
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2013

OR

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

Commission file number 1-6961

GANNETT CO., INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

7950 Jones Branch Drive, McLean, Virginia

(Address of principal executive offices)

16-0442930

(I.R.S. Employer Identification No.)

22107-0910

(Zip Code)

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer Accelerated Filer

Non-Accelerated Filer Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes No

The total number of shares of the registrant's Common Stock, \$1 par value outstanding as of March 31, 2013 was 228,886,158.

PART I. FINANCIAL INFORMATION

Items 1 and 2. Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATIONS

Overview

Gannett Co., Inc. (the Company or Gannett) is a leading international media and marketing solutions company, informing and engaging more than 100 million people on multiple platforms every month through its network of publishing, broadcasting, and digital properties. Its publishing operations include 82 daily newspapers and about 480 magazines and other non-dailies in the U.S., as well as 17 daily paid-for titles, more than 200 weekly print products, magazines and trade publications in the U.K. Its broadcasting operations consist of 23 television stations in 19 U.S. markets and its Captivate subsidiary, which operates video messaging screens in elevators of office buildings and select hotel lobbies across North America. The Company's Digital segment consists of stand-alone digital subsidiaries, including CareerBuilder, the global leader in human capital solutions, helping companies target, attract and retain talent. Its online job site, CareerBuilder.com, is the single largest within North America, based on listings, traffic and ad revenue. In addition, the Company provides digital applications to consumer and commercial customers across all of its segments, ranging from online news and entertainment to digital marketing solutions.

Results from Operations

The Company generates revenue within its Publishing segment primarily through advertising and subscriptions to Gannett's print and digital publications. Its advertising departments sell retail, classified and national advertising across multiple platforms including print, web sites, mobile, tablet and other specialty publications. The principal sources of revenues within the Company's Broadcasting segment are advertising, fees paid for retransmission of the Company's television signals on satellite and cable networks, and payments for other services, such as the production of advertising content. Advertising includes local advertising focused on the immediate geographic area of the stations, national advertising, and advertising on the stations' web, tablet and mobile products. The largest subsidiary within Gannett's Digital segment is CareerBuilder, which generates revenues both through its own sales force by providing talent and compensation intelligence, human resource related consulting services and recruitment solutions and through sales of employment advertising placed with its affiliated media organizations.

The Company's operating expenses consist primarily of payroll and benefits. Other significant operating expenses include production and distribution costs within its Publishing segment, the costs of locally produced and purchased syndicated programming in the Broadcasting segment and sales and marketing costs within the Digital segment.

Consolidated Summary

Gannett reported 2013 first quarter earnings per diluted share, on a GAAP (generally accepted accounting principles) basis of \$0.44 compared to \$0.28 for the first quarter of 2012.

Operating income was \$151 million for the first quarter of 2013, an increase of \$15 million or 11% compared to the first quarter last year, reflecting significant increases in the Broadcasting and Digital segments, partially offset by a decline in Publishing segment operating income. Broadcasting segment operating income increased 15% to \$84 million for the quarter due to an increase in core television revenue as well as higher retransmission revenue. Digital segment operating income was \$24 million, up 45% from last year as higher revenues at CareerBuilder and cost efficiencies contributed to the year-over-year increase. Publishing segment operating income was \$60 million for the quarter, down 3% from last year due to advertising softness.

Net income attributable to Gannett was \$105 million for the first quarter of 2013, an increase of \$36 million, or 53%, compared to 2012. Net income attributable to Gannett consists of net income reduced by net income attributable to noncontrolling interests. Net income attributable to noncontrolling interests was \$12 million in the first quarter of 2013 and \$8 million in the same period in 2012.

The weighted average number of diluted shares outstanding for the first quarter of 2013 totaled 235,162,000 compared to 240,411,000 for the first quarter of 2012. The decrease is primarily due to shares repurchased since the first quarter of 2012, partially offset by equity awards issued in connection with the Company's share-based compensation programs. See Part II, Item 2 for information on share repurchases.

Results for the first quarter of 2013 include \$5 million in costs associated with workforce restructuring (\$3 million after-tax or \$0.01 per share), non-cash facility consolidation and asset impairment charges of \$6 million (\$4 million after-tax or \$0.02 per share), and other non-operating charges of \$2 million (\$2 million after-tax or \$0.01 per share). In addition, the Company recorded a tax benefit of \$28 million or \$0.12 per share related to resolution of several federal tax claims and a significant uncertain state tax position. Results for the first quarter of 2012 include \$16 million in costs due to workforce restructuring (\$10 million after-tax or \$0.04 per share) and non-cash facility consolidation charges of \$5 million (\$3 million after-tax or \$0.01 per share).

A separate discussion of results excluding the effect of special items (Non-GAAP basis) appears on page 7.

A consolidated summary of the Company's results is presented below:

In thousands of dollars, except earnings per share amounts

	First Quarter		Change
	2013	2012	
Operating revenues	\$ 1,237,735	\$ 1,218,587	2%
Operating expenses	1,086,678	1,082,929	—%
Operating income	\$ 151,057	\$ 135,658	11%
Non-operating expense	\$ 29,194	\$ 33,224	(12%)
Net income attributable to Gannett Co., Inc.	\$ 104,565	\$ 68,223	53%
Per share – basic	\$ 0.46	\$ 0.29	59%
Per share – diluted	\$ 0.44	\$ 0.28	57%

Operating Revenues

Operating revenues increased 2% to \$1.24 billion for the first quarter of 2013, representing the Company's third consecutive quarter with year-over-year revenue growth. The first quarter revenue growth is the first quarterly increase in total revenues in a non-Olympic or political broadcast quarter since the second quarter of 2006. The Broadcasting and Digital segments drove the revenue growth. Broadcasting segment revenues increased 9% for the quarter due primarily to substantial increases in retransmission and core advertising revenue. Digital segment revenues were 4% higher compared to last year, reflecting solid revenue growth at CareerBuilder. Publishing segment revenues were relatively unchanged as the positive results of the All-Access Content Subscription Model and digital marketing services were offset by softer advertising demand.

