858	2%	$ 842	1%
National	$ 496	11%	$ 445	17%	$ 381	5%
Classified	$ 945	10%	$ 860	7%	$ 807	7%
Total Run-of-Press	$2,338	8%	$2,163	7%	$2,030	4%
Preprint and other advertising	$ 407	4%	$ 392	(4%)	$ 409	3%
Total ad revenue	$2,745	7%	$2,555	5%	$2,439	4%

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

	1997	Change	1996	Change	1995	Change
Local	34.7	5%	33.0	(5%)	34.6	(4%)
National	2.9	14%	2.5	(4%)	2.6	(1%)
Classified	38.6	7%	36.0	1%	35.7	3%
Total Run-of-Press	76.2	6%	71.5	(2%)	72.9	(1%)
Preprint distribution (millions)	6,828	3%	6,639	(2%)	6,753	3%

Reported newspaper ad revenues in 1997 were $216 million greater than in 1996, a 9% increase, while pro forma revenues presented above reflect a 7% increase. This reported/pro forma variance relates to the 1997 acquisitions of Army Times Publishing Company and New Jersey Press, Inc.

Pro forma local ad revenues and linage rose 4% and 5%, respectively. Most of the company's local newspapers achieved gains in this category as sales and marketing efforts were enhanced and general economic conditions improved. Advertising placed by medium and smaller accounts was again higher in 1997 and business from major accounts also was up.

National revenues and linage rose 11% and 14%, respectively, fueled by USA TODAY, which reported a 12% gain in revenue and a 7% linage gain.

Ad revenue growth at USA TODAY was impressive, as it followed a 30% gain in 1996 when the newspaper benefited from heavy Summer Olympics and political advertising.

USA WEEKEND made a significant contribution to the national revenue increase as its national ad sales rose 16%. For the company's local newspapers, national revenues were up 13%.

Pro forma classified revenues rose 10% on a 7% linage gain. Employment advertising gains were strongest, followed by real estate and automotive. Ad rates were higher at most newspapers for most key classified categories. Employment and classified advertising in general benefited from the strong economy and the tight labor market.

Looking to 1998, further ad revenue and volume growth is anticipated in all segments, although at a slower rate. Price increases are planned at most properties for most ad segments and the company will continue to expand and refine its sales and marketing efforts. Changes in national economic factors such as interest rates, employment levels and the rate of general economic growth will have an impact on revenues at all of the company's newspapers.

Newspaper circulation revenues rose $30 million or 3% in 1997. Most of the company's local newspapers, along with USA TODAY and USA

WEEKEND, contributed to the gain.

For local newspapers, morning circulation accounts for approximately 80% of total daily volume, and evening 20%. On a pro forma basis, local morning circulation declined .2%. Of the company's local morning circulation newspapers, 21 of 60 achieved higher average volume for 1997. Average evening circulation was .6% lower, continuing the national trend. Average Sunday circulation was 1% lower in 1997.

At The Detroit News, daily and Sunday circulation rose for the year, further reversing the effects of the strike initiated in 1995.

During 1997, the Bellingham (Wash.) Herald and the Iowa City Press-Citizen converted from evening to morning publication and the evening Rochester (N.Y.) Times-Union was consolidated with the morning publication, Democrat and Chronicle.

Selected price increases were implemented in 1997 at certain newspapers.

USA TODAY's average daily paid circulation rose 3% to 2,234,474. USA TODAY reported an average daily paid circulation of 2,169,860 in the ABC Publisher's Statement for the six months ended Sept. 28, 1997, a 2% increase over the comparable period a year earlier.

In 1998, efforts will continue to improve the quality of the circulation base and subscriber retention. Management also plans further circulation price increases. Over the three-year period 1996-1998, price increases will have been implemented at most of the company's newspapers. Circulation volume and revenues at Detroit are expected to continue to recover. The company expects circulation revenue growth at most of its newspaper properties in 1998.

Pro forma circulation volume for the company's local newspapers is summarized in the table below:

Average net paid circulation, in thousands (pro forma)

	1997	Change	1996	Change	1995	Change
Local Newspapers						
Morning	3,572	---	3,579	(2%)	3,636	---
Evening	866	(1%)	872	(8%)	946	(8%)
Total daily	4,438	---	4,451	(3%)	4,582	(2%)
Sunday	6,086	(1%)	6,161	(4%)	6,440	(3%)

For 1996, reported newspaper ad revenues were $198.3 million greater than in 1995, a 9% increase, while pro forma ad revenues reflect a 5% increase. The variance in the reported/pro forma percentage increase relates to the results of the Multimedia newspapers acquired at the end of 1995.

Pro forma local ad revenues rose 2% for the year, while related linage was off 5%. Local ad rate increases were implemented at most newspapers in 1996. Trends in both local revenue and linage improved during the second half of 1996.

Strong gains in 1996 were achieved in pro forma national ad revenues, up 17%, driven by USA TODAY, which reported a 30% increase in ad revenues.

While USA TODAY's ad volume gains were buoyed by the Summer Olympics and to a lesser extent the fall political elections, it achieved volume improvement throughout the year and in most major advertising categories, including travel, financial, retail, telecommunications and technology.

Pro forma classified revenues rose 7% in 1996 on a 1% gain in linage. Revenue gains were achieved in the top three classified categories, automotive, employment and real estate. Of these, employment was strongest, up 9%. Ad rates were higher in all categories.

Newspaper circulation revenues rose 6% or $48.5 million in 1996, mainly because of added revenues from the Multimedia newspapers and gains at USA TODAY. Circulation revenues were lower in Detroit because of the strike.

On a pro forma basis, local morning circulation declined 2%. Evening circulation continued to decline, reflecting the national trend. In total, evening circulation was off 8%.

For the company's Sunday newspapers, total circulation was down 4% in 1996. Most of the evening and Sunday circulation volume loss was attributable to the strike in Detroit.

USA TODAY's average daily paid circulation for 1996 rose 4% to 2,163,941. Circulation revenues at USA TODAY rose 4%. USA TODAY reported an average daily paid circulation of 2,130,847 in the ABC Publisher's Statement for the six months ended Sept. 29, 1996, a 3% increase over the comparable period in 1995.

For 1995, reported advertising revenues were $66.6 million greater than in 1994, a 3% increase, while pro forma advertising revenues rose 4%.

The strongest growth in 1995 was in classified, reflecting gains achieved in employment and automotive advertising at most of the company's local newspapers. National advertising revenues reflect significant improvement also, principally from gains at USA TODAY. USA TODAY advertising linage grew 3% and advertising revenues rose 7%.

Local advertising linage was down in 1995, because of the impact of the strike in Detroit and generally soft conditions for the retail industry. The company increased advertising rates at certain newspapers in 1995 and ad revenue was also favorably impacted by the additional week in the 1995 fiscal year. Advertising revenue growth was adversely impacted by the strike in Detroit.

In millions, as reported

Year	Newspaper advertising revenues
1988	$1,909
1989	$2,018
1990	$1,917
1991	$1,853
1992	$1,882
1993	$2,005
1994	$2,153
1995	$2,219
1996	$2,418
1997	$2,634

Newspaper circulation revenues rose 2% or $19.7 million in 1995, reflecting added revenues in December from Multimedia newspapers, the favorable impact of the 53rd week in fiscal year 1995 and circulation price increases at certain newspapers. Circulation revenues were adversely affected by the strike in Detroit. On a pro forma basis, morning circulation was unchanged. Evening newspaper circulation declined, reflecting the national trend. In total, evening circulation was off nearly 8%. For the company's Sunday newspapers, total circulation was down 3%. Most of the evening and Sunday circulation volume loss was attributable to the strike in Detroit.

USA TODAY reported an average daily paid circulation of 2,059,017 in the ABC Publisher's Statement for the six months ended Sept. 24, 1995, a 2% increase from the comparable period in 1994. For the full year of 1995, USA TODAY circulation volume and revenue rose 2% and 3%, respectively.

In millions, as reported

Year	Newspaper circulation revenues
1988	$686
1989	$718
1990	$730
1991	$777
1992	$807
1993	$839
1994	$849
1995	$869
1996	$918
1997	$948

Newspaper operating expenses: Newspaper operating expenses rose $53 million or 2% in 1997. The company benefited from lower average newsprint costs for the year. Newsprint expense for the year, including the effect of acquisitions, was 15% lower than in

1996. Consumption was higher by 8%, but average prices were down 21%.

Newsprint prices peaked in early 1996 and then began a steady decline through the first quarter of 1997. They have risen since, but until the fourth quarter of 1997, per-ton prices were below year-ago levels. Average prices for the fourth quarter were about even with 1996.

Some suppliers have announced plans to increase newsprint prices further in 1998. However, it is not certain at this time if market conditions will support these plans. The company's average cost per ton will be higher in 1998 because of the carryover effect of 1997 price increases.

Payroll costs for newspaper operations rose 7% in 1997, in part because of the acquired properties but also because of slight increases in headcount, particularly in the ad sales area, and modest salary and wage increases.

For 1998, salary and wage increases are expected to be modest and headcount levels are not expected to change significantly from those at the end of 1997.

Newspaper operating expenses rose $158 million or 6% for 1996. Most of this increase relates to the impact of the Multimedia newspapers and higher newsprint costs. Newsprint expense for the year, including the effect of Multimedia newspapers, rose 15%, reflecting greater consumption, up 4%, and higher average costs per ton, up 11% from 1995.

Payroll costs rose 4% in 1996, reflecting the Multimedia purchase, partially offset by savings in Detroit. Year-end employment levels were down slightly from 1995.

Strike-related costs in Detroit, principally security and property damage, were significantly lower for the full year of 1996 than they were for 1995.

Newspaper operating expenses rose $115 million or 5% in 1995. Newsprint price increases had a dramatic effect on costs. In total, newsprint expense rose 33%. The average cost per ton consumed in 1995 rose more than 40% from 1994's average. For 1995, the company's consumption declined nearly 5%.

Payroll costs rose 2% in 1995. Year-end employment levels were down slightly, principally because of reduced staffing requirements at the Detroit operations, reflecting efficiencies of the replacement worker group. Newspaper costs were also affected significantly in 1995 by incremental costs in Detroit related to the strike, including security costs, repair costs from strike-related damage and costs for employees "loaned" to Detroit from other newspapers to assist in publishing operations.

Newspaper operating income: The company's newspapers produced a record earnings performance in 1997. Operating profit rose $216 million or 27%. Nearly all local newspapers reported higher profits and significant gains were achieved in Detroit and other large-city markets, as well as at USA WEEKEND. At USA TODAY, operating results were sharply higher.

For 1998, the company expects to achieve further operating income growth fueled by broad-based revenue growth for its local newspapers and for USA TODAY. Newspaper earnings growth will be tempered by higher average newsprint prices for 1998.

Operating income for the newspaper segment rose $84.7 million or 12% for 1996, reflecting the incremental contribution of Multimedia newspapers and sharply improved results at USA TODAY and The Detroit News. Higher newsprint prices and the shorter reporting period tempered these earnings gains for the full year of 1996.

Operating income for the newspaper segment declined $32 million in 1995, primarily because of sharply higher newsprint costs and the effect of the strike in Detroit. With the principal exception of Detroit, most of the company's other local newspapers reported improved operating income, as advertising and circulation revenue gains, coupled with cost controls, more than offset the impact of newsprint price increases. At USA TODAY, earnings declined as newsprint expense increased more than 40%.

Broadcasting

Broadcasting operations at the end of 1997 included 18 television stations and five radio stations. However, in early fiscal 1998, the company completed the previously announced sale of its radio stations and the acquisition of two Maine TV stations. With the completion of the Maine transaction, Gannett Broadcasting at the start of fiscal 1998 includes 20 television stations reaching 16.3% of U.S. television homes.

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

In millions of dollars

	1997	Change	1996	Change	1995	Change
Revenues	$ 704	2%	$ 687	47%	$ 466	15%
Expenses	$ 376	(4%)	$ 390	38%	$ 283	2%
Operating income	$ 328	10%	$ 297	63%	$ 183	42%
Operating cash flow	$ 385	10%	$ 349	64%	$ 213	35%

Total reported broadcasting revenues rose $16.6 million or 2% in 1997. On a pro forma basis, broadcasting revenues rose 4% for the year.

For television, pro forma local and national advertising revenues increased 5% and 1%, respectively, over 1996. This reflects strong advertising demand because of continued high ratings for NBC programming (10 of the stations owned in 1997 are NBC affiliates) and overall growth in the economy. The revenue increase was tempered by the absence of incremental revenues from 1996's Summer Olympics and political advertising. The stations in Denver, Jacksonville, Phoenix and Minneapolis reported the strongest revenue growth. Gains were achieved in key categories such as financial, insurance, health care, telecommunications and packaged goods, and participation in post-season baseball in Cleveland and Atlanta helped the division.

For the five radio stations owned during 1997, revenues rose 17%. Local and national sales increased in all three markets.

Here's a summary of pro forma revenues for television and radio broadcasting stations owned at the end of 1997:

Pro-forma broadcast revenues, in millions of dollars

	1997	Change	1996	Change	1995	Change
Revenues	$ 704	4%	$ 677	12%	$ 602	9%

Reported operating costs for broadcast declined $14 million or 4%, mainly because of Olympics-related costs in 1996. On a pro forma basis, operating costs declined 2%. Pro forma payroll costs increased 4%, while program amortization decreased 8%.

For the third consecutive year, operating income from broadcasting reached a record high, climbing $31.0 million to $328.3 million in 1997. The 10% increase reflects continued high demand for TV and radio advertising in most markets throughout the year and continued cost controls.

For 1998, increased revenues and operating earnings in broadcasting are expected. However, TV station performance will be affected by the level of success of local news programming, network programming and general economic conditions.

Total broadcasting revenues rose $220.7 million or 47% in 1996. This increase includes the effect of the acquisition of five TV stations from Multimedia in December 1995. On a pro forma basis, broadcasting revenues rose 12% for the year.

For television, pro forma local and national advertising revenues each increased 14% over 1995. Revenues related to NBC's carriage of the 1996 Olympic Games in Atlanta contributed a significant portion of the growth, particularly at our NBC affiliate WXIA-TV in Atlanta. The incremental effect of political advertising also boosted revenues. Reported operating costs for broadcast rose $106 million or 38%, reflecting ownership of the Multimedia television stations for all of 1996.

Total broadcasting revenues rose $60 million or 15% in 1995, reflecting the December 1995 acquisition of five TV stations and two radio stations from Multimedia and the December 1994 acquisition of a TV station. For television, pro forma local advertising revenues rose 13%, while national ad revenues rose 6%.

Reported operating costs for broadcast rose just $6 million or 2% in 1995. The improvement in broadcast earnings for 1995 reflects gains at all but two TV stations and two radio stations, the additional week in fiscal 1995 and the Multimedia acquisition in December 1995.

In millions, as reported

Year	Broadcast revenues
1988	$391
1989	$408
1990	$397
1991	$357
1992	$371
1993	$397
1994	$407
1995	$466
1996	$687
1997	$704

Cable and security

As part of the Multimedia purchase, the company acquired a cable television business and an alarm security business, both headquartered in Wichita, Kan. At the end of 1997, the cable television business served 478,000 subscribers in five states. The alarm security business operated in 10 states. Operating results from the cable television and alarm security businesses for 1997, 1996 and the month of December 1995 were as follows:

In millions of dollars

	1997	Change	1996	1995
Revenues	$255	9%	$233	$ 18
Expenses	$201	8%	$186	$ 13
Operating income	$ 54	15%	$ 47	$ 5
Operating cash flow	$121	8%	$112	$ 9

Cable television revenues increased 9% in 1997. This revenue increase reflects a 3% increase in basic subscribers and higher monthly subscription rates. While the number of pay subscribers increased 2%, associated revenue decreased by 5% because of the timing of various promotional campaigns and an overall soft pay-TV market. All other revenue categories, including advertising and pay-per-view, increased. Alarm security revenues increased 13% in 1997, reflecting account acquisitions during the year and additional account installations and purchases (net of account disconnects), offset by a modest decline in average monitoring revenue per account.

Cable television operating costs increased 8% in 1997. Program costs were up 16% and payroll costs increased 9%. Alarm security costs increased 10%.

On a pro forma basis, cable television revenues increased 10% in 1996. This revenue increase reflects a 2% increase in basic subscribers and higher monthly subscription rates. The number of pay subscribers declined 1%. All revenue categories, including advertising and pay-per-view, increased. On a pro forma basis, alarm security revenues increased 37% in 1996, reflecting the December 1995 purchase of approximately 18,000 accounts, additional account installations and purchases (net of account disconnects), and an increase in average monitoring revenue per account.

Cable television pro forma operating costs increased 9% in 1996. Program costs were up 11% and payroll costs increased 5%. Alarm security costs increased 29%, reflecting additions to the customer base.

Operating income for cable and security rose $6.9 million or 15% for 1997.

In December 1997, the company announced an agreement to acquire cable systems serving approximately 128,000 subscribers in Kansas from Tele-Communications, Inc., in exchange for its cable systems serving approximately 93,000 subscribers in suburban Chicago, plus cash. This transaction is subject to regulatory approval and is expected to close in mid-1998. The company sold its alarm security business in March 1998.

The company expects increased competition in the future, particularly from direct-to-home satellite providers. However, the company expects to increase its cable television revenues and segment operating earnings in 1998 from continued internal growth and the additional subscribers to be acquired in the exchange with Tele-Communications, Inc.

Consolidated operating expenses

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

Consolidated operating expenses, in millions of dollars

	1997	Change	1996	Change	1995	Change
Cost of sales	$2,369	--	$2,368	12%	$2,110	7%
Selling, general and admin. expenses	$ 744	6%	$ 699	13%	$ 619	(2%)
Depreciation	$ 201	4%	$ 193	34%	$ 144	(2%)
Amortization of intangible assets	$ 100	6%	$ 94	91%	$ 49	12%

Cost of sales for 1997 was unchanged from 1996. Although newsprint consumption for 1997 increased 8% (including consumption by businesses acquired in 1997), newsprint expense declined 15% for the year because of lower newsprint prices. Newsprint savings were offset principally by the incremental costs of properties acquired in 1997.

Selling, general and administrative costs (SG&A) rose $44.1 million or 6% for 1997, primarily because of the effect of properties acquired in 1997.

Depreciation expense rose $8.1 million or 4% in 1997, while amortization of intangibles increased $5.6 million or 6%. Both increases are attributable to newly acquired properties.

Cost of sales for 1996 rose $258.1 million or 12%. Principal factors contributing to the increase were the incremental costs of Multimedia properties and higher average newsprint prices for the year. Newsprint expense rose 15% for the year, including the cost of Multimedia consumption. Total newsprint consumption for 1996 was 4% greater than in 1995. The overall increase in cost of goods sold was tempered by the favorable impact of lower strike-related costs in Detroit and the longer (by one week) reporting period in 1995.

SG&A rose $80.4 million or 13% for 1996. Most of this increase relates to incremental costs of Multimedia properties.

Depreciation expense rose $49.3 million or 34% for 1996, while amortization of intangibles rose $45 million or 91%. Both increases are primarily the result of incremental costs associated with the Multimedia properties.

Cost of sales for 1995 rose $141.7 million or 7%. The principal factor contributing to this increase was the sharp rise in newsprint prices, which began in 1994. Newsprint expense rose 33% for the year as the average cost per ton consumed was 40% higher than in 1994. Newsprint consumption in 1995 was reduced by 5%. Other factors contributing to the increase include strike-related costs in Detroit, the additional week in the 1995 fiscal year and the operating results for Multimedia businesses for December 1995.

SG&A declined $10.4 million or 2% in 1995, as reduced charitable contributions ($20 million lower than in 1994) more than offset modest increases in other SG&A costs. Promotion costs were also lower in 1995, particularly for broadcasting.

Depreciation expense declined $2 million or 2% in 1995, principally because certain assets from previous acquisitions became fully depreciated. Amortization of intangible assets was $5 million or 12% higher in 1995 because of amortization for December of the intangible assets recorded in connection with the Multimedia acquisition.

Payroll 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.