First quarter 2013 company-wide digital revenues, which include Digital segment specific revenues as well as digital product and service revenues generated by the other business segments, were \$350 million, 29% higher compared to the first quarter of 2012 and were approximately 28% of the Company's total operating revenues. Comparisons for the quarter reflect revenue increases associated with the implementation of the All-Access Content Subscription Model as well as higher digital advertising and marketing solutions revenue. Through the end of the first quarter of 2012, six local publishing markets had adopted the All-Access Content Subscription Model. The Company completed the roll out of the All-Access Content Subscription Model in 78 local publishing markets by the end of 2012.

Operating Expenses

Operating expenses were relatively unchanged for the first quarter in 2013 as compared to the same period last year. This is the result of continuing company-wide cost control and efficiency efforts, partially offset by higher Broadcasting segment costs associated with higher revenues and the absence of \$8 million in furlough payroll savings in the first quarter of 2012. A separate discussion of operating expenses excluding special items (non-GAAP basis) begins on page 7.

Non-Operating Income and Expense

The Company's interest expense for the first quarter was \$35 million, down 11% from the same quarter last year reflecting lower average debt levels. Total average outstanding debt was \$1.49 billion for the first quarter of 2013 compared to \$1.76 billion last year. The weighted average interest rate for total outstanding debt was 8.19% for the first quarter of 2013 compared to 8.02% last year.

At the end of the first quarter of 2013, the Company had \$220 million in long-term floating rate obligations outstanding. While these fluctuate with market interest rates, by way of comparison, a 50 basis points change in the average interest rate for these obligations would result in a change in annualized interest expense of \$1 million.

Provision for Income Taxes

The Company's effective income tax rate was 4.9% for the first quarter of 2013, compared to 28.1% for the first quarter of 2012. The rate for the first quarter in 2013 was lower than the comparable rate in 2012 due to special items contributing a net tax benefit of \$28 million related to resolution of several federal tax claims and a significant uncertain state tax position. A separate discussion of effective income tax rates excluding special items (non-GAAP basis) appears on page 10.

The following is a discussion of the Company's reported operating segment results:

Publishing Segment Results

Publishing segment revenues in the quarter totaled \$871 million and were relatively unchanged compared to last year as the All-Access Content Subscription Model continued to drive circulation revenue growth, which nearly offset the impact of softer advertising demand during the quarter. Domestic publishing revenues were up slightly in the first quarter, the first increase since mid-2006.

Publishing segment revenues are generated principally from advertising and circulation sales, which accounted for 60% and 33%, respectively, of total Publishing segment revenues for the first quarter. Advertising revenues include amounts generated from print advertising as well as digital advertising on publishing-related internet web sites, mobile and tablet applications. "All other" Publishing segment revenues are mainly from commercial printing operations. The table below presents the main components of Publishing segment revenues:

Publishing Segment Revenues (in thousands of dollars)	First Quarter		Change
	2013	2012	
Advertising	\$ 526,499	\$ 551,438	(5%)
Circulation	285,972	263,336	9%
All other	58,762	59,288	(1%)
Total Publishing segment revenues	\$ 871,233	\$ 874,062	—%

The table below presents the principal categories of advertising revenues for the Publishing segment:

Publishing Segment Advertising Revenues (in thousands of dollars)	First Quarter		Change
	2013	2012	
Retail	\$ 269,618	\$ 278,978	(3%)
National	85,518	90,440	(5%)
Classified	171,363	182,020	(6%)
Total Publishing segment advertising revenues	\$ 526,499	\$ 551,438	(5%)

Publishing segment advertising revenues decreased 5% in the first quarter of 2013 to \$526 million. Advertising continues to be impacted by the slow pace of economic growth; however, year-over-year comparisons were the best since early 2007. In the U.S., advertising revenues decreased 4% in the quarter. On a constant currency basis, advertising revenues in the U.K. declined 5% for the first quarter. The average exchange rate used to translate U.K. publishing results from the British pound to U.S. dollars decreased 1% for the quarter.

The percentage changes in the advertising revenue categories for domestic publishing, Newsquest, total Publishing constant currency and total Publishing segment are as follows:

Publishing Segment Advertising Revenue Categories

	First Quarter			
	U.S. Publishing	Newsquest (in pounds)	Total Publishing Constant Currency	Total Publishing Segment
Retail	(3%)	(2%)	(3%)	(3%)
National	(5%)	(8%)	(5%)	(5%)
Classified	(5%)	(6%)	(6%)	(6%)
Total Publishing segment advertising revenues	(4%)	(5%)	(4%)	(5%)

Across the categories of Publishing segment advertising, it was a somewhat mixed quarter. Retail advertising was 3% lower in the first quarter as tepid economic growth impacted advertising demand. National advertising was 5% lower for the first quarter, driven by soft ad demand at the Company's local domestic publishing operations, partially offset by an increase in national advertising at USA TODAY. However, comparisons for both retail and national advertising were sequentially better than prior quarter comparisons.

Classified advertising revenue at the Company's domestic publishing operations declined 5% for the first quarter of 2013. Real estate advertising was 5% lower compared to the first quarter last year but prior quarter comparisons improved sequentially. Employment and automotive advertising were down 9% and 3%, respectively, compared to the first quarter of 2012. First quarter classified advertising comparisons in the U.K. were 6% lower, in pounds, compared to last year.

Overall percentage changes in the classified revenue categories for domestic publishing, Newsquest, total Publishing constant currency and total Publishing segment are as follows:

Publishing Segment Classified Advertising Revenue Categories

	First Quarter			
	U.S. Publishing	Newsquest (in pounds)	Total Publishing Constant Currency	Total Publishing Segment
Automotive	(3%)	(12%)	(4%)	(4%)
Employment	(9%)	(1%)	(7%)	(7%)
Real Estate	(5%)	(7%)	(5%)	(6%)
Legal	(9%)	—%	(9%)	(9%)
Other	(4%)	(7%)	(5%)	(5%)
Total Publishing segment classified revenue	(5%)	(6%)	(6%)	(6%)

Total Company circulation revenues increased 9% for the first quarter of 2013 to \$286 million from \$263 million last year. Circulation revenue for the Company's domestic local publishing business was 14% higher in the first quarter of 2013, the fourth consecutive quarter of circulation revenue growth. Revenue comparisons reflect generally lower circulation volumes more than offset by price increases. Daily and Sunday average print and digital, replica and non-replica circulation declined 8% and 4%, respectively for the quarter.