	1997	1996	1995
Payroll and employee benefits	43.0%	40.2%	43.7%
Newsprint and other production			

material	19.0%	21.4%	21.6%

Non-operating income and expense

Interest expense for 1997 decreased $37.3 million or 28%, reflecting the paydown of commercial paper borrowings from operating cash flow and the proceeds from the sale of the outdoor and entertainment businesses in the second half of 1996. During the fourth quarter of 1997, however, interest expense increased $.9 million or 4% over the fourth quarter of 1996 because of commercial paper borrowings to finance the New Jersey Press, Inc., acquisition. The company's financing activities are discussed further in the Financial Position section of this report. Interest expense for 1998 is expected to decline with the further paydown of commercial paper borrowings from strong operating cash flow and part of the proceeds from the sale of the radio stations and the alarm security business. The change in other non-operating income from a positive (income) position of $149.1 million in 1996 to a net expense of $15.6 million in 1997 is related to the non-cash gain of $158 million reported in 1996 (discussed on page 24 of this report).

Interest expense for 1996 rose $83.4 million or 160%, reflecting commercial paper borrowings in December 1995 to finance the acquisition of Multimedia. Other non-operating income includes the December 1996 non-cash gain of $158 million upon the exchange of broadcast stations, which is discussed on page 24 of this report.

Interest expense for the full year of 1995 rose $7 million or 14%. For the period prior to the Multimedia acquisition, the company's interest expense was below year-ago levels as outstanding debt had been reduced substantially. For December, interest expense rose sharply because of commercial paper borrowings to finance the acquisition.

Provision for income taxes

The company's effective income tax rate for continuing operations was 41.1% in 1997, 42.6% in 1996 and 40.6% in 1995. The decrease in the effective tax rate in 1997 reflects the diminished impact of the amortization of non-deductible intangible assets because of earnings gains. The increase in the effective tax rate for 1996 is attributable to amortization of non-deductible intangible assets recorded in connection with the Multimedia acquisition. The company expects its effective tax rate to decline further in 1998, as earnings gains will again diminish the impact of the amortization of non-deductible intangible assets.

Income from continuing operations

The company reported earnings and basic earnings per share from continuing operations of $712.7 million or $2.52 per share, both record highs, up 34% from record results in 1996 (excluding the 1996 non-cash, non-operating, after-tax gain of $93 million or $.33 per share on the exchange of broadcast stations).

The company's operating income, which excludes interest expense and other non-operating items, reached $1.316 billion in 1997, an increase of $250 million or 23%. Each of the company's segments reported higher earnings for the year, with record operating results at USA TODAY and a favorable year-to-year comparison at The Detroit News. Lower interest costs and a lower effective tax rate also contributed.

The average basic shares outstanding for 1997 totaled 283,360,000, compared with 281,782,000 in 1996, reflecting shares issued for employee stock awards. Average diluted shares totaled 285,610,000 for 1997 and 283,426,000 for 1996.

Excluding the non-recurring gain on the exchange of broadcast stations, earnings in 1996 from continuing operations totaled $530.5 million or $1.88 per share, both record highs, up 15% from record results in 1995. Earnings from Multimedia properties, net of related amortization, interest and taxes, contributed to the gain. Strong results at USA TODAY and broadcast stations were also important factors, along with diminished strike-related effects in Detroit. Operating income reached $1.066 billion in 1996, an increase of $244 million or 30%.

In 1995, earnings from continuing operations totaled $459.4 million or $1.64 per share. Average shares outstanding for 1995 totaled 280,312,000, nearly 3% lower than in 1994. Earnings progress was fueled by strong broadcast results, which helped offset the impact of higher newsprint prices and the strike in Detroit.

Discontinued operations

The company's outdoor advertising business, owned since 1979, and its television entertainment business, acquired with Multimedia in December 1995, were both sold in 1996. An after-tax gain, classified with discontinued operations, was recorded on the sale of outdoor, which totaled $295 million or $1.05 per share. The selling price for the entertainment business approximated the value assigned to it upon acquisition and, therefore, no gain was recognized.

Earnings from these businesses for the period they were owned leading up to the date of sale, are also reported as income from discontinued operations and collectively amounted to $24.5 million or $.09 per share in 1996, compared with $17.9 million or $.06 per share in 1995. The increase for 1996 relates principally to nearly a full year of ownership of the entertainment business, compared with only one month in 1995.

In millions

Year	Income from Continuing Operations
1988	$341
1989	$374
1990	$355
1991	$292
1992	$341**
1993	$389
1994	$455
1995	$459
1996	$530*, $624
1997	$713

*Before non-recurring gain from exchange of broadcast stations
**Before effect of accounting principle changes. In 1992, the company adopted Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," and No. 109, "Accounting for Income Taxes." In connection therewith, the company recorded a one-time, non-cash charge in 1992 of $146 million or $.51 per share.

Net income

Net income for 1997 totaled $712.7 million or $2.52 in earnings per share (basic), compared with $943.1 million or $3.35 per share in 1996. Results in 1996 include after-tax earnings from discontinued operations of $319.1 million or $1.14 per share, plus an after-tax non-cash gain of $93 million or $.33 per share on the exchange of broadcast stations.

In 1996, net income rose $465.8 million or 98% to $943.1 million and earnings per share reached $3.35, up 97% from $1.70 in 1995. Results in 1996 include after-tax earnings from discontinued operations of $319.1 million or $1.14 per share, plus an after-tax gain of $93 million or $.33 per share on the exchange of broadcast stations.

Net income rose $11.9 million or 3% in 1995. Earnings per share reached $1.70, up 6% from $1.61 in 1994.

The company's return on shareholders' equity, based on earnings from continuing operations, is presented in the table below.

In percentages, before non-recurring gains and accounting principle changes:

Year	Return on shareholders' equity
1988	20.1
1989	19.8
1990	17.5
1991	16.2
1992	21.9
1993	22.3
1994	24.4
1995	23.2
1996	20.9
1997	22.2

The percentage return on equity shown on the previous page for 1996 declined from 1995 because the results of discontinued operations, including the gain on the sale of outdoor, and the gain on the exchange of broadcast stations are included in shareholders' equity, but are excluded from the amount of earnings from continuing operations used in the calculation.

With continued earnings growth in 1997, return on equity has risen to a point within the higher range achieved in recent years.

Other matters: 1998 dispositions

In April 1997, the company announced that it had entered into an agreement to sell its remaining radio stations, WGCI-AM/FM in Chicago, KHKS-FM in Dallas and KKBQ-AM/FM in Houston, to Evergreen Media. The transaction closed on Dec. 29, 1997, the first day of the company's 1998 fiscal year. On Dec. 30, 1997, the company sold its newspaper in St. Thomas, Virgin Islands. In March 1998, the company sold its alarm security business and on Feb. 3, 1998, the company contributed its Saratoga Springs, N.Y., newspaper to the Gannett Foundation. These transactions will be reflected in the company's 1998 first quarter financial statements.

Financial Position

Liquidity and capital resources

The principal changes in the company's financial position for 1997 include the paydown of debt by $145 million from operating cash flow and the effect of acquisitions.

The increase in property, plant and equipment in 1997 reflects capital spending of $221 million plus amounts recorded in connection with acquired properties. The increase in intangible assets reflects amounts recorded in connection with acquired properties. The increase in trade receivables is the result of revenue growth and amounts from newly acquired companies. Inventory balances increased because of higher newsprint prices at the end of 1997 and higher quantities on hand.

The company's consolidated operating cash flow (defined as operating income plus depreciation and amortization of intangible assets) totaled

$1.617 billion in 1997 compared with $1.354 billion in 1996 and $1.015 billion in 1995. The increase of $263 million or 19.5% in 1997 reflects operating improvements for each of the company's business segments, particularly for newspapers and broadcast. The table below presents operating cash flow as a percent of sales over the last 10 years.

Year	Operating cash flow as a percent of sales
1988	26.3
1989	27.4
1990	25.8
1991	23.1
1992	24.4
1993	26.1
1994	27.5
1995	27.1
1996	30.6
1997	34.2

Working capital, or the excess of current assets over current liabilities, totaled $117.1 million at the end of 1997 and $47.6 million at the end of 1996. Certain key measurements of the elements of working capital for the last three years are presented in the following chart:

	1997	1996	1995
Current ratio	1.2-to-1	1.1-to-1	1.1-to-1
Accounts receivable turnover	7.8	7.7	7.2
Newsprint inventory turnover	7.3	7.1	7.6

A summary of debt transactions in 1997 follows:

In millions of dollars	
Long-term debt at end of 1996*	$1,904
Payments in 1997	(145)
Long-term debt at end of 1997*	$1,759

*including current portion

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 requirements for acquisitions.

The company regularly issues commercial paper for cash requirements and maintains a revolving credit agreement 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 AA- by Standard & Poor's and A1 by Moody's Investors Service. The company has filed a shelf registration statement with the Securities and Exchange Commission under which up to $1.5 billion of additional debt securities may be issued. The company's Board of Directors has established a maximum aggregate level of $3.5 billion for amounts which may be raised through borrowings or the issuance of equity securities.

In the absence of additional major cash outlays for acquisitions or share repurchases, the company expects to repay a significant portion of its commercial paper obligations and other long-term debt from 1998 operating cash flow and part of the cash proceeds from the sale of the company's five remaining radio stations and its alarm security business, both of which closed in early 1998.

Note 4 to the company's financial statements on page 41 of this report provides further information concerning commercial paper transactions and the company's $3.0 billion revolving credit agreement. The commitment fee on the revolving credit agreement was reduced from .09% at the end of 1997 to .07% in February 1998.

The company has a capital expenditure program (not including business acquisitions) of approximately $256 million planned for 1998, including approximately $35 million for land and buildings or renovation of existing facilities, $204 million for machinery and equipment and cable systems, and $17 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 1998 capital program will be funded from operating cash flow.

Capital stock

On Aug. 19, 1997, the company's Board of Directors approved a two-for-one stock split effective on Oct. 6, 1997, for shareholders of record on Sept. 12, 1997. In this report, all share and per-common-share amounts have been adjusted to reflect the stock split. In connection with the split, $162.2 million was transferred from retained earnings to common stock to reflect the par value of additional shares issued. There were no share repurchases in 1997 or 1995. Repurchases in 1996 were not significant. Certain of the shares previously acquired by the company have been reissued in settlement of employee stock awards.

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.

The company's common stock outstanding at Dec. 28, 1997 totaled 283,874,479 shares, compared with 282,635,410 shares at Dec. 29, 1996.

Dividends

Dividends declared on common stock amounted to $209.9 million in 1997, compared with $200.1 million in 1996, reflecting an increase in the dividend rate and a greater number of shares outstanding.

Year	Dividends declared per share
1988	$.51
1989	$.56
1990	$.61
1991	$.62
1992	$.63
1993	$.65
1994	$.67
1995	$.69
1996	$.71
1997	$.74

In October 1997, the quarterly dividend was increased from $.18 to $.19 per share.

Cash dividends		Payment date	Per share
1997	4th Quarter	Jan. 2, 1998	$.19
	3rd Quarter	Oct. 1, 1997	$.19
	2nd Quarter	July 1, 1997	$.18
	1st Quarter	April 1, 1997	$.18
1996	4th Quarter	Jan. 2, 1997	$.18
	3rd Quarter	Oct. 1, 1996	$.18
	2nd Quarter	July 1, 1996	$.175
	1st Quarter	April 1, 1996	$.175

Effects of inflation and changing prices

The company's results of operations and financial condition have not been significantly affected by inflation and changing prices. In all 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 because of the availability of replacement assets with improved technology and efficiency.

Year 2000 issues

The company has developed a plan to ensure that all of its key computer systems will be Year 2000 compliant in advance of Dec. 31, 1999. The plan encompasses all operating properties as well as corporate headquarters. It also includes review and revision, where necessary, of computer applications that directly connect elements of the company's business with customers, suppliers and service providers.

Implementation of the plan began in 1996 and will continue through 1999. It involves capital expenditures for new software and hardware, as well as spending to modify existing software. In most cases, these systems purchases and modifications will not only provide for Year 2000 compliance, but will also enhance the company's operations. Many of the changes would have been made in any event, although perhaps on a different timetable.

The company does not believe it will face Year 2000 systems problems that could significantly impact operations or financial results. Costs of achieving Year 2000 compliance have not been and are not expected to be material to the company's financial position or results of operations.

CONSOLIDATED BALANCE SHEETS
In thousands of dollars

	Dec. 28, 1997	Dec. 29, 1996
ASSETS		
Current assets		
Cash	$ 45,059	$ 27,179
Marketable securities, at cost, which approximates market	7,719	4,023
Trade receivables (less allowance for doubtful receivables of $18,020 and $18,942, respectively)	638,311	569,095
Other receivables	45,316	47,850
Inventories	101,080	73,621
Prepaid expenses	47,149	44,837
Total current assets	884,634	766,605
Property, plant and equipment		
Land	175,884	174,838
Buildings and improvements	840,157	770,456
Cable and security systems	548,219	481,053
Machinery, equipment and fixtures	2,140,148	1,926,058
Construction in progress	50,429	70,995
Total	3,754,837	3,423,400
Less accumulated depreciation	(1,562,795)	(1,429,340)
Net property, plant and equipment	2,192,042	1,994,060
Intangible and other assets		
Excess of acquisition cost over the value of assets acquired (less amortization of $664,666 and $569,527, respectively)	3,584,393	3,393,931
Investments and other assets (Note 5)	229,282	195,001
Total intangible and other assets	3,813,675	3,588,932
Total assets	$ 6,890,351	$ 6,349,597

CONSOLIDATED BALANCE SHEETS
In thousands of dollars

	Dec. 28, 1997	Dec. 29, 1996
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Current maturities of long-term debt (Note 4)	$ 18,375	$ 23,302
Accounts Payable		
Trade	274,550	236,560
Other	25,710	25,278
Accrued liabilities		
Compensation	116,656	93,165
Interest	8,999	11,361
Other	137,944	126,832
Dividend payable	53,915	51,890
Income taxes (Note 7)	12,893	46,098
Deferred income	118,459	104,510
Total current liabilities	767,501	718,996
Deferred income taxes (Note 7)	402,254	396,170
Long-term debt (Note 4)	1,740,534	1,880,293
Postretirement medical and life insurance liabilities (Note 6)	312,082	301,729
Other long-term liabilities	188,244	121,591
Total liabilities	3,410,615	3,418,779
Shareholders' equity (Notes 4 and 8)		
Preferred stock, par value $1: Authorized 2,000,000 shares: Issued, none		
Common stock, par value $1: Authorized 400,000,000 shares: Issued, 324,420,732 shares and 162,210,366 shares,respectively	324,421	162,210
Additional paid-in capital	104,366	86,126
Retained earnings	3,995,712	3,654,681
	4,424,499	3,903,017
Less Treasury stock, 40,546,253 shares and 41,785,322 shares, respectively, at cost	(916,708)	(942,609)
Deferred compensation related to ESOP (Note 8)	(28,055)	(29,590)
Total shareholders' equity	3,479,736	2,930,818
Commitments and contingent liabilities (Note 9)		
Total liabilities and shareholders' equity	$ 6,890,351	$ 6,349,597

CONSOLIDATED STATEMENTS OF INCOME
In thousands of dollars

Fiscal year ended	Dec. 28, 1997	Dec. 29, 1996	Dec. 31, 1995
Net operating revenues			
Newspaper advertising	$ 2,634,334	$ 2,417,550	$ 2,219,250
Newspaper circulation	948,141	917,677	869,173
Broadcasting	703,558	686,936	466,187
Cable and Security	255,263	232,500	17,831
All other	188,195	166,444	171,426
Total	4,729,491	4,421,107	3,743,867
Operating expenses			
Cost of sales and operating expenses, exclusive of depreciation	2,368,572	2,367,848	2,109,743
Selling, general and administrative expenses, exclusive of depreciation	743,578	699,484	619,125
Depreciation	201,100	193,011	143,739
Amortization of intangible assets	99,973	94,359	49,328
Total	3,413,223	3,354,702	2,921,935
Operating income	1,316,268	1,066,405	821,932
Non-operating income (expense)			
Interest expense	(98,242)	(135,563)	(52,175)
Interest income	6,517	6,727	7,514
Other (Note 2)	(15,564)	149,098	(3,760)
Total	(107,289)	20,262	(48,421)
Income before income taxes	1,208,979	1,086,667	773,511
Provision for income taxes	496,300	462,700	314,100
Income from continuing operations	712,679	623,967	459,411
Discontinued operations			
Income from the operation of discontinued operations, net of income taxes of $17,940 and $12,100, respectively		24,540	17,851
Gain from the sale of discontinued operations, net of income taxes of $195,000		294,580	
Total income from discontinued operations		319,120	17,851
Net income	$ 712,679	$ 943,087	$ 477,262
Earnings per share - basic			
Earnings from continuing operations	$2.52	$2.21	$1.64
Earnings from discontinued operations:			
Discontinued operations, net of tax		0.09	0.06
Gain from sale of discontinued operations, net of tax		1.05	
Net income per share - basic	$2.52	$3.35	$1.70
Earnings per share - diluted			
Earnings from continuing operations	$2.50	$2.20	$1.63
Earnings from discontinued operations:			
Discontinued operations, net of tax		0.09	0.06
Gain from sale of discontinued operations, net of tax		1.04	
Net income per share - diluted	$2.50	$3.33	$1.69

CONSOLIDATED STATEMENTS OF CASH FLOWS
In thousands of dollars

Fiscal year ended	Dec. 28, 1997	Dec. 29, 1996	Dec. 31, 1995
Cash flows from operating activities			
Net income	$ 712,679	$ 943,087	$ 477,262
Adjustments to reconcile net income to operating cash flows			
Discontinued operations		(319,120)	(17,851)
Depreciation	201,100	193,011	143,739
Amortization of intangibles	99,973	94,359	49,328
Deferred income taxes	(14,244)	68,254	23,636
Other, net	(20,166)	(117,854)	40,775
Increase in receivables	(41,684)	(50,046)	(23,093)
(Increase) decrease in inventories	(6,336)	16,489	(46,998)
(Increase) decrease in film broadcast rights	(644)	1,755	5,910
(Decrease) increase in accounts payable	(40,487)	(25,659)	33,561
(Decrease) increase in interest and taxes payable	(26,336)	20,784	(14,053)
Change in other assets and liabilities, net	17,202	(218,191)	(68,755)
Net cash flow from operating activities	881,057	606,869	603,461
Cash flows from investing activities			
Purchase of property, plant and equipment	(221,251)	(260,047)	(183,536)
Payments for acquisitions, net of cash acquired	(355,343)		(1,834,862)
Change in other investments	(8,099)	(17,513)	(3,326)
Proceeds from sale of certain assets	40,859	778,716	2,324
Collection of long-term receivables	5,388	3,248	5,030
Net cash (used for) provided by investing activities	(538,446)	504,404	(2,014,370)
Cash flows from financing activities			
Proceeds from long-term debt			2,054,000
Payments of long-term debt	(144,903)	(954,924)	(464,973)
Dividends paid	(206,557)	(197,417)	(191,947)
Cost of common shares repurchased		(1,443)	
Proceeds from issuance of common stock	30,425	26,964	16,200
Net cash (used for) provided by financing activities	(321,035)	(1,126,820)	1,413,280
Effect of currency exchange rate change		(236)	362
Increase (decrease) in cash and cash equivalents	21,576	(15,783)	2,733
Balance of cash and cash equivalents at beginning of year	31,202	46,985	44,252
Balance of cash and cash equivalents at end of year	$ 52,778	$ 31,202	$ 46,985

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
In thousands of dollars
Fiscal years ended
December 31, 1995
December 29, 1996
and December 28, 1997

	Common stock $1 par value	Additional paid-in capital	Retained earnings	Foreign currency translation adjustment	Treasury stock	Deferred compensation related to ESOP	Total
Balance: Dec. 25, 1994	$ 162,212	$ 76,604	$ 2,639,440	$ (12,894)	$(1,008,199)	$ (34,925)	$1,822,238
Net income, 1995			477,262				477,262
Dividends declared, 1995: $0.69 per share			(193,415)				(193,415)
Stock options exercised		(2,042)			21,931		19,889
Stock issued under incentive plan		(2,380)			12,996		10,616
Tax benefit derived from stock incentive plans		4,629					4,629
Compensation expense related to ESOP						3,330	3,330
Tax benefit from ESOP			465				465
Foreign currency translation adj./other	(2)			636			634
Balance: Dec. 31, 1995	$ 162,210	$ 76,811	$ 2,923,752	$ (12,258)	$ (973,272)	$ (31,595)	$2,145,648
Net income, 1996			943,087				943,087
Dividends declared, 1996: $0.71 per share			(200,099)				(200,099)
Treasury stock acquired					(1,443)		(1,443)
Stock options exercised		585			26,225		26,810
Stock issued under incentive plan		552			5,881		6,433
Tax benefit derived from stock incentive plans		8,178					8,178
Compensation expense related to ESOP						2,005	2,005
Tax benefit from ESOP			435				435
Foreign currency translation adj./other			(12,494)	12,258			(236)
Balance: Dec. 29, 1996	$ 162,210	$ 86,126	$ 3,654,681	$ 0	$ (942,609)	$ (29,590)	$2,930,818
Net income, 1997			712,679				712,679
Dividends declared, 1997: $.74 per share			(209,867)				(209,867)
Stock options exercised		4,152			25,781		29,933
Stock issued under incentive plan		114			120		234
Tax benefit derived from stock incentive plans		13,974					13,974
Compensation expense related to ESOP						1,535	1,535
Tax benefit from ESOP			430				430
Par values of shares issued in 2-for-1 stock split effective Oct. 6, 1997	162,211		(162,211)				
Balance: Dec. 28, 1997	$ 324,421	$ 104,366	$ 3,995,712	$ 0	$ (916,708)	$ (28,055)	$3,479,736

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 1997 fiscal year ended on Dec. 28, 1997, and encompassed a 52-week period. The company's 1996 fiscal year encompassed a 52-week period and its 1995 fiscal year encompassed a 53-week period.

Consolidation: The consolidated financial statements include the accounts of the company and its subsidiaries after elimination of all significant intercompany transactions and profits.

Operating agencies: Five of the company's subsidiaries were 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 includes its appropriate portion of the revenues and expenses generated by the operation of the agencies on a line-by-line basis in its statement of income.

Inventories: Inventories, which consist principally of newsprint, printing ink, plate material and production film for the company's newspaper publishing operations, are valued 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; machinery, equipment and fixtures and cable and alarm systems, 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.

Excess of acquisition cost over fair value of assets acquired: The excess of acquisition cost over the fair value of assets acquired represents the cost of intangible assets at the time the subsidiaries were purchased. In accordance with Opinion 17 of the Accounting Principles Board of the American Institute of Certified Public Accountants, the excess acquisition cost of subsidiaries arising from acquisitions accounted for as purchases since Oct. 31, 1970 ($4.18 billion at Dec. 28, 1997) is being amortized over periods ranging from 15 to 40 years on a straight-line basis.

Valuation of Long-Lived Assets: Effective Jan. 1, 1996, the company adopted Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" (SFAS 121). In accordance with this standard, the company evaluates the carrying value of long-lived assets to be held and used, including the excess of acquisition cost over fair value of assets acquired, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying value of a long-lived asset, including the excess of acquisition cost over fair value of assets acquired, is considered impaired when the projected undiscounted future cash flows from the related business unit is 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.

Other assets: 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.

Retirement plans: Pension costs under the company's retirement plans are actuarially computed. It is the policy of the company to fund costs accrued under its qualified pension plans.

Postretirement benefits other than pensions: 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.

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: In 1997, the company adopted SFAS 128, "Earnings Per Share." Under SFAS 128, 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.

Minority interest: The company owns a 51% interest in WKYC-TV in Cleveland, Ohio, and NBC owns a 49% interest. The financial statements of WKYC-TV are included in the company's financial statements. The minority interest in operating results is reflected as an element of non-operating expense in the Consolidated Statements of Income and the minority interest in the equity of WKYC-TV is reflected with other long-term liabilities on the Consolidated Balance Sheets.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses. Actual results could differ from these estimates.

Note 2
Acquisitions, exchanges and dispositions

1997: In January 1997, the company concluded a transaction to exchange WLWT-TV (NBC-Cincinnati) and KOCO-TV (ABC-Oklahoma City) for WZZM-TV (ABC-Grand Rapids/Kalamazoo/Battle Creek) and WGRZ-TV(NBC-Buffalo). This exchange was accounted for as a non-monetary transaction under which no gain or loss was recognized.

In May 1997, the company acquired KNAZ-TV (NBC-Flagstaff, Ariz.) and KMOH-TV (WB-Kingman, Ariz.). Also in May 1997, the company acquired Printed Media Companies. In July, Mary Morgan, Inc., was purchased and in August 1997, the company acquired Army Times Publishing Company.

In October 1997, the company acquired New Jersey Press, Inc., which publishes two dailies, Asbury Park Press and the Home News Tribune of East Brunswick.

The aggregate purchase price for businesses acquired in 1997 was approximately $445 million in cash and liabilities assumed. The acquisitions were accounted for under the purchase method of accounting. The acquisitions did not materially affect reported results of operations for the year.

In January 1997, the company contributed the Niagara Gazette newspaper to the Gannett Foundation. In April 1997, the company sold its newspaper in Moultrie, Ga., and in November 1997, the company sold its newspapers in Tarentum and North Hills, Pa. These dispositions did not materially affect results of operations.

1996: In December 1996, the company concluded a transaction to acquire WTSP-TV, the CBS affiliate in Tampa, Fla., in exchange for radio stations KIIS/KIIS-FM in Los Angeles, KSDO/KKBH-FM in San Diego and WDAE/WUSA-FM in Tampa. This transaction was completed under the terms of an asset exchange agreement.

For financial reporting purposes, the company recorded the exchange as two simultaneous but separate events; that is, a sale of radio stations for which a non-cash gain was recognized, and the acquisition of the television station to be accounted for under the purchase method. The gain reported on the exchange was measured by the difference between the estimated current fair value of the assets exchanged over the company's carrying value or basis in the properties it exchanged. The company estimated the fair value of the assets exchanged to be $170 million, while its carrying value or basis in the radio stations was approximately $12 million. In 1996, therefore, for financial reporting purposes, the company reported a pre-tax, non-cash, non-operating gain of $158 million on the exchange. The television station acquired in the exchange was recorded at estimated fair value or $170 million. On an after-tax basis, this accounting treatment results in a non-cash increase in earnings from continuing operations of $93 million or $.33 per share (basic).

A pro forma presentation of the company's income from continuing operations, excluding the above non-cash, non-operating gain in 1996, is as follows:

In millions, except per share amounts (pro forma and unaudited)

	1997	Change	1996	Change	1995	Change
Income from continuing operations	$ 713	34%	$ 530	15%	$ 459	1%
Earnings per share from continuing operations						
-Basic	$ 2.52	34%	$ 1.88	15%	$ 1.64	4%
-Diluted	$ 2.50	34%	$ 1.87	15%	$ 1.63	4%

In August 1996, the company completed the sale of its outdoor advertising business for $713 million in cash. The company recorded an after-tax gain of $295 million or $1.05 per share (basic) on this sale. The gain and outdoor operating results for the period leading up to the sale are reported as discontinued operations in the company's financial statements.

In December 1996, the company sold its television entertainment programming business, Multimedia Entertainment, which had been acquired in December 1995 as part of the acquisition of Multimedia. The selling price for this transaction approximated the value assigned to it by the company upon acquisition. Therefore, no gain was recognized on the sale. The operating results for Multimedia Entertainment for the period leading up to the sale are reported as discontinued operations in the company's financial statements.

Other properties sold in 1996 were radio stations WMAZ/WAYS-FM in Macon, Ga. (acquired in the Multimedia purchase), Louis Harris and Associates, Inc. and Gannett Community Directories. These dispositions did not have a material effect on the company's operating results or financial position.

The following table summarizes, on an unaudited, pro forma basis, the estimated combined results of operations of the company and its subsidiaries as though the acquisitions, exchanges and dispositions noted above (except for certain minor dispositions in 1997 and 1996) were made at the beginning of the year previous to the year in which the transactions were consummated. On this basis, these transactions would have resulted in a pro forma decrease in net income per share (basic/diluted) from continuing operations of $.03 for 1997. However, this pro forma combined statement does not necessarily reflect the results of operations as they would have been if the combined companies had constituted a single entity during those years.

In millions, except per share amounts (pro forma and unaudited)

Fiscal Year	1997	1996
Operating revenues*	$4,905	$4,666
Income before taxes*	$1,198	$ 944
Income*	$ 705	$ 537
Income per share*-Basic	$ 2.49	$ 1.91
Income per share*-Diluted	$ 2.47	$ 1.90

*from continuing operations

1995: In December 1995, the company acquired Multimedia, which was accounted for under the purchase method of accounting. Consideration paid totaled $1.8 billion, plus the assumption of liabilities of approximately $.5 billion.

Note 3
Statement of cash flows

For purposes of this statement, 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.

Cash paid in 1997, 1996 and 1995 for income taxes and for interest (net of amounts capitalized) was as follows:

In thousands of dollars

	1997	1996	1995
Income taxes	$506,209	$555,642	$316,698
Interest	$102,228	$142,395	$ 52,094

Lower income tax paid in 1997 is mainly because of the tax on the gain on the sale of the outdoor business in 1996, partially offset by incremental earnings in 1997 from continuing operations.

In 1996, the company reported a $93 million after-tax non-cash gain on the exchange of broadcast stations referred to in Note 2.

Liabilities assumed in connection with 1997 acquisitions totaled approximately $56 million. In 1995, the company assumed liabilities of approximately $.5 billion in connection with the Multimedia acquisition.

In 1996 and 1995, the company issued 272,874 shares and 594,402 shares, respectively, in settlement of previously granted stock incentive rights. The compensation liability for these rights of $9.9 million for 1996 and $17 million in 1995 was transferred to shareholders' equity at the time the shares were issued. In early January 1998, 149,148 shares were issued in settlement of stock incentive rights granted for the four-year period 1994-1997.

Note 4
Long-term debt

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

In thousands of dollars

	Dec. 28, 1997	Dec. 29, 1996
Unsecured promissory notes	$ 1,198,695	$ 1,339,078
Notes due 3/1/98, interest at 5.25%	274,920	274,401
Notes due 5/1/00, interest at 5.85%	249,787	249,695
Unsecured obligations	16,725	16,725
Other indebtedness	18,782	23,696

	1,758,909	1,903,595
Less amount included in current liabilities	(18,375)	(23,302)
Total long-term debt	$ 1,740,534	$ 1,880,293

The unsecured promissory notes at Dec. 28, 1997 were due from Dec. 31, 1997 to Jan. 27, 1998 with rates varying from 5.54% to 5.8%.

The unsecured promissory notes at Dec. 29, 1996 were due from Dec. 30, 1996 to Jan. 23, 1997 with rates varying from 5.35% to 5.65%.

The maximum amount of such promissory notes outstanding at the end of any period during 1997 was $1.3 billion and during 1996 was $2.2 billion. The daily average outstanding balance was $1.154 billion during 1997 and $1.873 billion during 1996. The weighted average interest rate was 5.5% for 1997 and 5.4% for 1996.

The unsecured obligations are due in 2008 to 2009 and bear interest at the PSA Municipal Index plus .25%. At Dec. 28, 1997 and Dec. 29, 1996 the weighted average interest rates were 4.4%.

At Dec. 28, 1997, the company had $3.0 billion of credit available under a revolving credit agreement. The agreement provides for a revolving credit period which permits borrowing from time to time up to the maximum commitment. The revolving credit period extends to Nov. 12, 2000.

The commitment fee rate may range from .07% to .175%, depending on Standard & Poor's or Moody's credit rating of the company's senior unsecured long-term debt. The rate in effect at Dec. 28, 1997 was .09%. At the option of the company, the interest rate on borrowings under the agreement may be at the prime rate, at rates ranging from .13% to .35% above the London Interbank Offered Rate or at rates ranging from .255% to .50% above a certificate of deposit-based rate. The prime rate was 8.5% at the end of 1997 and 8.25% at the end of 1996. The percentages that will apply will be dependent on Standard & Poor's or Moody's credit rating of the company's senior unsecured long-term debt.

The revolving credit agreement contains restrictive provisions that relate primarily to the maintenance of net worth of $1.2 billion. At Dec. 28, 1997 and Dec. 29, 1996, net worth was $3.5 billion and $2.9 billion, respectively.

At Dec. 28, 1997, the unsecured promissory notes and the notes due March 1, 1998 are supported by the $3.0 billion revolving credit agreement and, therefore, are classified as long-term debt.

Approximate annual maturities of long-term debt, assuming that the company had used the $3.0 billion revolving credit agreement as of the balance sheet date to refinance existing unsecured promissory notes and the notes due March 1, 1998, on a long-term basis, are as follows:

In thousands of dollars

1998	$ 18,375
1999	23
2000	1,723,404
2001	0
2002	0
Later years	17,107
Total	$ 1,758,909

For financial instruments other than long-term debt, including cash and cash equivalents, trade and other receivables, current maturities of long-term debt and other long-term liabilities, the amounts reported on the balance sheet approximate fair value.

The company estimates the fair value of its long-term debt, based on borrowing rates available at Dec. 28, 1997, to be $1.740 billion, compared with the carrying amount of $1.741 billion. At Dec. 29, 1996, the fair value of long-term debt was estimated at $1.877 billion, compared with a carrying amount of $1.880 billion.

Note 5

Retirement plans

The company and its subsidiaries have various retirement plans, including plans established under collective bargaining agreements and separate plans for joint operating agencies, under which substantially all full-time employees are covered. The Gannett Retirement Plan is the company's principal retirement plan and covers most of the employees of the company and its subsidiaries. Benefits under the Gannett Retirement Plan are based on years of service and final average pay. The company's pension plan assets include marketable securities including common stocks, bonds and U.S. government obligations and interest-bearing deposits.

The company's pension cost for 1997, 1996 and 1995 is presented in the following table:

In thousands of dollars

	1997	1996	1995
Service cost-benefits earned during the period	$ 47,105	$ 49,552	$ 32,003
Interest cost on projected benefit obligation	85,033	80,300	67,882
Actual return on plan assets	(175,405)	(148,767)	(204,239)
Net amortization and deferral of actuarial gains	54,147	40,406	117,967
Pension expense for company-sponsored retirement plans	10,880	21,491	13,613
Union and other pension cost	4,135	3,244	6,550
Pension cost	$ 15,015	$ 24,735	$ 20,163

The majority of the company's pension plans, including the Gannett Retirement Plan, have plan assets that exceed accumulated benefit obligations. There are certain plans, however, with accumulated benefit obligations which exceed plan assets. The tables on the following page summarize the funded status of the company's pension plans and the related amounts that are recognized in the Consolidated Balance Sheets:

In thousands of dollars

December 28, 1997	Plans for which assets exceed accumulated benefits	Plans for which accumulated benefits exceed assets
Actuarial present value of benefit obligations		
Vested benefit obligation	$ 926,397	$ 42,059
Accumulated benefit obligation	$ 984,734	$ 44,200
Projected benefit obligation	$(1,171,008)	$ (72,180)
Plan assets at market value	1,269,090	---
Projected benefit obligation less than (greater than) plan assets	98,082	(72,180)
Unrecognized net loss	44,151	17,190
Unrecognized prior service cost	(41,806)	155
Unrecognized net asset at year-end	(3,855)	(93)
Pension asset (liability) reflected in consolidated balance sheet	$ 96,572	$ (54,928)

In thousands of dollars

December 29, 1996	Plans for which assets exceed accumulated benefits	Plans for which accumulated benefits exceed assets
Actuarial present value of benefit obligations		
Vested benefit obligation	$ 793,913	$ 37,133
Accumulated benefit obligation	$ 845,962	$ 38,937
Projected benefit obligation	$(1,076,930)	$ (60,109)
Plan assets at market value	1,142,962	---
Projected benefit obligation less than (greater than) plan assets	66,032	(60,109)
Unrecognized net loss	42,980	11,365
Unrecognized prior service cost	6,481	(1,575)
Unrecognized net (asset) obligation at year-end	(15,323)	463
Pension asset (liability) reflected in consolidated balance sheet	$ 100,170	$ (49,856)

The projected benefit obligation was determined using an assumed discount rate of 7.125% and 7.5% at the end of 1997 and 1996, respectively. The assumed rate of compensation increase was 5% at the end of 1997 and 1996. The assumed long-term rate of return on plan assets used in determining pension cost was 10%. Pension plan assets include 1,231,400 shares of the company's common stock valued at $76 million at the end of 1997 and 1,401,400 shares valued at $53 million at the end of 1996. The company made contributions to the Gannett Retirement Plan of $11 million in 1996.

Note 6
Postretirement benefits other than pensions

The company provides health care and life insurance benefits to certain retired employees. Employees become eligible for benefits after meeting certain age and service requirements.

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 table below sets forth the amounts included in the Consolidated Balance Sheets at Dec. 28, 1997 and Dec. 29, 1996 for postretirement medical and life insurance liabilities:

In thousands of dollars

Accumulated postretirement benefit obligation:	Dec. 28, 1997	Dec. 29, 1996
Retirees	$ (175,147)	$ (144,644)
Fully eligible active plan participants	(13,452)	(16,313)
Other active plan participants	(42,966)	(63,379)
	(231,565)	(224,336)
Unrecognized net gain	(7,500)	(23,710)
Unrecognized prior service credit	(73,017)	(53,683)
Accrued postretirement benefit cost	$ (312,082)	$ (301,729)

Postretirement benefit cost for health care and life insurance for 1997, 1996 and 1995 included the following components:

In thousands of dollars

	1997	1996	1995
Service cost - benefits earned during the period	$ 3,416	$ 3,212	$ 2,567
Interest cost on accumulated postretirement benefit obligation	15,342	14,586	15,722
Net amortization and deferral	(5,474)	(5,253)	(6,118)
Net periodic postretirement benefit cost	$ 13,284	$ 12,545	$ 12,171

At Dec. 28, 1997, the accumulated postretirement benefit obligation was determined using a discount rate of 7.125% and a health care cost trend rate of 9% for pre-age 65 benefits, decreasing to 5% in the year 2006 and thereafter. For post-age 65 benefits, the health care cost trend rate used was 7%, declining to 5% in the year 2002 and thereafter.

At Dec. 29, 1996, the accumulated postretirement benefit obligation was determined using a discount rate of 7.5% and a health care cost trend rate of 9% for pre-age 65 benefits, decreasing to 5% in the year 2005 and thereafter. For post-age 65 benefits, the health care cost trend rate used was 7%, declining to 5% in the year 2001 and thereafter.

The company's policy is to fund the above-mentioned benefits as claims and premiums are paid.

The effect of a 1% increase in the health care cost trend rate used would result in increases of approximately $14 million in the 1997 accumulated postretirement benefit obligation and $1 million in the aggregate service and interest components of the 1997 expense.

The company's retiree medical insurance plan provides limits on the company's share of the cost of such benefits it will pay to future retirees. The company's share of these benefit costs also depends on employee retirement age and length of service.

Note 7
Income taxes

The company's reported income before taxes is virtually all from domestic sources.

The provision for income taxes on income from continuing operations consists of the following:

In thousands of dollars

1997	Current	Deferred	Total
Federal	$443,334	$(12,060)	$431,274
State and other	67,210	(2,184)	65,026
Total	$510,544	$(14,244)	$496,300

In thousands of dollars

1996	Current	Deferred	Total
Federal	$333,200	$ 63,255	$396,455
State and other	61,246	4,999	66,245
Total	$394,446	$ 68,254	$462,700

	========	========	========

In thousands of dollars

1995	Current	Deferred	Total
Federal	$243,692	$ 19,809	$263,501
State and other	46,772	3,827	50,599
Total	$290,464	$ 23,636	$314,100

In addition to the income tax provision presented above for continuing operations, the company has also recorded federal and state income taxes payable on discontinued operations of $212.9 million in 1996 (including $195 million on the gain on the sale of the outdoor business) and $12.1 million in 1995.

The provision for income taxes on continuing operations exceeds the U.S. federal statutory tax rate as a result of the following differences:

Fiscal year:	1997	1996	1995
U.S. statutory tax rate	35.0%	35.0%	35.0%
Increase in taxes resulting from:			
State/other income taxes net of federal income tax benefit	3.3	4.0	3.9
Goodwill amortization not deductible for tax purposes	2.5	2.7	1.7
Other, net	0.3	0.9	--
Effective tax rate	41.1%	42.6%	40.6%

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 1997 and 1996:

In thousands of dollars

	Dec. 28, 1997	Dec. 29, 1996
Liabilities		
Accelerated depreciation	$ 410,264	$ 378,685
Accelerated amortization of deductible intangibles	106,498	102,651
Pension	16,883	19,405
Other	52,073	75,911
Total deferred tax liabilities	585,718	576,652
Assets		
Accrued compensation costs	(41,615)	(35,665)
Postretirement medical and life	(121,712)	(119,649)
Other	(20,137)	(25,168)
Total deferred tax assets	(183,464)	(180,482)
Net deferred tax liabilities	$ 402,254	$ 396,170

Note 8
Capital stock, stock options, incentive plans

On Aug. 19, 1997, the company's Board of Directors approved a two-for-one stock split effective on Oct. 6, 1997, for shareholders of record on Sept. 12, 1997. In this report, all share and per-common-share amounts have been adjusted to reflect the stock split.