All other revenues decreased 1% for the quarter, primarily due to a decrease in U.K. commercial printing revenues.

Digital revenues associated with Publishing segment operations increased 76% for the quarter including a 98% increase at the Company's domestic local publishing business. These increases reflect the impact of the All-Access Content Subscription Model as well as the Company's strategic efforts to provide digital advertising and marketing solutions. Digital revenues at USA TODAY and its associated businesses were up 9% for the quarter. Digital revenues in the U.K. were 17% higher in pounds for the quarter.

Publishing segment operating expenses were relatively unchanged in the quarter at \$811 million from \$812 million last year. This reflects continued efficiency efforts as well as lower newsprint expense, partially offset by the absence of \$8 million of furlough payroll savings last year. Newsprint expense was 10% lower in the quarter due to declines in consumption. Also impacting comparisons were special charges due to continued workforce restructuring and facility consolidations this quarter of \$10 million, compared to \$23 million last year.

Publishing segment operating income was \$60 million in the quarter compared to \$62 million last year, a decrease of 3%.

Digital Segment Results

The Digital segment includes results for stand-alone digital subsidiaries including CareerBuilder, PointRoll, ShopLocal, and Reviewed.com. Many of the Company's other digital offerings are tightly integrated within its existing publishing or broadcasting offerings, and therefore the results of these integrated digital offerings are reported within the operating results of its Publishing and Broadcasting segments.

Digital segment operating revenues were \$175 million in the first quarter of 2013 compared to \$168 million in 2012, an increase of 4%. The increase reflects strong revenue growth at CareerBuilder both domestically and internationally, on an increasing base of customers. CareerBuilder continues to build market share in the U.S. and its international operations continue to expand.

Digital segment operating expenses were \$151 million in the first quarter of 2013, slightly lower than last year due primarily to reduced promotion and marketing costs in the quarter. As a result, Digital segment operating income was \$24 million, an increase of 45% compared to last year.

Broadcasting Segment Results

The Broadcasting segment includes results from the Company's 23 television stations and affiliated digital platforms as well as Captivate Network. Broadcasting segment revenues totaled \$192 million in the first quarter and increased 9% compared to last year.

Television revenues for the quarter were \$185 million, up 9% from the comparable period in 2012. Retransmission revenues were \$36 million for the quarter, an increase of 59% from the same quarter last year. Core advertising revenues increased 2% and when combined with retransmission revenues more than offset lower advertising associated with the move of the Super Bowl broadcast from the Company's 12 NBC stations to its 6 CBS stations this year as well as a \$3 million reduction in political ad spending as compared to the first quarter of last year. Excluding the impact of political ad revenues in both quarters, television revenue was up 11% in the first quarter of 2013 over the first quarter of 2012. In addition, television station digital revenues increased 10% versus last year.

Based on current trends, the Company expects the percentage increase in total television revenues for the second quarter of 2013 to be in the mid-single digits compared to the second quarter of 2012.

Broadcasting segment operating expenses for the first quarter totaled \$108 million, an increase of 4% over the first quarter of 2012. The increase is primarily due to costs associated with higher revenues and the segment's continuing expansion of digital marketing solutions. Operating income in the first quarter of 2013 increased 15% to \$84 million.

Corporate Expense

Corporate expense in the first quarter was \$16 million, up 7% from the first quarter last year due to a \$1.7 million insurance settlement benefit recognized last year, partially offset by a decrease in pension expense.

Operating Results - Non-GAAP Information

The Company uses non-GAAP financial performance and liquidity measures to supplement the financial information presented on a GAAP basis. These non-GAAP financial measures are not to be considered in isolation from or as a substitute for the related GAAP measures, and should be read only in conjunction with financial information presented on a GAAP basis.

The Company discusses in this report non-GAAP financial performance measures that exclude from its reported GAAP results the impact of special items consisting of workforce restructuring charges, facility consolidation expenses, a non-cash impairment charge, a currency related loss recognized in other non-operating items and certain credits to its income tax provision. The Company believes that such expenses and credits are not indicative of normal, ongoing operations and their inclusion in results makes for more difficult comparisons between periods and with peer group companies.

Workforce restructuring and facility consolidation expenses primarily relate to incremental expenses the Company has incurred to consolidate or outsource production processes and centralize other functions. These expenses include payroll and related benefit costs as well as accelerated depreciation. The currency loss is related to the weakening of the British pound associated with the downgrade of the U.K. sovereign credit rating during the first quarter. Results also include credits to the income tax provision related to releases of reserves on prior year tax positions.

Management uses non-GAAP financial performance measures for purposes of evaluating business unit and consolidated company performance. The Company therefore believes that each of the non-GAAP measures provides useful information to investors by allowing them to view the Company's businesses through the eyes of management and the Board of Directors, facilitating comparison of results across historical periods, and providing a focus on the underlying ongoing operating performance of its businesses. In addition, many of the Company's peer group companies present similar non-GAAP measures to better facilitate industry comparisons.

Non-GAAP Financial Tables/Reconciliations

The following is a discussion of the Company's as adjusted non-GAAP financial results. All as adjusted (non-GAAP basis) measures are labeled as such or "adjusted."