The company's earnings per share from continuing operations (basic and diluted) for 1997, 1996 and 1995 are presented below:

	1997	1996	1995
Income from continuing operations (in thousands)	$712,679	$623,967	$459,411
Weighted average number of common shares outstanding (basic)	283,360,000	281,782,000	280,312,000
Effect of dilutive securities			
Stock options	1,768,000	1,024,000	719,000
Stock incentive rights	482,000	620,000	1,292,000
Weighted average number of common shares outstanding (diluted)	285,610,000	283,426,000	282,323,000
Earnings per share from continuing operations (basic)	$2.52	$2.21	$1.64
Earnings per share from continuing operations (diluted)	$2.50	$2.20	$1.63

The 1997 diluted earnings per share amounts exclude the effects of 1,750,100 stock options awarded in December 1997 with a $59.50 exercise price as their inclusion would be antidilutive.

The company's 1978 Executive Long-term Incentive Plan (the Plan) provides for the granting of stock options, stock incentive rights and option surrender rights to executive officers and other key employees. During 1996, the Plan was amended to incorporate the following changes: (i) extend from the last day of the company's 1997 fiscal year to the last day of the company's 2007 fiscal year the time during which awards may be made; (ii) increase the maximum aggregate number of shares of Gannett common stock that may be issued by 24,000,000; (iii) restrict the granting of options to any participant in any fiscal year to no more than 350,000 shares of common stock; (iv) extend the exercise period for any stock options to be issued under the Plan from eight to 10 years after the date of the grant thereof; and (v) provide that shares of common stock subject to a stock option or other award that is canceled or forfeited be again made available for issuance under the Plan.

Stock 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. The exercise period is eight years for options granted prior to Dec. 10, 1996 and 10 years for options granted on that date and subsequent. The options become exercisable at 25% per year after a one-year waiting period.

Stock incentive rights entitle the employee to receive one share of common stock at the end of an incentive period, conditioned upon the employee's continued employment throughout the incentive period. The incentive period is normally four years. During the incentive period, the employee receives cash payments equal to the cash dividend the company would have paid had the employee owned the shares of common stock issuable under the incentive rights.

Under the terms of the Plan, all outstanding awards will be vested if there is a change in control of the company. Stock options become 100% exercisable immediately upon a change in control. Option surrender rights have been awarded, which are related one-for-one to all outstanding stock options. These rights are effective only in the event of a change in control and entitle the employee to receive cash for option surrender rights equal to 100% of the difference between the exercise price of the related stock option and the change-in-control price (which is the highest price paid for a share of stock as part of the change in control). The Plan also provides for the payment in cash of the value of stock incentive rights based on the change-in-control price.

A summary of the status of the company's stock option and stock incentive rights plans as of Dec. 28, 1997, Dec. 29, 1996 and Dec. 31, 1995 and changes during the years ended on those dates is presented below:

1997 Stock Options	Shares	Weighted average exercise price
Outstanding at beginning of year	8,866,658	$29.64
Granted	1,789,460	59.20
Exercised	(1,237,089)	24.68
Canceled	(184,608)	31.28
Outstanding at end of year	9,234,421	36.00
Options exercisable at year end	4,557,488	27.90
Weighted average fair value of options granted during the year	$14.71	

1996 Stock Options	Shares	Weighted average exercise price
Outstanding at beginning of year	7,932,084	$25.92
Granted	2,482,960	37.26
Exercised	(1,298,838)	21.72
Canceled	(249,548)	28.18
Outstanding at end of year	8,866,658	29.64
Options exercisable at year end	4,019,854	25.23
Weighted average fair value of options granted during the year	$ 8.93	

1995 Stock Options	Shares	Weighted average exercise price
Outstanding at beginning of year	7,043,748	$23.15
Granted	2,065,080	31.93
Exercised	(1,039,490)	19.39
Canceled	(137,254)	23.78
Outstanding at end of year	7,932,084	25.92
Options exercisable at year end	3,658,458	23.02
Weighted average fair value of options granted during the year	$ 6.19	

The following table summarizes information about stock options outstanding at December 28, 1997:

Range of exercise prices	Number outstanding at 12/28/97	Weighted average remaining contractual life (yrs)	Weighted average exercise price	Number exercisable at 12/28/97	Weighted average exercise price
$18-20	215,606	1.0	$18.07	215,606	$18.07
21-28	3,142,364	3.8	25.23	2,866,276	25.38
32-35	1,776,071	6.0	32.08	888,036	32.08
36-38	2,310,920	9.0	37.38	577,730	37.38
41-49	39,360	9.0	45.68	9,840	45.68
50-60	1,750,100	10.0	59.50		
	9,234,421	6.6	36.00	4,557,488	27.90

Stock Incentive Rights
Awards made under the 1978 Plan for stock incentive rights were as follows:

	1997	1996	1995
Awards granted	173,325	258,340	305,300

Awards for 1995 are for the four-year period 1996-1999. Awards for 1996 are for the four-year period 1997-2000. Awards for 1997 are for the four-year period 1998-2001.

In January 1998, 149,148 shares of common stock were issued in settlement of previously granted stock incentive rights for the incentive period ended December 1997.

Shares available: Shares available for future grants under the 1978 Plan totaled 22,328,063 at Dec. 28, 1997.

Pro forma results: Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS 123), 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 Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25). The company has chosen to continue to report stock-based compensation in accordance with APB 25, and provides the following pro forma disclosure of the effects of applying the fair value method to all applicable awards granted. Under APB Opinion 25 and related Interpretations, no compensation cost has been recognized for its stock options. The compensation cost that has been charged against income for its stock incentive rights was $8 million for 1997 and 1996 and $10 million for 1995. Those charges were based on the grant price of the stock incentive rights recognized over the four-year earnout periods. 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 123, the company's net income and earnings per share would have been reduced to the pro forma amounts indicated below:

	1997	1996
Net income (in thousands)		
As reported	$712,679	$943,087
Pro forma	$707,717	$941,226
Earnings per share-Basic		
As reported	$2.52	$3.35
Pro forma	$2.50	$3.34

The fair value of each option is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in 1997, 1996 and 1995, respectively: dividend yield of 2.15%, 2.34% and 2.5%, expected volatility of 16.28%, 15.25% and 15.86%, risk-free interest rates of 5.87%, 5.95% and 5.39% and expected lives of 7 years, 7 years and 5.6 years.

SFAS 123 is applicable to stock compensation awards granted in fiscal years that begin after Dec. 15, 1994. Options are granted by the company primarily in December and begin vesting over a four-year period. Options granted in December 1995 and thereafter are subject to the pronouncement. To calculate the pro forma amounts shown above, compensation cost was recognized over the four-year period of service during which the options will be earned. As a result, options granted in December of each year (beginning with December 1995) impact pro forma amounts for following years but not the year in which they were granted. Because the calculations do not take into consideration pro forma compensation expense related to grants made prior to 1995, the pro forma effect on net income shown for 1996 and 1997 is not representative of the pro forma effect on net income in future years.

401(k) Savings Plan
On July 1, 1990, the company established a 401(k) Savings Plan. Most 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 may elect to save up to 15% of compensation on a pre-tax basis subject to certain limits. Through 1997, the company matched, with company common stock, 25% of the first 4% of employee contributions.

Beginning Jan. 1, 1998, the company match increased to 50% of the first 6% of employee contributions. To fund the company's matching contribution, an Employee Stock Ownership Plan (ESOP) was formed in 1990

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 and the shares are pledged as collateral for the loan. The company makes monthly contributions to the ESOP equal to the ESOP's debt service requirements less dividends. All dividends received by the ESOP are used to pay debt service. As the debt is paid, shares are released as collateral and are available for allocation to participants.

The company follows the shares allocated method in accounting for its ESOP. The cost of shares allocated to match employee 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 may, at its option, 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. 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 $2.4 million in 1997 and $2.8 million in 1996 and 1995. The ESOP shares as of the end of 1997 and 1996 were as follows:

	1997	1996
Allocated shares	1,097,214	1,020,474
Shares released for allocation	14,470	19,050
Unreleased shares	1,388,316	1,460,476
Shares distributed to terminated participants	(23,993)	(17,208)
ESOP shares	2,476,007	2,482,792

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.

Note 9
Commitments, contingent liabilities and other matters

Litigation: The company and a number of its subsidiaries are defendants in 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.

Leases: Approximate future minimum annual rentals payable under non-cancelable operating leases are as follows:

In thousands of dollars

1998	$ 34,827
1999	32,791
2000	30,673
2001	28,913
2002	14,834
Later years	55,442
Total	$197,480

Total minimum annual rentals have not been reduced for future minimum sublease rentals aggregating approximately $4 million. Total rental costs reflected in continuing operations were $43 million for 1997, $41 million for 1996 and $40 million for 1995.

Program broadcast contracts: The company has commitments under program broadcast contracts totaling $44.8 million for programs to be available for telecasting in the future.

In December 1990, the company adopted a Transitional Compensation Plan ("Plan") which 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 matters: In June 1997, SFAS 130, "Reporting Comprehensive Income," and SFAS 131, "Disclosures about Segments of an Enterprise and Related Information," were issued. These standards are effective for years beginning after Dec. 15, 1997. These standards are not expected to have any impact on the company's reported financial position or results of operations.

Note 10
Business operations and segment information

The company's primary business activities for 1997 include newspaper publishing, which is the largest segment of its operations; television and radio broadcasting, the second-largest component; and cable television and alarm security businesses. Newsprint, which is the principal product used in the newspaper publishing business, has been and may continue to be subject to significant price changes from time to time. Virtually all of the company's operations are in the U.S.

For financial reporting purposes, the company has established three separate business segments: newspapers; broadcasting (television and radio); and cable and security.

The newspaper segment at the end of 1997 consisted of 89 daily newspapers in 38 states and two U.S. territories, including USA TODAY, a national, general-interest daily newspaper; and USA WEEKEND, a magazine supplement for newspapers. The newspaper segment also includes non-daily publications, a nationwide network of offset presses for commercial printing, and several smaller businesses.

The broadcasting segment's activities for 1997 include the operation of television and radio stations. During 1997, the company owned 18 television stations and five radio stations. All of the radio stations were sold and two additional television stations were acquired in early fiscal 1998.

The cable and security segment, which was acquired in connection with the Multimedia purchase, is headquartered in Wichita, Kan., and served 478,000 cable television subscribers in five states and served alarm security customers in 10 states. The alarm security business was sold in early fiscal 1998.

Separate financial data for each of the company's three business segments is presented on page 54. Operating income represents total revenue less operating expenses, depreciation and amortization of intangibles. In determining operating income by industry segment, general corporate expenses, interest expense and other income and expense items of a non-operating nature are not considered. Corporate assets include cash and marketable securities, certain investments, long-term receivables and plant and equipment primarily used for corporate purposes. Interest capitalized has been included as a corporate capital expenditure for purposes of segment reporting.

Report of independent accountants

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

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of cash flows and of changes in shareholders' equity present fairly, in all material respects, the financial position of Gannett Co., Inc. and its subsidiaries at Dec. 28, 1997 and Dec. 29, 1996, and the results of their operations and their cash flows for each of the three years in the period ended Dec. 28, 1997, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 the opinion expressed above.

Price Waterhouse LLP
Washington, D.C.
February 2, 1998

11-Year Summary
In thousands of dollars,
except per share amounts

	1997	1996	1995	1994	1993	1992
Net operating revenues						
Newspaper advertising	$2,634,334	$2,417,550	$2,219,250	$2,152,671	$2,005,037	$1,882,114
Newspaper circulation	948,141	917,677	869,173	849,461	838,706	807,093
Broadcasting	703,558	686,936	466,187	406,608	397,204	370,613
Cable and security	255,263	232,500	17,831	0	0	0
All other	188,195	166,444	171,426	174,655	169,903	167,824
Total (Notes a and b, see page 52)	4,729,491	4,421,107	3,743,867	3,583,395	3,410,850	3,227,644
Operating expenses						
Costs and expenses	3,112,150	3,067,332	2,728,868	2,597,556	2,520,278	2,440,275
Depreciation	201,100	193,011	143,739	146,054	147,248	139,080
Amortization of intangible assets	99,973	94,359	49,328	44,110	43,771	39,197
Total	3,413,223	3,354,702	2,921,935	2,787,720	2,711,297	2,618,552
Operating income	1,316,268	1,066,405	821,932	795,675	699,553	609,092
Non-operating income (expense)						
Interest expense	(98,242)	(135,563)	(52,175)	(45,624)	(51,250)	(50,817)
Other	(9,047)	155,825 (7)	3,754	14,945	5,350	7,814
Income before income taxes	1,208,979	1,086,667	773,511	764,996	653,653	566,089
Provision for income taxes	496,300	462,700	314,100	309,600	264,400	224,900
Income from continuing operations	712,679	623,967 (7)	459,411	455,396	389,253	341,189
Discontinued operations:						
Income from the operation of discontinued businesses (net of income taxes)	0	24,540	17,851	10,003	8,499	4,491
Gain on disposal of Outdoor business (net of income taxes)	0	294,580	0	0	0	0
Total	0	319,120	17,851	10,003	8,499	4,491
Income before cumulative effect of accounting principle changes	712,679	943,087	477,262	465,399	397,752	345,680
Cumulative effect on prior years of accounting principle changes for:						
Income taxes	0	0	0	0	0	34,000
Retiree health and life insurance benefits	0	0	0	0	0	(180,000)
Net income	$712,679	$943,087	$477,262	$465,399	$397,752	$199,680
Operating cash flow (6)	$1,617,341	$1,353,775	$1,014,999	$985,839	$890,572	$787,369
Per share amounts (1)						
Income from continuing operations before cumulative effect of accounting principle changes: basic/diluted	$2.52/2.50	$2.21/2.20(7)	$1.64/1.63	$1.58/1.57	$1.33/1.32	$1.18/1.18
Net income: basic/diluted	$2.52/2.50	$3.35/3.33	$1.70/1.69	$1.61/1.60	$1.36/1.35	$0.69/0.69
Dividends declared (2)	.74	.71	.69	.67	.65	.63
Shareholders' equity (3)	12.26	10.37	7.63	6.52	6.49	5.47
Weighted average number of common shares outstanding in thousands (2)	283,360	281,782	280,312	288,552	292,948	288,296
Financial position						
Current assets	$884,634	$766,605	$854,084	$650,837	$757,957	$631,447
Current liabilities	767,501	718,996	812,772	527,054	455,139	431,551
Working capital	117,133	47,609	41,312	123,783	302,818	199,896
Long-term debt excluding current maturities	1,740,534	1,880,293	2,767,880	767,270	850,686	1,080,756
Shareholders' equity	3,479,736	2,930,818	2,145,648	1,822,238	1,907,920	1,580,101
Total assets	6,890,351	6,349,597	6,503,800	3,707,052	3,823,798	3,609,009
Selected financial percentages and ratios						
Percentage increase (decrease)						
Earnings from continuing operations, after tax (4)	34.3%(5)	15.5%(5)	0.9%	17.0%	14.1%	16.6%
Earnings from continuing operations, after tax, per share basic/diluted (4)	34.0%/33.7%(5)	14.8%/14.7%(5)	3.8%/3.8%	18.8%/18.9%	12.3%/11.9%	22.0%/22.9%
Dividends declared per share	4.2%	2.9%	3.0%	3.1%	3.2%	1.6%
Book value per share (3)	18.2%	35.9%	17.0%	0.5%	18.6%	2.1%
Credit ratios						
Long-term debt to shareholders' equity	50.0%	64.2%	129.0%	42.1%	44.6%	68.4%
Times interest expense earned	13.3x	9.0x	15.8x	17.8x	13.8x	12.1x

	1991	1990	1989	1988	1987
Net operating revenues					
Newspaper advertising	$1,852,591	$1,917,477	$2,018,076	$1,908,566	$1,787,077
Newspaper circulation	777,221	730,426	718,087	685,663	645,356
Broadcasting	357,383	396,693	408,363	390,507	356,815
Cable and security	0	0	0	0	0
All other	134,720	125,659	115,773	103,217	88,428
Total (Notes a and b, see page 52)	3,121,915	3,170,255	3,260,299	3,087,953	2,877,676
Operating expenses					
Costs and expenses	2,399,930	2,353,281	2,368,160	2,277,254	2,107,035
Depreciation	139,268	135,294	134,119	122,439	110,727
Amortization of intangible assets	39,621	39,649	39,100	39,445	35,974
Total	2,578,819	2,528,224	2,541,379	2,439,138	2,253,736
Operating income	543,096	642,031	718,920	648,815	623,940
Non-operating income (expense)					
Interest expense	(71,057)	(71,567)	(90,638)	(88,557)	(85,681)
Other	14,859	10,689	(18,364)	8,292	15,013
Income before income taxes	486,898	581,153	609,918	568,550	553,272
Provision for income taxes	194,400	226,600	235,500	228,000	254,500
Income from continuing operations	292,498	354,553	374,418	340,550	298,772
Discontinued operations:					
Income from the operation of discontinued businesses (net of income taxes)	9,151	22,410	23,091	23,910	20,623
Gain on disposal of Outdoor business (net of income taxes)	0	0	0	0	0
Total	9,151	22,410	23,091	23,910	20,623
Income before cumulative effect of accounting principle changes	301,649	376,963	397,509	364,460	319,395
Cumulative effect on prior years of accounting principle changes for:					
Income taxes	0	0	0	0	0
Retiree health and life insurance benefits	0	0	0	0	0
Net income	$301,649	$376,963	$397,509	$364,460	$319,395
Operating cash flow (6)	$721,985	$816,974	$892,139	$810,699	$770,641
Per share amounts (1)					
Income from continuing operations before cumulative effect of accounting principle changes: basic/diluted	$.97/.96	$1.11/1.10	$1.16/1.16	$1.05/1.05	$.93/.92
Net income: basic/diluted	$1.00/.99	$1.18/1.17	$1.23/1.23	$1.13/1.13	$.99/.98
Dividends declared (2)	0.62	.61	.56	.51	.47
Shareholders' equity (3)	5.35	6.49	6.20	5.55	4.97
Weighted average number of common shares outstanding in thousands (2)	301,566	320,094	322,506	323,244	323,408
Financial position					
Current assets	$636,101	$668,690	$671,030	$665,031	$601,220
Current liabilities	443,835	500,203	477,822	500,835	474,775
Working capital	192,266	168,487	193,208	164,196	126,445
Long-term debt excluding current maturities	1,335,394	848,633	922,470	1,134,737	1,094,321
Shareholders' equity	1,539,487	2,063,077	1,995,791	1,786,441	1,609,394
Total assets	3,684,080	3,826,145	3,782,848	3,792,820	3,510,259
Selected financial percentages and ratios					
Percentage increase (decrease)					
Earnings from continuing operations, after tax (4)	(17.5%)	(5.3%)	9.9%	14.0%	18.1%
Earnings from continuing operations, after tax, per share: basic/diluted (4)	(12.4%)/(12.7%)	(4.6%)/(5.2%)	10.2%/10.5%	14.0%/14.1%	17.8%/17.3%
Dividends declared per share	2.5%	9.0%	8.8%	8.5%	9.3%
Book value per share (3)	(17.5%)	4.7%	11.8%	11.6%	11.9%
Credit ratios					
Long-term debt to shareholders' equity	86.7%	41.1%	46.2%	63.5%	68.0%
Times interest expense earned	7.9x	9.1x	7.7x	7.4x	7.5x

(1) Per share amounts have been based upon average number of shares outstanding during each year, giving retroactive effect to adjustment in (2).
(2) Shares outstanding and dividends declared have been converted to a comparable basis by reflecting retroactively 2-for-1 stock split effective Jan. 6, 1987, and the 2-for-1 stock split effective Oct. 6, 1997.
(3) Based upon year-end shareholders' equity and shares outstanding.
(4) Before cumulative effect of accounting principle changes.
(5) Before 1996 gain on exchange of broadcast stations of $93 million or $.33 per share.
(6) Operating cash flow represents operating income plus depreciation and amortization of intangible assets.