Adjusted operating results were as follows:

In thousands of dollars, except per share amounts

	First Quarter		Change
	2013	2012	
Operating revenues	\$ 1,237,735	\$ 1,218,587	2%
Adjusted operating expenses, non-GAAP basis	1,076,527	1,061,852	1%
Adjusted operating income, non-GAAP basis	<u>\$ 161,208</u>	<u>\$ 156,735</u>	<u>3%</u>
Adjusted net income attributable to Gannett Co., Inc., non-GAAP basis	\$ 86,044	\$ 80,800	6%
Adjusted diluted earnings per share, non-GAAP basis	\$ 0.37	\$ 0.34	9%

Adjustments to remove special items from GAAP results follow:

In thousands of dollars, except per share amounts

	First Quarter		Change
	2013	2012	
Operating expenses (GAAP basis)	\$ 1,086,678	\$ 1,082,929	—%
<i>Remove special items:</i>			
Workforce restructuring	(5,366)	(16,289)	(67%)
Facility consolidation charges	(4,785)	(4,788)	—%
As adjusted (non-GAAP basis)	<u>\$ 1,076,527</u>	<u>\$ 1,061,852</u>	<u>1%</u>
Operating income (GAAP basis)	\$ 151,057	\$ 135,658	11%
<i>Remove special items:</i>			
Workforce restructuring	5,366	16,289	(67%)
Facility consolidation charges	4,785	4,788	—%
As adjusted (non-GAAP basis)	<u>\$ 161,208</u>	<u>\$ 156,735</u>	<u>3%</u>
Total non-operating (expense) income (GAAP basis)	\$ (29,194)	\$ (33,224)	(12%)
<i>Remove special items:</i>			
Facility consolidation and asset impairment charges	1,651	—	***
Other non-operating items	2,077	—	***
As adjusted (non-GAAP basis)	<u>\$ (25,466)</u>	<u>\$ (33,224)</u>	<u>(23%)</u>
Net income attributable to Gannett Co., Inc. (GAAP basis)	\$ 104,565	\$ 68,223	53%
<i>Remove special items (net of tax):</i>			
Workforce restructuring	3,266	9,689	(66%)
Facility consolidation and asset impairment charges	3,936	2,888	36%
Other non-operating items	2,077	—	***
Prior year tax reserve adjustments	(27,800)	—	***
As adjusted (non-GAAP basis)	<u>\$ 86,044</u>	<u>\$ 80,800</u>	<u>6%</u>
Diluted earnings per share (GAAP basis)	\$ 0.44	\$ 0.28	57%
<i>Remove special items (net of tax):</i>			
Workforce restructuring	0.01	0.04	(75%)
Facility consolidation and asset impairment charges	0.02	0.01	***
Other non-operating items	0.01	—	***
Prior year tax reserve adjustments	(0.12)	—	***
As adjusted (non-GAAP basis) (a)	<u>\$ 0.37</u>	<u>\$ 0.34</u>	<u>9%</u>

(a) Total per share amount does not sum due to rounding.

Adjusted consolidated operating expenses for the first quarter of 2013 (adjusted to remove costs associated with workforce restructuring and facility consolidation charges) increased 1% compared to 2012. The increase reflects higher Broadcast segment costs associated with higher revenue and the absence of \$8 million in furlough payroll savings in the first quarter of 2012, partially offset by continuing company-wide cost control and efficiency efforts.

As a result of the above factors, as well as higher overall revenues during the first quarter, adjusted operating income was \$161 million for the first quarter of 2013, an increase of 3% from the comparable period last year. Adjusted net income attributable to Gannett on a non-GAAP basis was \$86 million for the quarter, an increase of \$5 million or 6% compared to last year.

A summary of the impact of facility consolidation and workforce restructuring charges on the Company's Publishing segment is presented below:

In thousands of dollars

	First Quarter		Change
	2013	2012	
Publishing segment operating expenses (GAAP basis)	\$ 811,096	\$ 812,022	—%
<i>Remove special items:</i>			
Workforce restructuring	(5,366)	(17,945)	(70%)
Facility consolidation charges	(4,785)	(4,788)	—%
As adjusted (non-GAAP basis)	<u>\$ 800,945</u>	<u>\$ 789,289</u>	<u>1%</u>
Publishing segment operating income (GAAP basis)	\$ 60,137	\$ 62,040	(3%)
<i>Remove special items:</i>			
Workforce restructuring	5,366	17,945	(70%)
Facility consolidation charges	4,785	4,788	—%
As adjusted (non-GAAP basis)	<u>\$ 70,288</u>	<u>\$ 84,773</u>	<u>(17%)</u>

Publishing segment operating expenses were impacted by costs due to workforce restructuring and facility consolidation charges. Excluding the impact of these items in both quarters, adjusted operating expenses increased by 1%. The increase reflects the absence of \$8 million in furlough payroll savings in the first quarter of 2012 which was partially offset by continued efficiency efforts and lower newsprint expense. Adjusted operating income for the Publishing segment was \$70 million for the first quarter of 2013.

A summary of the impact of special items on the Company's Corporate segment is presented below:

In thousands of dollars

	First Quarter		Change
	2013	2012	
Corporate segment operating expenses (GAAP basis)	\$ 16,360	\$ 15,260	7%
<i>Remove special items:</i>			
Workforce restructuring (insurance settlement benefit)	—	1,656	***
As adjusted (non-GAAP basis)	<u>\$ 16,360</u>	<u>\$ 16,916</u>	<u>(3%)</u>

A summary of the impact of special items on the Company's effective tax rate follows:

In thousands of dollars

	First Quarter	
	2013	2012
Income before income taxes as reported	\$ 121,863	\$ 102,434
Net income attributable to noncontrolling interests	(11,898)	(7,611)
Gannett pretax income (GAAP basis)	109,965	94,823
<i>Remove special items:</i>		
Workforce restructuring	5,366	16,289
Facility consolidation and asset impairment charges	6,436	4,788
Other non-operating items	2,077	—
As adjusted (non-GAAP basis)	\$ 123,844	\$ 115,900
Provision for income taxes as reported (GAAP basis)	\$ 5,400	\$ 26,600
<i>Remove special items:</i>		
Workforce restructuring	2,100	6,600
Facility consolidation and asset impairment charges	2,500	1,900
Prior year tax reserve adjustments	27,800	—
As adjusted (non-GAAP basis)	\$ 37,800	\$ 35,100
Effective tax rate (GAAP basis)	4.9%	28.1%
As adjusted effective tax rate (non-GAAP basis)	30.5%	30.3%

The adjusted tax rate for the first quarter of 2013 was 30.5% compared to 30.3% for the first quarter of last year. The effective tax rates for both years reflect benefits from releases of reserves on prior year tax positions.