(7) Includes pre-tax gain on exchange of broadcast stations of $158 million (after-tax gain of $93 million or $.33 per share).

Notes to 11-year summary

(a) The company and its subsidiaries made the acquisitions listed at right during the period. The results of operations of these acquired businesses are included in the accompanying financial information from the date of purchase. Note 2 of the consolidated financial statements on page 40 contains further information concerning certain of these acquisitions.

(b) During the period, the company sold substantially all of the assets or capital stock of certain other subsidiaries and divisions of other subsidiaries. Note 2 of the consolidated financial statements on page 40 contains further information concerning certain of these dispositions.

Acquisitions 1987-1997

1987	
July 15	Gannett Direct Marketing Services, Inc.
1988	
Feb. 1	WFMY-TV, Greensboro, N.C.
	WTLV-TV, Jacksonville, Fla.
July 1	New York Subways Advertising Co., Inc. and related companies
1989	
Oct. 31	Rockford Magazine
Nov. 6	Outdoor advertising displays merged into New Jersey Outdoor
1990	
March 28	Great Falls (Mont.) Tribune
May 17	Ye Olde Fishwrapper
June 18	The Shopper Advertising, Inc.
Sept. 7	Desert Community Newspapers
Dec. 27	North Santiam Newspapers
Dec. 28	Pensacola Engraving Co.
1991	
Feb. 11	The Add Sheet
April 3	New Jersey Publishing Co.
Aug. 30	The Times Journal Co., including The Journal Newspapers, The Journal Printing Co. (now Springfield Offset) and Telematch
Oct. 3	Gulf Breeze Publishing Co.
1992	
April 24	Graphic Publications, Inc.
1993	
Jan. 30	The Honolulu Advertiser
April 24	Tulare Advance-Register
1994	
May 2	Nursing Spectrum
June 9	Altoona Herald-Mitchellville Index and the Eastern ADvantage
Dec. 1	KTHV-TV, Little Rock
1995	
Dec. 4	Multimedia, Inc.
1996	
Dec. 9	WTSP-TV, Tampa-St. Petersburg, Fla.
1997	
Jan. 31	WZZM-TV, Grand Rapids, Mich.
Jan. 31	WGRZ-TV, Buffalo, N.Y.
May 5	Printed Media Companies
May 27	KNAZ-TV, Flagstaff, Ariz.
May 27	KMOH-TV, Kingman, Ariz.
July 18	Mary Morgan, Inc.
Aug. 1	Army Times Publishing Co., Inc.
Oct. 24	New Jersey Press, Inc.

Form 10-K information

Business of the company

Gannett Co., Inc. is a diversified information company that operates primarily in the U.S. Approximately 99% of its revenues are from domestic operations. Its foreign operations, which are limited, are in certain European and Asian markets. Its corporate headquarters is in Arlington, Va., near Washington, D.C. It was incorporated in New York in 1923 and was reincorporated in Delaware in 1972.

The company reports three principal business segments: newspaper publishing, broadcasting, and cable television and alarm security.

The company's newspapers make up the largest newspaper group in the U.S. in circulation. At the end of 1997, the company operated 89 daily newspapers, with a total average daily circulation of approximately 6.7 million for 1997, including USA TODAY. The company also publishes USA WEEKEND, a weekend newspaper magazine, and a number of non-daily publications. On Dec. 30, 1997, which falls in the company's 1998 fiscal year, the company sold its newspaper in St. Thomas, Virgin Islands. On Feb. 3, 1998, the company contributed its newspaper in Saratoga Springs, N.Y., to the Gannett Foundation.

On Dec. 28, 1997, the broadcasting division included 18 television stations in markets with more than 14 million households and five radio stations. On Dec. 29, 1997, the first day of the company's 1998 fiscal year, the previously announced sale of the five radio stations was completed. Also, on Jan. 5, 1998, the company completed the acquisition of NBC affiliate stations in Portland and Bangor, Maine, bringing its complement of TV stations to 20.

The cable business (Multimedia Cablevision) serves 478,000 subscribers in five states. In December 1997, the company announced that Multimedia Cablevision would acquire cable systems serving approximately 128,000 subscribers in Kansas, in exchange for its cable systems serving approximately 93,000 subscribers in suburban Chicago, plus cash.

The alarm security business, Multimedia Security Service, provided alarm services to customers in 10 states. In March 1998, the company sold its alarm security business.

The company also owns the following: Gannett News Service, which provides news services for its newspaper operations; Gannett Retail Advertising Group, which represents the company's newspapers, other than USA TODAY, in the sale of advertising to national and regional retailers and service providers; and Gannett Offset, which is composed of the Gannett Offset print group and Gannett Marketing Services group. The Gannett Offset print group includes seven non-heatset printing plants and two heatset printing facilities, including the recent acquisition of Printed Media Companies of Minneapolis, Minn., which offers seven web and three sheetfed presses. Gannett Offset's dedicated commercial printing plants are located in Atlanta, Ga.; Chandler, Ariz.; Minneapolis, Minn.; Miramar, Fla.; Nashville, Tenn.; Norwood, Mass.; Pensacola, Fla.; 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; Gannett Direct Marketing Services, a direct-marketing company with operations in Louisville, Ky.; and Gannett TeleMarketing, a telephone sales and marketing company. The company also owns electronic information services, including the USA TODAY Information Network; Gannett Media Technologies International, which develops and markets software and other products for the publishing industry; Nursing Spectrum, publisher of biweekly periodicals specializing in advertising for nursing employment; and Army Times Publishing Company, which publishes military and defense newspapers.

Business segment financial information

Selected financial information for the company's business segments is presented on the following page. For a description of the accounting policies related to this information, see Note 10 to the company's consolidated financial statements. Operating cash flow amounts represent operating income plus depreciation and amortization of intangible assets.

In thousands of dollars
Business segment financial information

	1997	1996	1995
Operating revenues:			
Newspaper publishing	$3,770,670	$3,501,671	$3,259,849
Broadcasting	703,558	686,936	466,187
Cable and Security	255,263	232,500	17,831
	$4,729,491	$4,421,107	$3,743,867
Operating income:			
Newspaper publishing	$1,001,965	$ 786,235	$ 701,569
Broadcasting	328,311	297,332	182,865
Cable and Security	54,026	47,127	4,801
Corporate	(68,034)	(64,289)	(67,303)
	$1,316,268	$1,066,405	$ 821,932
Depreciation and amortization:			
Newspaper publishing	$ 168,526	$ 161,886	$ 148,932
Broadcasting	56,459	51,561	30,107
Cable and Security	67,368	64,606	4,407
Corporate	8,720	9,317	9,621
	$ 301,073	$ 287,370	$ 193,067
Operating cash flow:			
Newspaper publishing	$1,170,491	$ 948,121	$ 850,501
Broadcasting	384,770	348,893	212,972
Cable and Security	121,394	111,733	9,208
Corporate	(59,314)	(54,972)	(57,682)
	$1,617,341	$1,353,775	$1,014,999
Identifiable assets:			
Newspaper publishing	$3,593,932	$3,151,385	$3,210,275
Broadcasting	1,725,019	1,622,469	1,502,342
Cable and Security	1,223,057	1,210,000	1,188,536
Corporate	348,343	351,526	325,134
	$6,890,351	$6,335,380(1)	$6,226,287(1)
Capital expenditures:			
Newspaper publishing	$ 123,343	$ 114,114	$ 128,256
Broadcasting	13,157	14,400	19,923
Cable and Security	81,256	77,991	17,447
Corporate	3,495	46,874	7,324
	$ 221,251	$ 253,379(2)	$ 172,950(2)

(1) Excludes assets related to discontinued operations totaling $14,217 in 1996, $276,973 in 1995.
(2) Excludes capital expenditures made for discontinued operations totaling $6,668 for 1996, $10,586 for 1995.

Newspaper publishing

On Dec. 28, 1997, the company operated 89 daily newspapers, including USA TODAY, and a number of non-daily local publications, in 38 states, Guam and the U.S. Virgin Islands. The Newspaper Division is headquartered in Arlington, Va., and on Dec. 28, 1997, it had approximately 34,300 full-time and part-time employees. Newspaper operating revenues accounted for approximately 80% of the company's net operating revenues in 1997, 79% in 1996 and 87% in 1995.

USA TODAY was introduced in 1982 as the country's first national, general-interest daily newspaper. It is available in all 50 states and is available to readers on the day of publication in the top 100 metropolitan markets in the U.S.

USA TODAY is produced at facilities in Arlington, Va., and is transmitted via satellite to offset printing plants around the country. It is printed at Gannett plants in 21 U.S. markets and under contract at offset plants in 12 other U.S. markets. It is sold at newsstands and vending machines generally at 50 cents a copy. Mail subscriptions are available nationwide and abroad, and home and office delivery is offered in many markets. Approximately 64% of its net paid circulation results from single-copy sales at newsstands or vending machines and the remainder is from home and office delivery, mail and other sales.

For 1997, USA TODAY's advertising revenues and volume rose 12% and 7%, respectively. Its circulation revenues and volume rose 4% and 3%, respectively. USA TODAY's operating income rose dramatically in 1997.

USA TODAY International is printed from satellite transmission under contract in London, Frankfurt and Hong Kong, and is distributed in Europe, the Middle East, Africa and Asia. It is available in more than 90 foreign countries.

The Gannett News Service (GNS) is headquartered in Arlington, Va., and has bureaus in nine other states (see page 71 for more information). GNS provides national and regional news coverage and sports, features, photo and graphic services to Gannett newspapers. GNS also is distributed by syndication to several non-Gannett newspapers, including ones in Chicago, Salt Lake City, Boston and Seattle.

The newspaper publishing segment also includes USA WEEKEND, which is distributed as a weekend newspaper supplement in 526 newspapers throughout the country, with a total circulation of 21.2 million at the end of 1997.

At the end of 1997, 61 of the company's daily newspapers, including USA TODAY, were published in the morning and 28 were published in the evening.

Individually, Gannett newspapers are the leading news and information source with strong brand recognition in their markets. Their durability lies in the quality of their management, their flexibility, their focus on such customer-directed programs as NEWS 2000, ADvance and ADQ, and their capacity to invest in new technology. Collectively, they form a powerful network to distribute news and advertising information across the nation.

In May 1997, the company's commercial printing division, Gannett Offset, acquired Printed Media Companies, a full-service heat-set printer in Minneapolis, Minn. In August 1997, the company acquired Army Times Publishing Company, located in Springfield, Va., which publishes six weekly military newspapers and one monthly defense publication.

In October 1997, the company acquired New Jersey Press, Inc., which publishes the daily Asbury Park Press and Home News Tribune of East Brunswick, and operates In Jersey, an Internet service. The Asbury Park Press has a daily circulation of approximately 155,000 and 224,000 on Sunday. The Home News Tribune has a daily circulation of approximately 75,000 and 82,000 on Sunday.

News departments across Gannett expanded coverage in critical areas of their markets - with more attention paid especially to suburban and regional communities surrounding the central city. The newspapers also presented more coverage to help readers cope in an ever-changing, faster-moving society.

The corporate NEWS 2000 program, aimed at meeting the changing needs of readers, was revised to concentrate even more strongly on core journalistic values and to better blend newsroom efforts with the overall strategic goals of the newspaper. Training in the revised NEWS 2000 approaches was conducted in newsrooms across the company.

In 1997, the company continued to implement strategies to increase its revenues from medium and small advertisers in each market it serves. Revenues from these types of advertisers increased 5% during the year on top of 9% growth in 1996. Numerous programs were introduced by Gannett newspapers in 1997 to accomplish these results. The initiatives focused on sales and rate management, among other areas. Sales management initiatives included allocating proper resources to increase the number and quality of sales calls, improving sales compensation and providing consistent sales training. Rate management programs focused on selling multiple advertising insertions and reviewing rates and rate structures to assure they match the opportunities in the market. The company regularly calculates market potential and develops strategic plans to capitalize on that potential. Significant efforts will continue to be taken in 1998 to make the company's personnel increasingly competitive in their leadership, strategic thinking and marketing skills.

The Newspaper Division's quality initiative, known as ADQ, produced positive results in 1997, as the quality of ads and bills improved over the previous year and credit adjustments continued to decline. With ROP ad count increasing 3% and total ad revenues up 8% in 1997 over 1996, Gannett newspapers produced higher volume, and greater quality.

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

The senior executive of each newspaper is the publisher, and the newspapers have advertising, business, information systems, circulation, news, market development, human resources and production departments.

Technological advances in recent years have had an impact on the way newspapers are produced. Computer-based text editing systems capture drafts of reporters' stories and are then used to edit and produce type for transfer by a photographic process to printing plates. All of the company's daily newspapers are produced by this method. "Pagination" enables editors to create a newspaper page by computer, avoiding all or part of the manual "paste-up" of the page before it can be converted into a printing plate. The company uses pagination systems at 74 newspaper plants.

Implementation of MASS, the Mobile Advertising Sales System, continued in 1997. Nine new newspapers received the system, bringing the total number of newspapers using MASS to 54. The Windows version was introduced and is being used by 10 newspapers. The total number of sales reps deployed with MASS laptops is approximately 1,140. Virtual Ad Space, a sales presentation tool, was installed at the 44 Macintosh-based newspapers. An additional five newspapers will receive MASS in 1998.

Celebro Advertising Solutions, originally developed by the company in 1994 as AdLink, is a suite of software applications that offers major Realtors the capability to control the design, scheduling and content of their advertising in the newspaper and market their properties on the Internet, and with audio text/fax back. The Celebro Real Estate System has been installed at 26 Gannett newspapers and at an additional 13 non-Gannett newspapers by Gannett Media Technologies International (GMTI). In late 1997, GMTI entered into a marketing and distribution agreement with Automatic Data Processing, Inc. (ADP) under which GMTI and ADP would work together to sell and install the Celebro Automotive System to newspapers and auto dealerships in the United States and Canada.

The Digital Collections integrated text/photo archive system has been installed at 34 Gannett newspapers, including Rochester, Des Moines, Louisville, Honolulu, Wilmington and Tucson. The system stores, retrieves and distributes text, photos and full-page images of the newspaper in a digital form that can be searched using an easy-to-use interface. GMTI, licensed by DiGiCol, the U.S. subsidiary of Gannett and Digital Collections Verlagsges.mbH, sells and installs Digital Collections systems in North and South America. Non-Gannett customers include The Milwaukee Journal, America Online, O'Globo (Rio De Janiero, Brazil), Copesa (Santiago, Chile), The University of Missouri and Lance Newspapers in Rio De Janiero and Sao Paulo. Installation at Gannett newspapers will continue in 1998.

Electronic delivery of news and information, including advertising, will be a critical part of our future services to our local newspaper markets. 1997 was a year of continued experimenting, learning and positioning ourselves for opportunities in electronic delivery of our newspapers' information. However, it was also a year of dramatic expansion based on the lessons we have learned from our earlier efforts.

To start 1997 there were 15 newspapers, including USA TODAY, with Internet projects. At the end of 1997, there were 33 newspapers, including USA TODAY, with on-line sites and up to 12 more are planned for launch in the first quarter of 1998.

In addition to learning from our experiences, decisions we made in 1995 and 1996 helped achieve this growth. The company was positioned for faster implementation from a technological and marketing perspective by becoming a partner in several joint ventures. Gannett's partnerships in InfiNet, the New Century Network and CareerPath helped with quality technological support, sales and networking with other newspaper on-line services, and national distribution of locally developed on-line content.

Newspapers are well positioned as the leading information providers in their communities, and have an opportunity to be successful serving their markets with on-line information as well. However, because this is a different medium, newspapers cannot simply replicate themselves in their current print form. Thus, Gannett's strategy is to create on-line products that specifically serve on-line customers with information and services designed for delivery in the new interactive medium.

Specific on-line products should reflect the targeted customer needs in that market. Thus, different on-line products are offered in different markets. These include news, classified, real estate guides, employment sites, entertainment, sports, automotive guides, tourism information, community information or specialty products about something truly unique in a community. At year end, more than 100 individual on-line products were being produced by our newspapers.

This is still a new effort, with more to learn and understand about the differences in customer preferences, the medium and how to develop and create revenue for on-line services. In 1998 the expectation is to continue the rapid increase in the number of on-line products, improve the products and continue our progression to profitable on-line services. The company will also focus on positioning itself correctly today for tomorrow's opportunities and challenges.

In the short term, the company's activities in the on-line environment are not expected to be profitable. However, that, of course, is the longer-term goal. The company's investment in these areas is not material to the company's financial position or results of operations.

With respect to newspaper production, 61 daily newspaper plants print by the offset process, and 15 plants print using various letterpress processes. In recent years, improved technology for all of the newspapers has resulted in greater speed and accuracy and in a reduction in the number of production hours worked per page.

The principal sources of newspaper revenues are circulation and advertising.

Circulation: The table that follows summarizes the circulation volume and revenues of the newspapers owned by the company at the end of 1997. USA TODAY circulation is included in this table.

This table assumes that all newspapers owned by the company at the end of 1997 were owned during all years shown:

Circulation: newspapers owned on Dec. 28, 1997

	Circulation revenues	Daily net paid	Sunday net paid

	in thousands	circulation	circulation
1997	$987,289	6,673,000	6,086,000
1996	$957,747	6,614,000	6,161,000
1995	$920,822	6,691,000	6,440,000
1994	$894,647	6,697,000	6,625,000
1993	$877,703	6,693,000	6,690,000

Twenty-nine of the company's local newspapers reported gains in daily circulation in 1997, and 11 increased Sunday circulation.

Home-delivery prices for the company's newspapers are established individually for each newspaper and range from $1.25 to $3.60 per week in the case of daily newspapers and from $.70 to $2.00 per copy for Sunday newspapers. The company implemented circulation price increases at 45 newspapers in 1997 and plans additional increases in 1998.

Additional information about the circulation of the company's newspapers may be found on pages 26-27 and 68-70 of this annual report.

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 newspapers, other than USA TODAY, to national and regional retailers and service providers. The company also contracts with outside representative firms that specialize in the sale of national advertising. A detailed analysis of newspaper advertising revenues is presented on the following page and on page 26 of this report.

Retail advertising is display advertising associated with local merchants, such as department and grocery stores. Classified advertising includes the 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 on a nationwide basis. Retail and national advertising may appear in the newspaper itself or in preprinted sections. 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 special publications.

Total newspaper ad revenues on a pro forma basis rose 7%. All major advertising classifications showed substantial year-over-year growth during 1997. Retail advertising revenues produced a strong performance, driven by medium and small advertisers. Revenues from these types of advertisers increased 5% during the year, while revenues from larger accounts increased 2%. Classified advertising

revenues grew 10% on the strength of automotive, real estate, rentals and help wanted categories. National advertising revenues grew 11% and preprint revenues grew 4%.

For 1998, the company expects further advertising revenue growth at most of its newspaper properties as a result of enhanced sales and marketing activities. Changes in national economic factors such as interest rates, employment levels and the rate of general economic growth will have an impact on revenues at all of the company's newspaper operations.

During 1996, Gannett commissioned and published a Media Effectiveness Survey covering the United States, including Gannett and non-Gannett newspapers. The key finding was that daily newspapers are, by a wide margin, the medium of choice as consumers' primary advertising/information source for a wide variety of products and services. The results of the study were promoted during 1996 and 1997 in an ad campaign positioning newspapers as "The Welcome Medium." The ads ran in all Gannett newspapers and a variety of trade publications. They were also shared with the industry, appearing in more than 220 non-Gannett newspapers.

The following chart summarizes the advertising linage (in six-column inches) and advertising revenues of the newspapers owned by the company at the end of 1997. This chart assumes that all of the newspapers owned at the end of 1997 were owned throughout the years shown:

Advertising: newspapers owned on Dec. 28, 1997

	Advertising revenues (ROP) in thousands	Inches of advertising, excluding preprints
1997	$2,338,042	76,160,000
1996	$2,163,195	71,518,000
1995	$2,030,397	72,877,000
1994	$1,954,573	73,460,000
1993	$1,848,852	70,874,000

Competition: The company's newspapers compete with other media for advertising principally on the basis of their advertising rates and their performance in helping sell the advertisers' products or services. They compete for circulation principally on the basis of their content and their 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 and the World Wide Web, is increasing. Through internal development programs, acquisitions and partnerships, the company's efforts to explore new opportunities in news, information and communications businesses have been expanded.

At the end of 1997, The Cincinnati Enquirer, The Detroit News, The Honolulu Advertiser, The Tennessean at Nashville 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.

Properties: Generally, the company owns the plants that house all aspects of the newspaper publication process. In the case of USA TODAY, at Dec. 28, 1997, 12 non-Gannett printers were used to print the newspaper in the U.S. in markets where there are no company newspapers with appropriate facilities. Three non-Gannett printers in foreign countries are used to print USA TODAY International. USA WEEKEND and Nursing Spectrum are also printed under contracts with commercial printing companies. Many of the company's newspapers also have outside news bureaus and sales offices, which generally are leased. In a few cities, 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 newspaper facilities have been completed or are at some stage of construction at 10 of the company's newspaper operations. Gannett continues to make significant investments in the renovation of existing or new facilities where the investment will help to improve the products for its readers and advertisers as well as improve productivity and operating efficiencies. The company's facilities are adequate for present operations.

Raw materials: Newsprint is the basic raw material used to publish newspapers. During 1997, the company's newsprint consumption was approximately 891,000 metric tons, including the company's portion of newsprint consumed at joint operating agencies, consumption by USA WEEKEND and USA TODAY tonnage consumed at non-Gannett print sites. Newsprint consumption was up 8% in 1997 because of incremental consumption by newspaper properties acquired during the year and generally higher page count throughout the group. The company purchases newsprint from 28 North American and offshore suppliers under contracts which expire at various times through 2010.

During 1997, all of the company's newspapers consumed some recycled newsprint. For the year, approximately 81% of the company's newsprint consumption contained recycled content.

In 1997, 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 1997 decreased 21% compared to the 1996 average cost. Some suppliers have announced plans to increase prices in 1998. However, it is not certain if market conditions will support those plans. In the absence of any newsprint price reductions in 1998, the company's average cost per ton consumed will be higher in 1998 because of the carryover effect of newsprint price increases in 1997.

Regulation: Gannett is committed to protecting the environment. The company's goal is to ensure its facilities are in compliance with federal, state and local environmental laws and to incorporate appropriate environmental practices and standards in our newspaper, broadcast and cable operations. The company employs a corporate environmental manager responsible for oversight not only of regulatory compliance but also of preventive measures. The company is one of the industry leaders in the use of recycled newsprint. The company increased usage of newsprint containing recycled content from 42,000 metric tons in 1989 to more than 719,000 metric tons in 1997. The company's newspapers use inks, photographic chemicals, solvents and fuels. The use and disposal of these substances may be regulated by federal, state and local agencies. Through its environmental compliance plan, the company is taking effective measures to maintain compliance with environmental laws. Any release into the environment may create obligations to private and governmental entities under a variety of statutes and rules regulating the environment.

Several of the company's newspaper subsidiaries have been included among the potentially responsible parties in connection with the alleged disposal of ink or other chemical wastes at disposal sites which have been subsequently identified as inactive hazardous waste sites by the U.S. Environmental Protection Agency ("EPA") or comparable state agencies. At one of these sites, one of the company's subsidiaries is a defendant in a case brought by the EPA where the amount in controversy is approximately $250,000. The company believes its liability is substantially less and is defending the case. The company provides for costs associated with these matters in accordance with generally accepted accounting principles. The company does not believe that these matters will have any significant impact on its financial position or results of operations.

Additional information about the company's newspapers may be found on pages 68-71 of this report.

Broadcasting

On Dec. 28, 1997, the company's television division, headquartered in Arlington, Va., included 18 television stations, in markets with a total of more than 14 million households. The company's radio division for fiscal 1997 included five radio stations in three markets. In January 1997, the company exchanged WLWT-TV (NBC-Cincinnati) and KOCO-TV (ABC-Oklahoma City) for WZZM-TV (ABC-Grand Rapids/Kalamazoo/Battle Creek) and WGRZ-TV (NBC-Buffalo). The exchange was necessary to comply with Federal Communications Commission (FCC) cross-ownership rules. In May 1997, the company acquired KNAZ-TV(NBC-Flagstaff, Ariz.) and KMOH-TV (WB-Kingman, Ariz.).

Early in the company's 1998 fiscal year, all five radio stations were sold and the company acquired the NBC-affiliated television stations in Bangor and Portland, Maine, bringing its complement of television stations to 20.

At the end of 1997, the broadcasting division had approximately 2,900 full-time and part-time employees. Broadcasting revenues accounted for approximately 15% of the company's reported operating revenues in 1997, 16% in 1996 and 12% in 1995.

The principal sources of the company's broadcasting 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; and 4) 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.

Advertising rates charged by a television station are based primarily upon the station's ability to attract viewers, demographics and the number of television households in the area served by the station. 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.

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 and in some cases from cable operations. In recent years, the company's television stations have increased 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.

Properties: The company's broadcasting facilities are adequately equipped with the necessary television broadcasting equipment. The company owns transmitter sites in 19 locations and leases sites in three others (including sites for the Maine television stations).

During the past five years, new broadcasting facilities or substantial improvements to existing facilities were completed in Austin, Greensboro, N.C., Little Rock, Phoenix, Jacksonville, Atlanta and Washington, D.C. Substantial remodeling is underway in Knoxville and a new facility is being planned in Cleveland. The company's broadcast facilities are adequate for present purposes.

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 company's broadcasting stations compete principally on the basis of their market share, advertising rates and audience composition.

Local news is most important to a station's success and there is a growing emphasis on other forms of programming that relates 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.

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).

Under amendments to the Communications Act effected by the Telecommunications Act of 1996 (the 1996 Act), television broadcast licenses will be granted for a maximum period of eight years. (The period was formerly five years.) Television broadcast licenses are renewable upon application to the FCC and in the past usually have been 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 has resulted in loss of the license. The company believes it is in substantial compliance with all applicable provisions of the Communications Act and FCC Regulations.

FCC Regulations also prohibit concentrations of broadcasting control and regulate network programming. FCC Regulations governing multiple ownership prohibit the common ownership or control of most communications media serving common market areas (for example, television and radio; television and daily newspapers; radio and daily newspapers; or television and cable television). Pursuant to the 1996 Act, permanent waivers can be sought for television and radio ownership in the top 50 markets, however. Also, the 1996 Act limits the television broadcast interests held by any person to assure that stations under common control do not exceed an aggregate national audience reach of 35 percent. (Prior to enactment of the 1996 Act, the cap on audience reach was 25 percent and no single party could own more than 12 stations.) Presently, the company's 20 television stations reach an aggregate of 16.3% of U.S. TV households.

The FCC's consent to the company's December 1995 acquisition of control of five television stations and two radio stations owned by Multimedia, Inc. was conditioned on the company's compliance (within 12 months) with FCC "one-to-a-market" rules. On Jan. 31, 1997, the company traded its television stations in Oklahoma City and Cincinnati for television stations in Grand Rapids and Buffalo, which resolved the FCC conditions affecting (1) cross-ownership of TV and cable systems in the area of Oklahoma City; (2) cross-ownership of a daily newspaper and a TV station in Cincinnati. In May 1996, the company sold its two radio stations in Macon, Ga., resolving the FCC radio and TV cross-ownership issue in that market. On Nov. 12, 1996, the company filed a request to extend its existing waiver for ownership of both Macon and Atlanta TV stations. The FCC granted an interim extension on July 30, 1997; however, the company believes that under the FCC's proposed rulemaking it will be able to maintain ownership of both Macon and Atlanta TV.

The 1996 Act deregulated radio and television ownership rules so as to permit larger ownership groups and, in the top 50 television markets, more TV-radio combinations than were permitted under prior FCC rules. Also, competing applications will not be accepted at the time of license renewal, and will not be entertained at all unless the FCC first concludes that license renewal would not serve the public interest. It will be necessary for the FCC to amend many existing FCC Regulations to implement the 1996 Act, and this process has not yet been completed.

Additional information about the company's television stations may be found on page 72 of this annual report.

Cable

On Dec. 28, 1997, the company's cable division, headquartered in Wichita, Kan., operated cable television systems serving 478,000 subscribers in Kansas, Oklahoma, Illinois, Indiana and North Carolina. The cable division was acquired on Dec. 4, 1995 as part of the Multimedia purchase. At the end of 1997, the cable division had approximately 1,000 full-time and part-time employees.

Cable television is the distribution of a wide variety of television and special information programs to subscribers within a community over a network of fiber-optic and coaxial cable.

The principal sources of the company's cable division revenues are: 1) monthly fees paid by subscribers for primary services generally consisting of local and distant broadcast stations and public, educational and governmental channels required by local franchising authorities and a variety of satellite-delivered entertainment and information channels; 2) monthly and per-event fees paid by subscribers for premium television services which provide special programs such as recently released movies, entertainment programs or selected sports events. Subscribers can receive these programs on a designated channel of the cable system which is restricted with electronic security devices to isolate the pay television signal so that only subscribers to the service can receive it; and 3) local advertising revenues.

The company holds approximately 160 franchises from local governing authorities which permit the company to operate a cable television system in the granting community. These franchises, which expire at varying dates ranging from one to 18 years, are generally non-exclusive and may be terminated for failure to comply with specified conditions. In most cases, the company is required to pay fees generally ranging from 3% to 5% of a system's revenues, to the local governing authority granting a franchise. At the end of 1997, approximately 117 systems, which account for more than 80% of the company's subscribers, have franchise agreements expiring in the year 2002 and beyond.

The following table shows certain cable division information as of the end of 1997, 1996 and 1995.

	1997	1996	1995
Homes passed	774,000	761,000	738,000
Basic subscribers	478,000	465,000	458,000
Pay subscribers	340,000	333,000	336,000
Basic penetration	61.8%	61.1%	62.1%
Pay-to-basic ratio	71.1%	71.6%	73.4%
Average monthly revenue per cable subscriber	$37.31	$35.00	$32.29

The company's strategy is to develop clusters of cable television systems in suburban communities of major metropolitan markets and other areas with favorable demographics. Management believes that the clustering of cable systems produces operating, marketing and servicing efficiencies. Management believes that clustering will also enable the company to achieve efficiencies in the future deployment of new services such as video-on-demand, interactive multimedia and competitive access.

Properties: The company's cable systems and facilities are adequately equipped with the necessary cable equipment. Prior to acquisition by the company, the cable division began a major rebuild program to install fiber-optic cable and upgrade the technical capabilities of its cable systems. The rebuild program, which will be completed in the first half of 1998, enhances services through improved picture quality and reliability and provides the ability to offer additional services to subscribers.

At Dec. 28, 1997, approximately 94% of the company's cable subscribers had advanced technical facilities (550MHZ to 750MHZ) capable of 80 and 110 channels of analog capacity, respectively. When the current rebuild program is completed, more than 95% of the company's customers will be served by advanced technical facilities. The rebuild plans include the future integration of digital compression and the installation of interactive converter boxes where they provide a direct financial return. The company estimates that approximately 50% of its subscribers might have the new converters within the next five years. The company believes its technological upgrades will prepare it for new competitors and potential revenue opportunities.

Competition: The company's cable division competes with other companies and individuals in the submission of applications for additional franchises, in the renewal of existing franchises and in seeking to acquire operating cable systems and under-developed franchises. Since most franchises are granted on a non-exclusive basis, other applicants may obtain franchises in areas where the company presently operates systems or holds franchises.

The cable division competes with over-the-air television and radio broadcasting, newspapers, movie theaters, live entertainment and sporting events and home video products. Subscription television competition also includes expanding direct broadcast satellite services, multichannel, multipoint distribution services and private satellite master antenna television systems serving condominiums, apartment complexes and other private residential developments. The company's cable division competes for subscription revenues principally on the basis of quality of service, programming options and pricing. The cable division competes for advertising revenues principally on the basis of performance in helping sell the advertisers' products or services, and price.

Other matters: In December 1997, the company announced that Multimedia Cablevision will acquire cable systems serving approximately 128,000 subscribers in Kansas from Tele-Communications, Inc., in exchange for its cable systems serving approximately 93,000 subscribers in suburban Chicago, plus cash. The transaction is expected to close during mid-1998.

The company is a partner with Hyperion Telecommunications, Inc., a subsidiary of Adelphia Cable, to construct and operate competitive access telephone services in its Wichita franchise area. The construction of the network is complete and the partnership is operating.

Regulation: The cable television industry is subject to extensive federal, local and, in some cases, state regulation. The Cable Communications Policy Act of 1984 (the 1984 Act) and its amendments (the 1992 Act and the 1996 Act) govern cable television. The FCC has the principal federal responsibility for regulating cable matters, including rates, customer service, ownership, carriage of broadcast signals and other programming, technical matters, leased access, franchises and consumer equipment standards.

FCC Regulations prohibit common ownership or control of a television station and a cable system in the station's Grade B signal coverage area.

The 1992 Act requires mandatory carriage of certain local over-the-air television stations ("must-carry" rules) and allows television stations to prohibit the carriage of their programs by cable systems absent consent ("retransmission consent"). Television stations may elect either must-carry or retransmission consent on local cable systems. The company's cable systems have accommodated those stations electing mandatory carriage, and have entered into retransmission consent agreements with others.

The 1992 Act rate regulations apply to basic service (which includes broadcast signals) unless a cable system is subject to "effective competition." Virtually all cable systems are subject to rate regulation. To regulate rates for basic service, local officials must follow detailed FCC guidelines and procedures. The 1992 Act also regulates non-basic (cable programming) rates. FCC rules also limit rates for consumer equipment. The rules permit cable companies periodic rate increases for inflation and certain external costs. Rates for per-channel or per-program premium services are not subject to regulation.

The 1984 Act requires a cable operator to obtain a franchise prior to instituting service, and state and local officials become involved in cable operator selection, system design and construction, safety, rates, consumer services and community programming issues. Franchising authorities may not award an exclusive franchise or unreasonably deny a competitive franchise. Local authorities may operate their own cable system, though, notwithstanding the existence of a cable franchise. The 1984 Act permits local authorities to charge up to 5% of revenues per year as a franchising fee, and to require certain public cable channels.

The 1984 Act provides an incumbent cable operator with protections against denial of its franchise renewal, including the right to a fair hearing and a right of appeal. Nevertheless, franchise renewal is not assured. Upon renewal, new or more onerous requirements, such as upgrading of facilities and services or higher franchising fees, may occur.

Cable systems are subject to federal copyright licensing in connection with the carriage of television signals, and receive blanket permission to retransmit copyrighted material in exchange for royalty payments. The amount of the royalty payments varies.

The 1996 Act changed cable television regulation in several respects. It eliminated the ban on telephone companies offering video services. In some cases, telephone video services will be exempt from the local franchising requirement, from rate regulation, and from customer service and other FCC Regulations. Subject to adoption of final FCC Regulations, the 1996 Act permits cable operators to provide telephone services, without the requirement of a local franchise. Network/cable cross-ownership now will be permitted, and the statutory prohibition on broadcast/cable cross-ownership has been repealed, and the FCC is expected to review its own broadcast/cable cross-ownership rule.

While the present rate structure for basic tiers has been retained, the 1996 Act deregulates rates for non-basic services for the company's cable systems, effective March 31, 1999. The FCC and Congress recently indicated that the termination of cable programming service tier rates in March 1999 may be revisited. Deregulation of rates also will occur immediately where a telephone company enters the cable franchising area and offers comparable video programming.

Telephone companies and cable operators in the same market are prohibited from entering into joint ventures to provide programming or telecommunication services directly to subscribers. Telephone companies and cable operators each are prohibited from acquiring more than a 10% financial interest, or any management interest, in the other's operations in its service area. For certain small and/or rural service areas, telephone or cable companies may acquire an interest in the other in its service area, however.

Alarm security business

The company's alarm security business, Multimedia Security Service, was sold in March 1998.

Corporate facilities

The company leases office space for its headquarters in Arlington, Va., and also owns data processing facilities in nearby Maryland. The capital expenditure program for 1995, 1996 and 1997 included amounts for leasehold improvements, land, building, furniture, equipment and fixtures for headquarters operations. Headquarters facilities are adequate for present operations. In September 1996, the company purchased 30 acres of land in Fairfax County, Va., for use as a future site for corporate headquarters and perhaps other operations.

Employee relations

At the end of 1997, the company and its subsidiaries had 39,400 full-time and part-time employees. On the basis of hours worked, the company employed the equivalent of 35,400 full-time employees. Five of the company's newspapers were published in 1997 together with non-company newspapers pursuant to joint operating agreements, and the employment numbers above include the company's pro-rata share of employees at those joint production and business operations.

Approximately 15% of those employed by the company and its subsidiaries are represented by labor unions. They are represented by 103 local bargaining units affiliated with 12 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 strives to maintain good relationships with its employees.

On July 13, 1995, approximately 2,500 workers from six unions began a strike against the company's largest local newspaper, The Detroit News, the Detroit Newspaper Agency and the Detroit Free Press, its agency partner.

The strike was precipitated by unrealistic and excessive demands by the unions for wage increases and position levels. The strike ended in mid-February 1997 when the six striking unions made an unconditional offer to return to work. They continue to attempt a subscriber and advertiser boycott as they do not yet have contracts.

Throughout the strike and despite union efforts at stopping delivery of the newspapers through intimidation and frequent violence, the newspapers published every day. Over 700 of the original strikers have now returned to work and approximately 1,100 replacement workers have been employed to fill other necessary positions. Litigation before the National Labor Relations Board and in the federal courts concerning the strike and its aftermath continues.

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

In 1990, the company established a 401(k) Savings Plan, which is available to most of its non-union employees.

Acquisitions and dispositions 1993-1997

The growth of the company has resulted from acquisitions of businesses, as well as from internal expansion. Its significant acquisitions since the beginning of 1993 are shown below. The company has disposed of several businesses during this period, which also are presented.