Certain Matters Affecting Future Operating Results

The following items will affect year-over-year comparisons for 2013 results:

- **Political and Olympic revenues** - Broadcasting companies generally experience their strongest results in a year that includes both the summer Olympics and a presidential election, as occurred in 2012. The Company achieved record revenues for political and Olympics last year. Political revenues were \$150 million in 2012 while the Summer Olympics generated \$37 million of revenue, of which \$4 million was also political. Due to the absence of the Olympics and significantly lower level of political advertising, Broadcasting segment revenues are expected to be lower this year overall. As discussed above, these declines were offset, in part, by stronger retransmission revenue and core advertising growth in the first quarter of 2013. The Company expects retransmission revenue for 2013 to total approximately \$135 million to \$140 million, significantly higher than the \$97 million in 2012.
- **Company-wide Digital Revenues** - During 2012, the Company completed its roll out of the All-Access Content Subscription Model. During the first quarter of 2012, six local publishing markets had implemented the new model. By the end of the year, 78 local publishing markets had adopted the new model. As a result of the cycling effect that will accompany this, year-over-year increases in total digital revenues company-wide (up 29% in the first quarter of 2013) are expected to narrow over the course of 2013.
- **Calendar** - The Company's 2013 fiscal year will include 52 weeks compared with 53 weeks in 2012. The fourth quarter of 2013 will be comprised of 13 weeks compared with 14 weeks in the fourth quarter of 2012. The Company's results will be impacted by the extra week in the fourth quarter last year, particularly for the Publishing and Broadcasting segments.
- **Strategic Initiatives** - Expenses related to new strategic initiatives are expected to be approximately \$35 to \$40 million in 2013.
- **Foreign Currency** - The Company's U.K. publishing operations are conducted through its Newsquest subsidiary. Newsquest earnings are translated at the average British pound-to-U.S. dollar exchange rate. Therefore, a weakening of the exchange rate will diminish Newsquest earnings contribution to consolidated results. Newsquest results for 2012 were translated from the British pound sterling to U.S. dollars at an average rate of 1.58. British pound sterling amounts on the condensed consolidated balance sheet at the end of the first quarter of 2013 were translated into U.S. dollars at a rate of 1.52.

Liquidity, Capital Resources and Cash Flows

The Company's cash generating capability and financial condition, together with its revolving credit agreements, are sufficient to fund its capital expenditures, interest, dividends, share repurchases, contributions to its pension plans, investments in strategic initiatives and other operating requirements. Looking ahead, the Company expects to continue to fund debt maturities, acquisitions and investments through a combination of cash flows from operations, borrowing under its revolving credit agreements or funds raised in the capital or credit markets.

In February 2012, the Company announced a new capital allocation plan, which aims to return \$1.3 billion to shareholders by 2015. This plan included raising Gannett's dividend to its current level of \$0.80 per share on an annual basis. A \$300 million share repurchase program was also launched. This program is scheduled to be executed over the two year period following the announcement. As of March 31, 2013, giving effect to repurchases made since February 2012, the Company had an additional \$117 million of repurchase authority remaining under the program.

On March 31, 2013, the Company had unused borrowing capacity of \$887 million under its revolving credit agreements. In addition, its revolving credit agreements currently allow the Company to borrow at least \$1.25 billion of additional unsecured debt on an unrestricted basis guaranteed by the guarantor subsidiaries under these credit agreements. This borrowing limit is subject to increases or decreases depending upon the Company's total leverage ratio. At the end of the first quarter of 2013, the Company's total long-term debt was \$1.45 billion and its senior leverage ratio was 1.45x, substantially below the maximum senior leverage ratio covenant permitted by the Company's revolving credit agreement of 3.5x. The fair value of the Company's long-term debt, based on the bid and ask quotes for the related debt, totaled \$1.62 billion at March 31, 2013.

The Company's financial and operating performance as well as its ability to generate sufficient cash flow to maintain compliance with credit facility covenants are subject to certain risk factors as noted in the section below titled "Certain Factors Affecting Forward-Looking Statements."

Cash Flows

The Company's net cash flow from operating activities was \$36 million for the first three months of 2013, compared to \$162 million for the first three months of 2012. The decrease in net cash flow from operating activities resulted principally from \$20 million in incremental pension contributions and a \$43 million increase in net tax cash payments during the quarter due in part to the timing of deductions year over year.

Cash flows used for investing activities totaled \$6 million for the first three months of 2013, compared to \$22 million for the first three months of 2012. The decrease in net cash flow used for investing activities is due to lower acquisition payments and an increase in proceeds from investments.

Cash flows used for financing activities totaled \$62 million for the first three months of 2013, compared to \$150 million for the first three months of 2012. The decrease was mainly due to the \$97 million of net debt repayment made in the first quarter of 2012 which is partially offset by the higher dividends paid in the first quarter of 2013.

Non-GAAP Liquidity Measure

The Company's free cash flow, a non-GAAP liquidity measure, was \$39 million for the quarter ended March 31, 2013. Free cash flow, which the Company reconciles to "net cash flow from operating activities," is cash flow from operations reduced by "purchase of property, plant and equipment" as well as "payments for investments" and increased by "proceeds from investments" and voluntary pension contributions, net of related tax benefit. The Company believes that free cash flow is a useful measure for management and investors to evaluate the level of cash generated by operations and the ability of its operations to fund investments in new and existing businesses, return cash to shareholders under the Company's capital program, repay indebtedness or to use in other discretionary activities. Management uses free cash flow as a non-GAAP liquidity metric to indicate cash available for repayment of indebtedness and in its discussions with the investment community in the context of capital allocation.

Reconciliations from “Net cash flow from operating activities” to “Free cash flow” follow:

In thousands of dollars

	First Quarter	
	2013	2012
Net cash flow from operating activities	\$ 36,283	\$ 162,087
Purchase of property, plant and equipment	(16,097)	(18,165)
Voluntary pension employer contributions	15,507	—
Tax benefit for voluntary pension employer contributions	(6,125)	—
Payments for investments	(1,001)	(500)
Proceeds from investments	10,060	4,326
Free cash flow	<u>\$ 38,627</u>	<u>\$ 147,748</u>

Net cash flow from operating activities for 2013 reflects pension contributions totaling \$75 million of which \$50 million was for the Gannett Retirement Plan (GRP), the Company’s principal retirement plan, and \$25 million to the Company’s U.K. retirement plan. This compares to pension contributions of \$54 million in 2012 to the GRP. For the remainder of 2013, the Company has no further mandatory funding obligations to the GRP and \$12 million remaining for its U.K. retirement plan. Net cash flow from operating activities reflects net tax cash payments of \$39 million in the first quarter of 2013, compared to net tax refunds of \$4 million for the same period in 2012.

Certain Factors Affecting Forward-Looking Statements

Certain statements in this Quarterly Report on Form 10-Q contain forward-looking information. The words “expect,” “intend,” “believe,” “anticipate,” “likely,” “will” and similar expressions generally identify forward-looking statements. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results and events to differ materially from those anticipated in the forward-looking statements. The Company is not responsible for updating or revising any forward-looking statements, whether the result of new information, future events or otherwise, except as required by law.

Potential risks and uncertainties which could adversely affect the Company’s results include, without limitation, the following factors: (a) increased consolidation among major retailers or other events which may adversely affect business operations of major customers and depress the level of local and national advertising; (b) a potential increase in competition for the Company’s Digital segment businesses; (c) a decline in viewership of major networks and local news programming resulting from increased competition or other factors; (d) a continuance of the generally soft economic conditions in the U.S. and the U.K. or a further economic downturn leading to a continuing or accelerated decrease in circulation or local, national or classified advertising; (e) a further decline in general print readership and/or advertiser patterns as a result of competitive alternative media or other factors; (f) an increase in newsprint or syndication programming costs over the levels anticipated; (g) labor disputes which may cause revenue declines or increased labor costs; (h) acquisitions of new businesses or dispositions of existing businesses; (i) rapid technological changes and frequent new product introductions prevalent in electronic publishing; (j) an increase in interest rates; (k) a weakening in the British pound to U.S. dollar exchange rate; (l) volatility in financial and credit markets which could affect the value of retirement plan assets and the Company’s ability to raise funds through debt or equity issuances; (m) changes in the regulatory environment; (n) credit rating downgrades, which could affect the availability and cost of future financing; (o) adverse outcomes in proceedings with governmental authorities or administrative agencies; (p) cyber security breaches; (q) general economic, political and business conditions; and (r) an other than temporary decline in operating results and enterprise value that could lead to non-cash goodwill, other intangible asset, investment or property, plant and equipment impairment charges. The Company continues to monitor the uneven economic recovery in the U.S., as well as new and developing competition and technological change, to evaluate whether any indicators of impairment exist, particularly for those reporting units where fair value is closer to carrying value.

CONDENSED CONSOLIDATED BALANCE SHEETS**Gannett Co., Inc. and Subsidiaries**

In thousands of dollars (except per share amounts)

	<u>Mar. 31, 2013</u>	<u>Dec. 30, 2012</u>
	(Unaudited)	
ASSETS		
<i>Current assets</i>		
Cash and cash equivalents	\$ 142,833	\$ 175,030
Trade receivables, less allowance for doubtful receivables of \$18,623 and \$22,006, respectively	628,930	678,845
Other receivables	21,267	20,162
Inventories	59,467	56,389
Deferred income taxes	17,636	15,840
Prepaid expenses and other current assets	105,174	108,946
Assets held for sale	30,250	17,508
<i>Total current assets</i>	<u>1,005,557</u>	<u>1,072,720</u>
<i>Property, plant and equipment</i>		
Cost	3,905,444	3,972,949
Less accumulated depreciation	<u>(2,438,750)</u>	<u>(2,454,271)</u>
<i>Net property, plant and equipment</i>	<u>1,466,694</u>	<u>1,518,678</u>
<i>Intangible and other assets</i>		
Goodwill	2,841,171	2,846,869
Indefinite-lived and amortizable intangible assets, less accumulated amortization	490,751	499,913
Deferred income taxes	138,946	158,275
Investments and other assets	284,290	283,431
<i>Total intangible and other assets</i>	<u>3,755,158</u>	<u>3,788,488</u>
Total assets	<u>\$ 6,227,409</u>	<u>\$ 6,379,886</u>

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

CONDENSED CONSOLIDATED BALANCE SHEETS**Gannett Co., Inc. and Subsidiaries**

In thousands of dollars (except per share amounts)

	Mar. 31, 2013	Dec. 30, 2012
	(Unaudited)	
LIABILITIES AND EQUITY		
<i>Current liabilities</i>		
Accounts payable and current portion of film contracts payable	\$ 175,103	\$ 211,833
Compensation, interest and other accruals	348,444	402,340
Dividends payable	45,948	45,963
Income taxes	43,744	44,985
Deferred income	248,953	229,395
<i>Total current liabilities</i>	<u>862,192</u>	<u>934,516</u>
Income taxes	46,582	83,260
Long-term debt	1,449,226	1,432,100
Postretirement medical and life insurance liabilities	145,572	149,937
Pension liabilities	908,027	1,007,325
Other long-term liabilities	222,408	222,182
<i>Total liabilities</i>	<u>3,634,007</u>	<u>3,829,320</u>
<i>Redeemable noncontrolling interests</i>	12,673	10,654
<i>Commitments and contingent liabilities (See Note 14)</i>		
<i>Equity</i>		
<i>Gannett Co., Inc. shareholders' equity</i>		
Preferred stock of \$1 par value per share		
Authorized: 2,000,000 shares; Issued: none	—	—
Common stock of \$1 par value per share		
Authorized: 800,000,000 shares;		
Issued: 324,418,632 shares	324,419	324,419
Additional paid-in capital	569,146	567,515
Retained earnings	7,573,703	7,514,858
Accumulated other comprehensive loss	(709,334)	(701,141)
	<u>7,757,934</u>	<u>7,705,651</u>
Less treasury stock, 95,532,474 shares and 94,376,534 shares, respectively, at cost	(5,375,691)	(5,355,037)
<i>Total Gannett Co., Inc. shareholders' equity</i>	<u>2,382,243</u>	<u>2,350,614</u>
Noncontrolling interests	198,486	189,298
<i>Total equity</i>	<u>2,580,729</u>	<u>2,539,912</u>
Total liabilities and equity	<u>\$ 6,227,409</u>	<u>\$ 6,379,886</u>