Acquisitions 1993-1997

Year acquired	Name	Location	Publication times or business
1993	The Honolulu Advertiser	Honolulu, Hawaii	Daily
	Tulare Advance-Register	Tulare, Calif.	Daily
1994	Nursing Spectrum	Various	Biweekly periodicals
	Altoona Herald Mitchellville Index and the Eastern ADvantage	Altoona, Iowa	Weekly; Weekly advertising shopper
	KTHV-TV	Little Rock, Ark.	Television station
1995	Multimedia, Inc.	Greenville, S.C.	Ten daily newspapers, various non-dailies, five television stations, two radio stations, cable television franchises in five states, alarm security business, television entertainment programming
1996	WTSP-TV	Tampa-St. Petersburg, Fla.	Television station
1997	WZZM-TV	Grand Rapids, Mich.	Television station
	WGRZ-TV	Buffalo, N.Y.	Television station
	Printed Media Companies	Minneapolis, Minn.	Commercial printing
	KNAZ-TV	Flagstaff, Ariz.	Television station
	KMOH-TV	Kingman, Ariz.	Television station
	Mary Morgan, Inc.	Greenbay, Wis.	Commercial printing
	Army Times Publishing Co., Inc.	Springfield, Va.	Weekly and Monthly periodicals
	New Jersey Press, Inc.	Asbury Park and East Brunswick, N. J.	Two daily newspapers

Dispositions 1993-1997

Year sold	Name	Location	Publication times or business
1993	Honolulu Star-Bulletin	Honolulu, Hawaii	Daily
	KCMO/KCMO-FM	Kansas City, Mo.	Radio stations
	KUSA/KSD-FM	St. Louis, Mo.	Radio stations
	WLVI-TV	Boston, Mass.	Television station
1994	The Stockton Record	Stockton, Calif.	Daily and Sunday
1995	The Add Sheet	Columbia, Mo.	Weekly advertising shopper
1996	WMAZ/WAYS-FM	Macon, Ga.	Radio stations
	Gannett Outdoor Group	Various major	Outdoor advertising

		markets, U.S. and Canada	
	Multimedia Entertainment	New York, N.Y.	Television entertainment programming
	Louis Harris and Associates, Inc.	New York, N.Y.	Polling and research
	Gannett Community Directories	Paramus, N.J.	Community directories
	KIIS/KIIS-FM	Los Angeles, Calif.	Radio stations
	KSDO/KKBH-FM	San Diego, Calif.	Radio stations
	WDAE/WUSA-FM	Tampa, Fla.	Radio stations
1997	WLWT-TV	Cincinnati, Ohio	Television station
	KOCO-TV	Oklahoma City, Okla.	Television station
	Niagara Gazette	Niagara Falls, N.Y.	Daily newspaper
	The Observer	Moultrie, Ga.	Daily newspaper
	North Hills News Record	North Hills, Pa.	Daily newspaper
	Valley News Dispatch	Tarentum, Pa.	Daily newspaper

QUARTERLY STATEMENTS OF INCOME
In thousands of dollars

Fiscal year ended December 28, 1997	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Net operating revenues					
Newspaper advertising	$ 593,552	$ 656,306	$ 633,019	$ 751,457	$2,634,334
Newspaper circulation	233,370	232,237	235,439	247,095	948,141
Broadcasting	150,606	189,245	164,895	198,812	703,558
Cable and security	61,546	64,363	63,502	65,852	255,263
All other	37,683	45,676	49,235	55,601	188,195
Total	1,076,757	1,187,827	1,146,090	1,318,817	4,729,491
Operating expenses					
Cost of sales and operating expenses, exclusive of depreciation	566,522	575,646	602,418	623,986	2,368,572
Selling, general and administrative expenses, exclusive of depreciation	174,791	179,787	184,092	204,908	743,578
Depreciation	49,782	49,976	49,979	51,363	201,100
Amortization of intangible assets	24,842	24,898	24,900	25,333	99,973
Total	815,937	830,307	861,389	905,590	3,413,223
Operating income	260,820	357,520	284,701	413,227	1,316,268
Non-operating (expense) income					
Interest expense	(25,618)	(24,783)	(23,418)	(24,423)	(98,242)
Other	(5,088)	(1,004)	(1,573)	(1,382)	(9,047)
Total	(30,706)	(25,787)	(24,991)	(25,805)	(107,289)
Income before income taxes	230,114	331,733	259,710	387,422	1,208,979
Provision for income taxes	95,050	137,000	107,250	157,000	496,300
Income from continuing operations	135,064	194,733	152,460	230,422	712,679
Discontinued operations					
Income from the operation of discontinued operations, net of income taxes					
Gain from the sale of discontinued operations, net of income taxes					
Total income from discontinued operations					
Net income	$ 135,064	$ 194,733	$ 152,460	$ 230,422	$ 712,679
Basic earnings per share					
Basic earnings from continuing operations	$0.48	$0.69	$0.54	$0.81	$2.52
Basic earnings from discontinued operations:					
Discontinued operations, net of tax					
Gain from sale of discontinued operations, net of tax					
Net income per share - basic	$0.48	$0.69	$0.54	$0.81	$2.52
Diluted earnings per share					
Diluted earnings from continuing operations (1)	$0.48	$0.68	$0.53	$0.80	$2.50
Diluted earnings from discontinued operations:					
Discontinued operations, net of tax					
Gain from sale of discontinued operations, net of tax					
Net income per share - diluted (1)	$0.48	$0.68	$0.53	$0.80	$2.50

(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.

QUARTERLY STATEMENTS OF INCOME
In thousands of dollars

Fiscal year ended December 29, 1996	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Net operating revenues					
Newspaper advertising	$ 556,885	$ 604,980	$ 585,814	$ 669,871	$2,417,550
Newspaper circulation	229,417	227,260	229,197	231,803	917,677
Broadcasting	141,688	176,306	178,879	190,063	686,936
Cable and security	56,612	57,732	58,332	59,824	232,500
All other	39,281	43,016	40,481	43,666	166,444
Total	1,023,883	1,109,294	1,092,703	1,195,227	4,421,107
Operating expenses					
Cost of sales and operating expenses, exclusive of depreciation	590,515	587,515	612,888	576,930	2,367,848
Selling, general and administrative expenses, exclusive of depreciation	168,707	168,590	174,533	187,654	699,484
Depreciation	48,837	49,034	48,772	46,368	193,011
Amortization of intangible assets	23,515	23,481	23,472	23,891	94,359
Total	831,574	828,620	859,665	834,843	3,354,702
Operating income	192,309	280,674	233,038	360,384	1,066,405
Non-operating (expense) income					
Interest expense	(39,528)	(38,403)	(34,111)	(23,521)	(135,563)
Other	(1,583)	(657)	(3,917)	161,982 (2)	155,825 (2)
Total	(41,111)	(39,060)	(38,028)	138,461	20,262
Income before income taxes	151,198	241,614	195,010	498,845	1,086,667
Provision for income taxes	64,750	104,375	83,800	209,775	462,700
Income from continuing operations	86,448	137,239	111,210	289,070 (2)	623,967 (2)
Discontinued operations					
Income from the operation of discontinued operations, net of income taxes	2,902	12,777	8,861		24,540
Gain from the sale of discontinued operations, net of income taxes			294,580		294,580
Total income from discontinued operations	2,902	12,777	303,441	0	319,120
Net income	$ 89,350	$ 150,016	$ 414,651	$ 289,070 (2)	$ 943,087 (2)
Basic earnings per share					
Basic earnings from continuing operations (1)	$0.31	$0.48	$0.39	$1.02 (2)	$2.21 (2)
Basic earnings from discontinued operations:					
Discontinued operations, net of tax	$0.01	$0.05	$0.03		$0.09
Gain from sale of discontinued operations, net of tax			$1.05		$1.05
Net income per share - basic (1)	$0.32	$0.53	$1.47	$1.02 (2)	$3.35 (2)
Diluted earnings per share					
Diluted earnings from continuing operations	$0.31	$0.48	$0.39	$1.02 (2)	$2.20 (2)
Diluted earnings from discontinued operations:					
Discontinued operations, net of tax	0.01	0.05	0.03		0.09
Gain from sale of discontinued operations, net of tax			1.04		1.04
Net income per share - diluted	$0.32	$0.53	$1.46	$1.02 (2)	$3.33 (2)

(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.
(2) Includes pre-tax, non-cash, non-operating gain of $158 million on the December 1996 exchange of broadcast stations (after-tax gain of $93 million of $0.33 per share).

SCHEDULES TO FORM 10-K INFORMATION
In thousands of dollars
Property, plant & equipment

Classification	Balance at beginning of period	Additions at cost	Retirements or sales	Other changes	Balance at end of period
Dec. 31, 1995					
Land	$130,166	$11,328	$2,943	$50	$138,601
Buildings & improvements	690,589	56,301	7,501	121	739,510
Cable and security systems and advertising display structures	259,532	407,832	2,979	1,086	665,471
Machinery, equipment & fixtures	1,669,192	272,112	46,828	417	1,894,893
Construction in progress and deposits on contracts	64,977	56,211	0	3	121,191
	$2,814,456	$803,784 (A)(E)	$60,251	$1,677 (D)	$3,559,666
Dec. 29, 1996					
Land	$138,601	$47,982	$11,067	$(678)	$174,838
Buildings & improvements	739,510	54,419	28,455	4,982	770,456
Cable and security systems and advertising display structures	665,471	91,953	276,162	(209)	481,053
Machinery, equipment & fixtures	1,894,893	150,005	114,865	(3,975)	1,926,058
Construction in progress and deposits on contracts	121,191	(50,696)	(913)	(413)	70,995
	$3,559,666	$293,663 (B)(E)	$429,636	$(293) (D)	$3,423,400
Dec. 28, 1997					
Land	$174,838	$2,544	$1,435	$(63)	$175,884
Buildings & improvements	770,456	73,581	7,265	3,385	840,157
Cable and security sytems	481,053	76,574	13,383	3,975	548,219
Machinery, equipment & fixtures	1,926,058	260,814	46,508	(216)	2,140,148
Construction in progress and deposits on contracts	70,995	3,637	17,122	(7,081)	50,429
	$3,423,400	$417,150 (C)(E)	$ 85,713	$ 0	$3,754,837

Notes
(A) Includes assets at acquisition net of adjustments for prior years' acquisitions $ 620,248
(B) Includes assets at acquisition net of adjustments for prior years' acquisitions $ 33,616
(C) Includes assets at acquisition net of adjustments for prior years' acquisitions $ 195,899
(D) Principally the effect of current foreign currency translation adjustment.
(E) Includes capitalized interest of $2,529 in 1995, $3,643 in 1996 and $1,624 in 1997.
(F) Generally the rates of depreciation range from 2.5% to 10% for buildings and improvements, 3.3% to 20% for cable and security systems and 4% to 30% for machinery, equipment and fixtures.
(G) Includes depreciation expense reflected with earnings from discontinued operations of $10,676 in 1996 and $15,918 in 1995.

SCHEDULES TO FORM 10-K INFORMATION

In thousands of dollars
Accumulated depreciation and
amortization of property,
plant and equipment

	Balance at beginning of period	Additions charged to costs and expenses	Retirements or sales	Other changes	Balance at end of period
Dec. 31, 1995					
Buildings and improvements	$271,529	$25,818	$2,422	$308	$295,233
Cable and security systems and advertising display structures	148,980	14,488	2,046	524	161,946
Machinery, equipment and fixtures	965,803	119,351	53,420	66	1,031,800
	$1,386,312	$159,657 (F)(G)	$57,888	$898 (D)	$1,488,979
Dec. 29, 1996					
Buildings and improvements	$295,233	$25,103	$15,139	$(4,422)	$300,775
Cable and security systems and advertising display structures	161,946	25,761	169,625	14,515	32,597
Machinery, equipment and fixtures	1,031,800	152,823	87,239	(1,416)	1,095,968
	$1,488,979	$203,687 (F)(G)	$272,003	$8,677 (D)	$1,429,340
Dec. 28, 1997					
Buildings and improvements	$ 300,775	$24,396	$5,148	$4,057	$ 324,080
Cable and security systems	32,597	60,377	5,976	(3,892)	83,106
Machinery, equipment and fixtures	1,095,968	116,327	56,521	(165)	1,155,609
	$1,429,340	$201,100 (F)	$67,645	$ 0	$1,562,795

(D)(F) and (G) See page 66

Valuation and qualifying accounts

Allowance for doubtful receivables	Balance at beginning of period	Additions charged to costs and expenses	Additions (reductions) for acquisitions/ dispositions	Deductions from reserves	Balance at end of period
Year ended Dec. 31, 1995	$15,846	$19,101	$ 6,394	$19,159	$22,182
Year ended Dec. 29, 1996	$22,182	$22,847	$(1,706)	$24,381	$18,942
Year ended Dec. 28, 1997	$18,942	$22,333	$ 618	$23,873	$18,020

Supplementary income statement information (from continuing operations)

Fiscal year ended	Dec. 28, 1997	Dec. 29, 1996	Dec. 31, 1995
Maintenance and repairs	$50,631	$47,879	$37,171
Taxes other than payroll and income tax			
Property	$20,426	$19,344	$15,956
Other	$10,601	$10,120	$10,436
Total	$31,027	$29,464	$26,392

MARKETS WE SERVE
NEWSPAPERS AND NEWSPAPER DIVISION

Daily newspapers

State Territory	City	Newspaper	Circulation Morning	Circulation Afternoon	Circulation Sunday	Founded	Joined Gannett	*
Alabama	Montgomery	The Montgomery Advertiser	58,094		73,160	1829	1995	(77)
Arizona	Tucson	Tucson Citizen		43,946		1870	1976	(41)
Arkansas	Mountain Home	The Baxter Bulletin	10,556			1901	1995	(78)
California	Marin County	Marin Independent Journal		40,530	41,954	1861	1980	(60)
	Palm Springs	The Desert Sun	49,282		51,752	1927	1986	(71)
	Salinas	The Californian	19,767			1871	1977	(47)
	San Bernardino	The San Bernardino County Sun	79,943		88,751	1894	1969	(20)
	Tulare	Tulare Advance-Register		8,057		1882	1993	(76)
	Visalia	Visalia Times-Delta	22,096			1859	1977	(48)
Colorado	Fort Collins	Fort Collins Coloradoan	29,296		36,176	1873	1977	(49)
Connecticut	Norwich	Norwich Bulletin	31,878		37,499	1791	1981	(63)
Delaware	Wilmington	The News Journal	125,011		149,404	1871	1978	(55)
Florida	Brevard County	FLORIDA TODAY	87,324		114,450	1966	1966	(18)
	Fort Myers	News-Press	89,099		107,201	1884	1971	(34)
	Pensacola	Pensacola News Journal	61,550		83,378	1889	1969	(21)
Georgia	Gainesville	The Times		22,642	26,985	1947	1981	(62)
Guam	Agana	Pacific Daily News	24,467		23,866	1944	1971	(33)
Hawaii	Honolulu	The Honolulu Advertiser	106,593		191,588	1856	1993	(75)
Idaho	Boise	The Idaho Statesman	64,303		86,534	1864	1971	(26)
Illinois	Danville	Commercial-News		18,828	20,771	1866	1934	(6)
	Rockford	Rockford Register Star	73,473		85,998	1855	1967	(19)
Indiana	Lafayette	Journal and Courier	36,846		44,697	1829	1971	(27)
	Marion	Chronicle-Tribune	19,571		22,713	1867	1971	(30)
	Richmond	Palladium-Item		19,415	23,674	1831	1976	(40)
Iowa	Des Moines	The Des Moines Register	163,998		273,131	1849	1985	(67)
	Iowa City	Iowa City Press-Citizen	14,999			1860	1977	(51)
Kentucky	Louisville	The Courier-Journal	231,191		315,499	1868	1986	(73)
Louisiana	Monroe	The News-Star	38,126		43,100	1890	1977	(54)
	Shreveport	The Times	76,661		95,446	1871	1977	(53)
Michigan	Battle Creek	Battle Creek Enquirer		26,830	35,955	1900	1971	(28)
	Detroit	The Detroit News		247,299		1873	1986	(70)
		The Detroit News and Free Press			829,803			
	Lansing	Lansing State Journal	70,521		93,717	1855	1971	(25)
	Port Huron	Times Herald		31,344	42,438	1900	1970	(22)
Minnesota	St. Cloud	St. Cloud Times		28,273	37,920	1861	1977	(46)
Mississippi	Hattiesburg	Hattiesburg American		24,971	29,190	1897	1982	(65)
	Jackson	The Clarion-Ledger	106,002		126,590	1837	1982	(64)
Missouri	Springfield	Springfield News-Leader	63,163		97,069	1893	1977	(45)
Montana	Great Falls	Great Falls Tribune	33,344		39,587	1885	1990	(74)
Nevada	Reno	Reno Gazette-Journal	66,846		84,024	1870	1977	(42)
New Jersey	Asbury Park	Asbury Park Press	155,184		224,456	1879	1997	(86)
	Bridgewater	The Courier-News	45,234		46,512	1884	1927	(4)
	Cherry Hill	Courier-Post	86,135		97,044	1875	1959	(8)
	East Brunswick	Home News Tribune	74,748		82,008	1879	1997	(87)
	Vineland	The Daily Journal		17,405		1864	1986	(72)
New York	Binghamton	Press & Sun-Bulletin	66,675		85,062	1904	1943	(7)
	Elmira	Star-Gazette	32,012		44,927	1828	1906	(1)
	Ithaca	The Ithaca Journal	19,229			1815	1912	(2)
	Poughkeepsie	Poughkeepsie Journal	42,993		58,083	1785	1977	(44)
	Rochester	Rochester Democrat and Chronicle	167,836		246,651	1833	1928	(5)
	Utica	Observer-Dispatch	50,525		61,366	1817	1922	(3)
	Gannett Suburban Newspapers							
	Mamaroneck	The Daily Times		5,159	5,278	1879	1964	(15)
	Mount Vernon	The Daily Argus	6,289		7,515	1892	1964	(14)
	New Rochelle	The Standard-Star	10,012		10,681	1908	1964	(12)
	Ossining	The Citizen-Register		5,823	6,769	1847	1964	(16)
	Peekskill	The Star		6,481	8,070	1922	1985	(69)
	Port Chester	The Daily Item		8,734	9,369	1885	1964	(13)
	Tarrytown	The Daily News		3,280	3,701	1897	1964	(17)
	West Nyack-Rockland	Rockland Journal-News	39,346		48,183	1850	1964	(10)
	White Plains	The Reporter Dispatch		47,474	56,306	1829	1964	(9)
	Yonkers	The Herald Statesman	21,258		26,646	1852	1964	(11)
North Carolina	Asheville	Asheville Citizen-Times	60,501		71,111	1870	1995	(79)
Ohio	Chillicothe	Chillicothe Gazette		16,356		1800	1977	(52)
	Cincinnati	The Cincinnati Enquirer	201,720		333,724	1841	1979	(56)
	Fremont	The News-Messenger		13,968		1856	1975	(38)
	Gallipolis	Gallipolis Daily Tribune	5,535		11,786	1893	1995	(80)
	Marietta	The Marietta Times		12,715		1864	1974	(37)
	Pomeroy	The Daily Sentinel		4,772		1941	1995	(81)
	Port Clinton	News Herald		5,902		1864	1975	(39)
Oklahoma	Muskogee	Muskogee Daily Phoenix and Times-Democrat	19,361		20,488	1888	1977	(50)
Oregon	Salem	Statesman Journal	60,204		69,157	1851	1974	(36)
Pennsylvania	Chambersburg	Public Opinion		21,673		1869	1971	(24)
	Lansdale	The Reporter		19,697		1870	1980	(61)
South Carolina	Greenville	The Greenville News	97,607		135,325	1874	1995	(82)
South Dakota	Sioux Falls	Argus Leader	51,265		73,116	1881	1977	(43)
Tennessee	Clarksville	The Leaf-Chronicle	21,393		25,374	1808	1995	(83)
	Jackson	The Jackson Sun	39,955		44,103	1848	1985	(68)
	Nashville	The Tennessean	148,458		278,159	1812	1979	(57)
Texas	El Paso	El Paso Times	69,555		97,657	1879	1972	(35)
Vermont	Burlington	The Burlington Free Press	52,692		63,954	1827	1971	(23)
Virginia	Arlington	USA TODAY	2,234,474			1982	1982	(66)
	Staunton	The Daily News Leader	18,167		22,164	1904	1995	(84)

Washington	Bellingham	The Bellingham Herald	26,883		34,252	1890	1971	(31)
	Olympia	The Olympian	38,615		46,524	1889	1971	(29)
West Virginia	Huntington	The Herald-Dispatch	38,769		44,149	1909	1971	(32)
	Point Pleasant	Point Pleasant Register		5,219		1862	1995	(85)
Wisconsin	Green Bay	Green Bay Press-Gazette		57,958	86,682	1915	1980	(58)
	Wausau	Wausau Daily Herald		24,513	31,734	1903	1980	(59)

* Number in parentheses notes chronological order in which existing newspapers joined Gannett.

Army Times Publishing Co.
Headquarters: Springfield, Va.
Publications: Army Times, Navy Times, Navy Times Marine Corps edition, Air Force Times, Federal Times, Defense News, Space News, Military Market

Nursing Spectrum
Offices: Annandale, Va. (serving Washington, D.C./Baltimore); Barrington, Ill. (serving Illinois and Indiana); Ft. Lauderdale, Fla. (serving Ft. Lauderdale and Tampa); King of Prussia, Pa. (serving Philadelphia); Westbury, N.Y. (serving New York and New Jersey); Lexington, Mass. (serving New England states)

Non-daily publications:
Weekly, semi-weekly or monthly publications in Alabama,Arizona, Arkansas, California, Colorado, Delaware, Florida, Georgia, Guam, Idaho, Illinois, Indiana, Iowa, Kentucky, Louisiana, Michigan, Minnesota, Mississippi, Missouri,Montana, Nevada, New Jersey, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Vermont, Virginia, Washington, West Virginia, Wisconsin

USA WEEKEND
Circulation 21.2 million in 526 newspapers
Headquarters: Arlington, Va.
Advertising offices: Chicago; Detroit; Los Angeles; New York; San Francisco

Gannett Media Technologies International
Cincinnati, Ohio

Gannett Offset
Headquarters: Springfield, Va.
Offset sites: Atlanta; Chandler, Ariz.; Minneapolis, Minn.; Miramar, Fla.; Nashville, Tenn.; Norwood, Mass.; Olivette, Mo.; Pensacola, Fla.; Springfield, Va.

Gannett Direct Marketing Services, Inc.
Louisville, Ky.

Gannett TeleMarketing, Inc.
Headquarters: Springfield, Va.
Operations: Cincinnati, Ohio; Louisville, Ky.; Nashville, Tenn.; Silver Spring, Md.

Telematch
Springfield, Va

Gannett Retail Advertising Group
Chicago

Gannett New Media
Arlington, Va.
Functions: New business opportunity and investment review and management

Gannett Satellite Information Network
Arlington, Va.