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

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
Gannett Co., Inc. and Subsidiaries

Unaudited, in thousands of dollars (except per share amounts)

	Thirteen Weeks Ended	
	Mar. 31, 2013	Mar. 25, 2012
Net Operating Revenues:		
Publishing advertising	\$ 526,499	\$ 551,438
Publishing circulation	285,972	263,336
Digital	174,922	168,352
Broadcasting	191,580	176,173
All other	58,762	59,288
Total	1,237,735	1,218,587
Operating Expenses:		
Cost of sales and operating expenses, exclusive of depreciation	719,724	722,240
Selling, general and administrative expenses, exclusive of depreciation	314,115	308,319
Depreciation	38,926	39,703
Amortization of intangible assets	9,128	7,879
Facility consolidation charges	4,785	4,788
Total	1,086,678	1,082,929
Operating income	151,057	135,658
Non-operating (expense) income:		
Equity income in unconsolidated investees, net	7,794	4,312
Interest expense	(35,405)	(39,571)
Other non-operating items	(1,583)	2,035
Total	(29,194)	(33,224)
Income before income taxes	121,863	102,434
Provision for income taxes	5,400	26,600
Net income	116,463	75,834
Net income attributable to noncontrolling interests	(11,898)	(7,611)
Net income attributable to Gannett Co., Inc.	\$ 104,565	\$ 68,223
Net income per share – basic	\$ 0.46	\$ 0.29
Net income per share – diluted	\$ 0.44	\$ 0.28
Dividends declared per share	\$ 0.20	\$ 0.20

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**Gannett Co., Inc. and Subsidiaries**

Unaudited, in thousands of dollars

	Thirteen Weeks Ended	
	Mar. 31, 2013	Mar. 25, 2012
Net income	\$ 116,463	\$ 75,834
Redeemable noncontrolling interests (income not available to shareholders)	(274)	—
Other comprehensive income, before tax:		
Foreign currency translation adjustments	(32,586)	11,007
Pension and other postretirement benefit items:		
Amortization of prior service credit, net	(422)	(2,872)
Amortization of actuarial loss	15,860	14,155
Other	19,086	(3,855)
Pension and other postretirement benefit items	34,524	7,428
Other	(1,786)	1,787
Other comprehensive (loss) income, before tax	152	20,222
Income tax effect related to components of other comprehensive income	(10,131)	(3,215)
Other comprehensive (loss) income, net of tax	(9,979)	17,007
Comprehensive income	106,210	92,841
Comprehensive income attributable to noncontrolling interests, net of tax	(9,838)	(9,398)
Comprehensive income attributable to Gannett Co., Inc.	\$ 96,372	\$ 83,443

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Gannett Co., Inc. and Subsidiaries

Unaudited, in thousands of dollars

	Thirteen Weeks Ended	
	Mar. 31, 2013	Mar. 25, 2012
Cash flows from operating activities:		
Net income	\$ 116,463	\$ 75,834
Adjustments to reconcile net income to operating cash flows:		
Depreciation and amortization	48,054	47,582
Facility consolidation charges	5,705	4,788
Pension contributions, net of pension expense	(72,241)	(47,604)
Equity income in unconsolidated investees, net	(7,794)	(4,312)
Stock-based compensation – equity awards	8,232	6,631
Change in other assets and liabilities, net	(62,136)	79,168
Net cash flow from operating activities	36,283	162,087
Cash flows from investing activities:		
Purchase of property, plant and equipment	(16,097)	(18,165)
Payments for acquisitions, net of cash acquired	(1,641)	(8,004)
Payments for investments	(1,001)	(500)
Proceeds from investments	10,060	4,326
Proceeds from sale of assets	2,348	642
Net cash used for investing activities	(6,331)	(21,701)
Cash flows from financing activities:		
Proceeds from (payments of) borrowings under revolving credit agreements, net	15,000	(97,000)
Dividends paid	(45,806)	(18,952)
Cost of common shares repurchased	(32,770)	(35,525)
Proceeds from issuance of common stock upon exercise of stock options	5,918	2,275
Distribution to noncontrolling interests	(218)	—
Deferred payments for acquisitions	(3,693)	(1,027)
Net cash used for financing activities	(61,569)	(150,229)
Effect of currency exchange rate change on cash	(580)	396
Net decrease in cash and cash equivalents	(32,197)	(9,447)
Balance of cash and cash equivalents at beginning of period	175,030	166,926
Balance of cash and cash equivalents at end of period	\$ 142,833	\$ 157,479

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2013

NOTE 1 – Basis of presentation

The accompanying unaudited Condensed Consolidated Financial Statements of Gannett Co., Inc. (the Company) have been prepared in accordance with the instructions for Form 10-Q and, therefore, do not include all information and footnotes which are normally included in the Form 10-K and annual report to shareholders. In the opinion of the Company, the financial statements reflect all adjustments, which are of a normal recurring nature, that are necessary for a fair presentation of results for the interim periods presented.

NOTE 2 – Recent accounting standards

In February 2013, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2013-02, Comprehensive Income - Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income (AOCI). ASU 2013-02 requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. The new guidance requires an entity to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required under U.S. GAAP to be reclassified to net income in its entirety in the same reporting period. For other amounts, a cross-reference to other disclosures is required to provide additional detail about those amounts. The Company adopted the provision of ASU 2013-02 in the first quarter of 2013 and the new disclosures are included in Note 9 - Supplemental Equity Information.