Gannett News Service
Headquarters: Arlington, Va.
Bureaus: Albany, N.Y.; Baton Rouge, La.; Columbus, Ohio; Harrisburg, Pa.; Indianapolis, Ind.; Olympia, Wash.; Sacramento, Calif.; Springfield, Ill.; Tallahassee, Fla.

USA TODAY

Headquarters: Arlington, Va.

Print sites: Arlington, Texas; Atlanta; Batavia, N.Y.; Brevard County, Fla.; Chandler, Ariz.; Chicago; Columbia, S.C.; Fort Collins, Colo.; Fort Myers, Fla.; Gainesville, Ga.; Greensboro, N.C.; Hattiesburg, Miss.; Kankakee, Ill.; Lawrence, Kan.; Mansfield, Ohio; Marin County, Calif.; Miramar, Fla.; Nashville, Tenn.; Newark, Ohio; Norwood, Mass.; Olympia, Wash.; Pasadena, Texas; Port Huron, Mich.; Richmond, Ind.; Rockaway, N.J.; St. Cloud, Minn.; St. Louis; Salt Lake City; San Bernardino, Calif.; Springfield, Va.; Tarentum, Pa.; White Plains, N.Y.; Wilmington, Del.

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

Regional offices: Atlanta; Boston; Buffalo, N.Y.; Charlotte, N.C.; Chicago; Cincinnati; Cleveland; Columbus, Ohio; Dallas; Denver;

Detroit; Houston; Indianapolis; Kansas City, Mo.; Los Angeles; Milwaukee; Minneapolis-St. Paul; Miramar, Fla.; Mountainside, N.J.; Nashville, Tenn.; New Orleans; Orlando, Fla.; Philadelphia; Phoenix, Ariz.; Pittsburgh; Port Washington, N.Y.; St. Louis; San Francisco; Seattle; Springfield, Va.

International offices: Hong Kong; London, England; Paris, France; Singapore

Advertising offices: Arlington, Va.; Atlanta; Chicago; Dallas; Detroit; Hong Kong; London, England; Los Angeles; New York; San Francisco

USA TODAY Baseball Weekly	Circulation 265,000
Editorial and advertising offices	Arlington, Va.
USA TODAY Information Network	Arlington, Va.

BROADCASTING AND CABLE DIVISIONS
Television stations

State	City	Station	Channel/Network	** Weekly Audience	Founded	Joined Gannett	*
Arizona	Flagstaff	KNAZ-TV	Channel 2/NBC	73,000	1970	1997	(17)
	Kingman	KMOH-TV	Channel 6/WB	6,000	1988	1997	(18)
	Phoenix	KPNX-TV	Channel 12/NBC	1,103,000	1953	1979	(3)
Arkansas	Little Rock	KTHV-TV	Channel 11/CBS	400,000	1955	1994	(9)
Colorado	Denver	KUSA-TV	Channel 9/NBC	1,267,000	1952	1979	(2)
District of Columbia	Washington	WUSA-TV	Channel 9/CBS	1,911,000	1949	1986	(5)
Florida	Jacksonville	WTLV-TV	Channel 12/NBC	438,000	1957	1988	(7)
	Tampa-St. Petersburg	WTSP-TV	Channel 10/CBS	1,152,000	1965	1996	(14)
Georgia	Atlanta	WXIA-TV	Channel 11/NBC	1,493,000	1948	1979	(1)
	Macon	WMAZ-TV	Channel 13/CBS	207,000	1953	1995	(10)
Maine	Bangor	WLBZ-TV	Channel 2/NBC	132,000	1954	1998	(19)
	Portland	WCSH-TV	Channel 6/NBC	359,000	1953	1998	(20)
Michigan	Grand Rapids	WZZM-TV	Channel 13/ABC	425,000	1962	1997	(15)
Minnesota	Minneapolis-St. Paul	KARE-TV	Channel 11/NBC	1,290,000	1953	1983	(4)
Missouri	St. Louis	KSDK-TV	Channel 5/NBC	1,087,000	1947	1995	(11)
New York	Buffalo	WGRZ-TV	Channel 2/NBC	543,000	1954	1997	(16)
North Carolina	Greensboro	WFMY-TV	Channel 2/CBS	518,000	1949	1988	(8)
Ohio	Cleveland	WKYC-TV	Channel 3/NBC	1,401,000	1948	1995	(12)
Tennessee	Knoxville	WBIR-TV	Channel 10/NBC	438,000	1956	1995	(13)
Texas	Austin	KVUE-TV	Channel 24/ABC	365,000	1971	1986	(6)

**Weekly audience for television stations is number of TV households reached, according to the November 1997 Nielsen book.
*Number in parentheses notes chronological order in which existing stations joined Gannett.

Multimedia Cablevision Co.
Headquarters: Wichita, Kan.
Regional offices: Edmond, Okla.; Oak Lawn, Ill.; Rocky Mount, N.C.; Wichita, Kan.

GANNETT ON THE NET

News and information about Gannett is available on our Web site - www.gannett.com. The following Gannett properties also offer online services or informational sites on the Web:

USA TODAY
www.usatoday.com

USA WEEKEND
www.usaweekend.com

Asbury Park (N.J.) Press
www.injersey.com

Asheville (N.C.) Citizen Times
www.carolinamountains.com

Press & Sun Bulletin, Binghamton, N.Y.
www.pressconnects.com

FLORIDA TODAY, Brevard County
www.flatoday.com

The Cincinnati Enquirer
enquirer.com

The Des Moines Register
www.dmregister.com

The Detroit News
detnews.com

Home News Tribune, East Brunswick, N.J.
www.injersey.com

Star-Gazette, Elmira, N.Y.
www.star-gazette.com

News-Press, Fort Myers, Fla.
www.southwestfloridaonline.com

Green Bay (Wis.) Press-Gazette
www.greenbaypressgazette.com

The Greenville (S.C.) News
greenvilleonline.com

Journal and Courier, Lafayette, Ind.
www.jconline.com

Lansing (Mich.) State Journal
www.lansinglife.com

The Courier-Journal, Louisville, Ky.
www.courier-journal.com

Marin (County, Calif.) Independent Journal
www.marinij.com

The Tennessean, Nashville
www.tennessean.com

Pensacola (Fla.) News Journal
www.gulfcoastgateway.com

Poughkeepsie (N.Y.) Journal
www.pojonews.com

Reno (Nev.) Gazette-Journal
www.nevadanet.com

Rochester (N.Y.) Democrat and Chronicle
www.rochesterdandc.com

St. Cloud (Minn.) Times
www.sctimes.com

Argus Leader, Sioux Falls, S.D.
www.argusleader.com

Gannett Suburban Newspapers,
Westchester County, N.Y.
www.nynews.com

The News Journal, Wilmington, Del.
www.delewareonline.com

Army Times
www.armytimes.com

Navy Times
www.navytimes.com

Marine Corps Edition of Navy Times
www.navytimes.com/marinetimes

Air Force Times
www.airforcetimes.com

Federal Times
www.federaltimes.com

Defense News
www.defensenews.com

Space News
www.spacenews.com

Gannett Media Technologies International
www.gmti.com

Nursing Spectrum
www.nursingspectrum.com/index.htm

WXIA-TV, Atlanta
www.11alive.com

KVUE-TV, Austin, Texas
www.kvue.com

KUSA-TV, Denver
www.9news.com

WMAZ-TV, Macon, Ga.
www.13wmaz.com

KARE-TV, Minneapolis-St. Paul
www.kare11.com

WUSA-TV, Washington, D.C.
www.wusatv.com

WTSP-TV, Tampa-St.Petersburg, Fla.
www.wtsp.com

Shareholder Services

Gannett stock

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

The Company's transfer agent and registrar is Norwest Bank Minnesota, N.A. General inquiries and requests for enrollment materials for the programs described below should be directed to Norwest's Stock Transfer Department, P.O. Box 64854, St. Paul, MN 55164-0854 or by telephone at 1-800-778-3299.

Gannett is pleased to offer the following shareholder services:

Dividend reinvestment plan

The Dividend Reinvestment Plan (DRP) provides Gannett shareholders the opportunity to purchase additional shares of the Company's common stock free of brokerage fees or service charges through automatic reinvestment of dividends and optional cash payments. Cash payments may range from a minimum of $10 to a maximum of $5,000 per month.

Automatic cash investment service for the DRP

This service provides a convenient, no-cost method of having money automatically withdrawn from your checking or savings account each month and invested in Gannett stock through your DRP account.

Direct deposit service

Gannett shareholders may have their quarterly dividends electronically credited to their checking or savings accounts on the payment date at no additional cost.

Form 10-K

Information provided by Gannett in its Form 10-K annual report to the Securities and Exchange Commission has been incorporated in this report. Copies of the complete Form 10-K annual report may be obtained by writing the Secretary, Gannett Co., Inc., 1100 Wilson Blvd., Arlington, VA 22234.

Annual meeting

The annual meeting of shareholders will be held at 10 a.m. Tuesday, April 28, 1998 at Gannett headquarters.

For more information

News and information about Gannett is available on our Web site (www.gannnett.com). Quarterly earnings information will be available around the middle of April, July and October 1998.

Shareholders who wish to contact the Company directly about their Gannett stock should call Shareholder Services at Gannett headquarters, 703-284-6960.

Gannett Headquarters
1100 Wilson Boulevard
Arlington, VA 22234
703-284-6000

Printed on Recycled Paper

SUBSIDIARY LIST

Unit	STATE OF Incorporation
ADVANCED MEDIA SOLUTIONS	DELAWARE
THE ADVERTISER COMPANY	ALABAMA
ARKANSAS TELEVISION COMPANY	ARKANSAS
ARMY TIMES PUBLISHING COMPANY	DELAWARE
ASBURY PARK PRESS INC.	NEW JERSEY
BAXTER COUNTY NEWSPAPERS, INC.	ARKANSAS
CALIFORNIA NEWSPAPERS, INC.	CALIFORNIA
CAPE PUBLICATIONS, INC.	FLORIDA
CHILDREN'S EDITION, INC.	KENTUCKY
CITIZEN PUBLISHING COMPANY	ARIZONA
COMBINED COMMUNICATIONS CORPORATION	ARIZONA
COMBINED COMMUNICATIONS CORPORATION OF OKLAHOMA, INC.	OKLAHOMA
COURIER BROADWAY CORP.	KENTUCKY
COURIER-JOURNAL AND LOUISVILLE TIMES COMPANY	KENTUCKY
DES MOINES REGISTER AND TRIBUNE COMPANY	IOWA
THE DESERT SUN PUBLISHING COMPANY	CALIFORNIA
THE DETROIT NEWS, INC.	MICHIGAN
DETROIT NEWSPAPER AGENCY	MICHIGAN
DIGICOL, INC.	DELAWARE
EL PASO TIMES, INC.	DELAWARE
FEDERATED PUBLICATIONS, INC.	DELAWARE
FIRST COAST TOWER GROUP	FLORIDA
FORT COLLINS NEWSPAPERS INC.	COLORADO
GANNETT ACQUISITION SUBSIDIARY, INC.	DELAWARE
GANNETT COLORADO BROADCASTING, INC.	DELAWARE
GANNETT CP, INC.	DELAWARE
GANNETT DIRECT MARKETING SERVICES, INC.	KENTUCKY
GANNETT HAWAII, INC.	HAWAII
GANNETT INTERNATIONAL COMMUNICATIONS, INC.	DELAWARE

GANNETT MASSACHUSETTS SUPPLY CORP.	MASSACHUSETTS
GANNETT MINNESOTA BROADCASTING, INC.	DELAWARE
GANNETT NATIONAL NEWSPAPER SALES, INC.	DELAWARE
GANNETT ON-LINE INVESTOR, INC.	DELAWARE
GANNETT ON-LINE PARTNER, LLC	DELAWARE
GANNETT OUTDOOR CO. OF TEXAS	TEXAS
GANNETT PACIFIC CORPORATION	HAWAII
GANNETT RIVER STATES PUBLISHING CORPORATION	ARKANSAS
GANNETT SATELLITE INFORMATION NETWORK, INC.	DELAWARE
GANNETT SUPPLY CORPORATION	DELAWARE
GANNETT TELEMARKETING, INC.	DELAWARE
GANSAT ACQUISITION SUBSIDIARY, INC.	DELAWARE
GUAM PUBLICATIONS, INCORPORATED	HAWAII
HAWAII NEWSPAPER AGENCY LIMITED PARTNERSHIP	DELAWARE
KPNX BROADCASTING COMPANY	ARIZONA
KVUE-TV, INC.	MICHIGAN
LAKE CEDAR GROUP LLC	DELAWARE
LEAF CHRONICLE COMPANY, INC.	TENNESSEE
MACON RADIO CORPORATION	DELAWARE
MARY MORGAN, INC.	WISCONSIN
MCCLURE NEWSPAPERS, INC.	DELAWARE
MEDIA WEST - ATP, INC.	DELAWARE
MEDIA WEST - BCN, INC.	DELAWARE
MEDIA WEST - CNI, INC.	DELAWARE
MEDIA WEST - CPI, INC.	DELAWARE
MEDIA WEST - DMR, INC.	DELAWARE
MEDIA WEST - DSP, INC.	DELAWARE
MEDIA WEST - EPT, INC.	DELAWARE
MEDIA WEST - FCN, INC.	DELAWARE
MEDIA WEST - FPI, INC.	DELAWARE
MEDIA WEST - GRS, INC.	DELAWARE
MEDIA WEST - GSI, INC.	DELAWARE

MEDIA WEST - LCC, INC.	DELAWARE
MEDIA WEST - LCJ, INC.	DELAWARE
MEDIA WEST - MCN, INC.	DELAWARE
MEDIA WEST - MMI, INC.	DELAWARE
MEDIA WEST - MNC, INC.	DELAWARE
MEDIA WEST - MSC, INC.	DELAWARE
MEDIA WEST - NJP, INC.	DELAWARE
MEDIA WEST - NPP, INC.	DELAWARE
MEDIA WEST - OPP, INC.	DELAWARE
MEDIA WEST - OVP, INC.	DELAWARE
MEDIA WEST - PCC, INC.	DELAWARE
MEDIA WEST - PNJ, INC.	DELAWARE
MEDIA WEST - PPR, INC.	DELAWARE
MEDIA WEST - RDC, INC.	DELAWARE
MEDIA WEST - RNI, INC.	DELAWARE
MEDIA WEST - SBC, INC.	DELAWARE
MEDIA WEST - SCN, INC.	DELAWARE
MEDIA WEST - SFN, INC.	DELAWARE
MEDIA WEST - SJC, INC.	DELAWARE
MEDIA WEST - SNI, INC.	DELAWARE
MEDIA WEST - SPC, INC.	DELAWARE
MEDIA WEST - STI, INC.	DELAWARE
MEDIA WEST - TAC, INC.	DELAWARE
MEDIA WEST - THC, INC.	DELAWARE
MEDIA WEST - UWI, INC.	DELAWARE
MEDIA WEST - VNI, INC.	DELAWARE
MULTIMEDIA, INC.	SOUTH CAROLINA
MULTIMEDIA CABLEVISION, INC.	SOUTH CAROLINA
MULTIMEDIA CABLEVISION OF BATAVIA, INC.	ILLINOIS
MULTIMEDIA CABLEVISION OF CHICAGO RIDGE, INC.	ILLINOIS
MULTIMEDIA CABLEVISION OF EVERGREEN PARK, INC.	ILLINOIS
MULTIMEDIA CABLEVISION OF HOMETOWN, INC.	ILLINOIS

MULTIMEDIA CABLEVISION OF ILLINOIS, INC.	ILLINOIS
MULTIMEDIA CABLEVISION OF MIDWEST CITY, INC.	OKLAHOMA
MULTIMEDIA OF CINCINNATI, INC.	OHIO
MULTIMEDIA ENTERPRISE, INC.	SOUTH CAROLINA
MULTIMEDIA ENTERTAINMENT, INC.	SOUTH CAROLINA
MULTIMEDIA KSDK, INC.	SOUTH CAROLINA
MULTIMEDIA PUBLISHING OF NORTH CAROLINA, INC.	SOUTH CAROLINA
MULTIMEDIA PUBLISHING OF SOUTH CAROLINA, INC.	SOUTH CAROLINA
MULTIMEDIA SECURITY SERVICE, INC.	SOUTH CAROLINA
MULTIMEDIA SERVICE, INC.	DELAWARE
MULTIMEDIA TELECOMMUNICATIONS, INC.	SOUTH CAROLINA
MULTIMEDIA WBIR, INC.	SOUTH CAROLINA
MULTIMEDIA WMAZ, INC.	SOUTH CAROLINA
MUSIC CITY NEWS PUBLISHING CO., INC.	TENNESSEE
NEW JERSEY PRESS, INC.	NEW JERSEY
NEWS-PRESS PUBLISHING COMPANY	FLORIDA
NORTH COAST PUBLISHERS, INC.	CALIFORNIA
THE OHIO VALLEY PUBLISHING COMPANY	OHIO
OKLAHOMA PRESS PUBLISHING COMPANY	OKLAHOMA
PACIFIC MEDIA, INC.	DELAWARE
PACIFIC AND SOUTHERN COMPANY, INC.	DELAWARE
PENSACOLA NEWS-JOURNAL INC.	FLORIDA
POINT PLEASANT REGISTER COMPANYWEST	VIRGINIA
PRESS BROADCASTING COMPANY	NEW JERSEY
PRESS-CITIZEN COMPANY INC.	IOWA
RED CARPET CABLE, INC.	OKLAHOMA
RENO NEWSPAPERS, INC.	NEVADA
ST. CLOUD NEWSPAPERS INC.	MINNESOTA
SALEM COUNTY SAMPLER, INC.	NEW JERSEY
SALINAS NEWSPAPERS INC.	CALIFORNIA
SHELTER MEDIA COMMUNICATIONS, INC.	CALIFORNIA

SHINY ROCK MINING CORPORATION	OREGON
SIOUX FALLS NEWSPAPERS INC.	SOUTH DAKOTA
SOUTHLAND PUBLISHING COMPANY	DELAWARE
SPEIDEL NEWSPAPERS INC.	DELAWARE
THE STATESMAN-JOURNAL COMPANY	OREGON
SUMNER TIMES, INC.	TENNESSEE
THE SUN COMPANY OF SAN BERNARDINO, CALIFORNIA	CALIFORNIA
TAR RIVER COMMUNICATIONS, INC.	NORTH CAROLINA
TELEVISION 12 OF JACKSONVILLE, INC.	FLORIDA
THE TIMES HERALD COMPANY	MICHIGAN
THE TIMES JOURNAL CO. FSC, INC.	VIRGIN ISLANDS
TNI PARTNERS	ARIZONA
USA DIGITAL RADIO PARTNERS, L.P.	NEW YORK
USA TODAY INTERNATIONAL CORPORATION	DELAWARE
USA WEEKEND, INC.	DELAWARE
VISALIA NEWSPAPERS INC.	CALIFORNIA
WFMY TELEVISION CORP.	NORTH CAROLINA
WKYC HOLDINGS, INC.	DELAWARE
WKYC-TV, INC.	DELAWARE

Exhibit 23

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Prospectuses constituting part of the Registration Statements on Form S-3 (Nos. 33-63673, 33-58686 and 33-53159) and in the Registration Statements on Form S-8 (Nos. 2-63038, 2-84088, 33-15319, 33-16790, 33-28413, 33-35305, 33-50813, 33-64959, 333-04459 and 333-03941) of Gannett Co., Inc. of our report dated February 2, 1998 appearing on page 49 of the Annual Report to Shareholders which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report on the Financial Statement Schedules, which appears on page 8 of this Form 10-K.

/s/ Price Waterhouse LLP

PRICE WATERHOUSE LLP

Washington, D.C.
March 23, 1998

This schedule contains summary financial information extracted from the consolidated balance sheets and statements of income for Gannett Co., Inc. and is qualified in its entirety by reference to such financial statements.

YEAR
DEC-28-1997
DEC-30-1996
DEC-28-1997
45,059,000
7,719,000
656,331,000
18,020,000
101,080,000
884,634,000
3,754,837,000
1,562,795,000
6,890,351,000
767,501,000
0
324,421,000
0
0
3,155,315,000
6,890,351,000
4,729,491,000
4,729,491,000
2,368,572,000
3,413,223,000
15,564,000
0
98,242,000
1,208,979,000
496,300,000
712,679,000
0
0
0
712,679,000
2.52
2.50