NOTE 3 – Facility consolidation charges

The carrying values of property, plant and equipment at certain publishing businesses were evaluated due to facility consolidation efforts. The Company revised the useful lives of certain assets to reflect the use of those assets over a shortened period. In addition, certain assets classified as held-for-sale in accordance with Accounting Standards Codification (ASC) Topic 360 resulted in charges being recognized in 2013 as the carrying values were reduced to equal the fair value less cost to dispose. The fair values were based on estimates of prices for similar assets. As a result, the Company recorded pre-tax charges of \$4.8 million in the first quarter of 2013 and 2012. Current and deferred tax benefits were recognized for these charges and, therefore, the after-tax impact was \$2.9 million (or \$0.01 per share) for both 2013 and 2012. In addition, the Company recorded a charge to write off certain publishing assets that were donated in the first quarter of 2013. The charge was \$0.9 million pre-tax and \$0.6 million after tax (or less than \$0.01 per share).

NOTE 4 – Goodwill and other intangible assets

The following table displays goodwill, indefinite-lived intangible assets, and amortizable intangible assets at March 31, 2013 and December 30, 2012:

In thousands of dollars

	Mar. 31, 2013		Dec. 30, 2012	
	Gross	Accumulated Amortization	Gross	Accumulated Amortization
Goodwill	\$ 2,841,171	\$ —	\$ 2,846,869	\$ —
Indefinite-lived intangibles:				
Mastheads and trade names	94,733	—	95,308	—
Television station FCC licenses	255,304	—	255,304	—
Amortizable intangible assets:				
Customer relationships	312,422	203,144	313,567	197,300
Other	56,680	25,244	56,965	23,931

Customer relationships, which include subscriber lists and advertiser relationships, are amortized on a straight-line basis over three to 25 years. Other intangibles primarily include internally developed technology, patents and amortizable trade names. These assets were assigned lives of between three and 21 years and are amortized on a straight-line basis.

The following table summarizes the changes in the Company's net goodwill balance through March 31, 2013.

<i>In thousands of dollars</i>	Publishing	Digital	Broadcasting	Total
Balance at Dec. 30, 2012				
Goodwill	\$ 7,754,959	\$ 722,781	\$ 1,618,602	\$ 10,096,342
Accumulated impairment losses	(7,132,817)	(116,656)	—	(7,249,473)
Net balance at Dec. 30, 2012	622,142	606,125	1,618,602	2,846,869
Activity during the period				
Acquisitions and adjustments	383	9,043	—	9,426
Foreign currency exchange rate changes	(11,518)	(3,536)	(70)	(15,124)
Total	(11,135)	5,507	(70)	(5,698)
Balance at Mar. 31, 2013				
Goodwill	7,607,236	728,288	1,618,532	9,954,056
Accumulated impairment losses	(6,996,229)	(116,656)	—	(7,112,885)
Net balance at Mar. 31, 2013	\$ 611,007	\$ 611,632	\$ 1,618,532	\$ 2,841,171

NOTE 5 – Long-term debt

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

<i>In thousands of dollars</i>	Mar. 31, 2013	Dec. 30, 2012
Borrowings under revolving credit agreements expiring September 2014	\$ 220,000	\$ 205,000
Unsecured notes bearing fixed rate interest at 8.75% due November 2014	248,578	248,376
Unsecured notes bearing fixed rate interest at 10% due June 2015	61,743	61,286
Unsecured notes bearing fixed rate interest at 6.375% due September 2015	248,626	248,497
Unsecured notes bearing fixed rate interest at 10% due April 2016	175,378	174,241
Unsecured notes bearing fixed rate interest at 9.375% due November 2017 (a)	247,647	247,547
Unsecured notes bearing fixed rate interest at 7.125% due September 2018	247,254	247,153
Total long-term debt	\$ 1,449,226	\$ 1,432,100

(a) Callable commencing on November 15, 2013 at 104.688% of the principal amount.

For the first three months of 2013, the Company's long-term debt increased by \$17.1 million reflecting \$15.0 million borrowed under the revolving credit agreements and debt discount amortization.

On March 31, 2013, the Company had unused borrowing capacity of \$887 million under its revolving credit agreements. In addition, its revolving credit agreements currently allow the Company to borrow at least \$1.25 billion of additional unsecured debt on an unrestricted basis guaranteed by the guarantor subsidiaries under these credit agreements. This borrowing limit is subject to increases or decreases depending upon the Company's total leverage ratio.

NOTE 6 – Retirement plans

The Company and its subsidiaries have various retirement plans, including plans established under collective bargaining agreements. The Gannett Retirement Plan is the Company's principal retirement plan. The Company's retirement plan costs, which include costs for qualified and nonqualified plans, are presented in the following table:

In thousands of dollars

	Thirteen Weeks Ended	
	Mar. 31, 2013	Mar. 25, 2012
Service cost-benefits earned during the period	\$ 2,125	\$ 2,032
Interest cost on benefit obligation	35,183	39,654
Expected return on plan assets	(49,543)	(47,649)
Amortization of prior service cost	1,878	1,928
Amortization of actuarial loss	15,360	13,505
Expense for Company-sponsored retirement plans	<u>\$ 5,003</u>	<u>\$ 9,470</u>

For the thirteen weeks ended March 31, 2013, the Company made contributions to the Gannett Retirement Plan (GRP) and its U.K. retirement plan totaling \$50.0 million and \$24.5 million, respectively. For the remainder of 2013, the Company has no further mandatory funding obligations to the GRP and approximately \$12 million remaining for its U.K. retirement plan.

NOTE 7 – Postretirement benefits other than pension

The Company provides health care and life insurance benefits to certain retired employees who meet age and service requirements. Most of the Company's retirees contribute to the cost of these benefits and retiree contributions are increased as actual benefit costs increase. The Company's policy is to fund benefits as claims and premiums are paid. Postretirement benefit costs for health care and life insurance are presented in the following table:

In thousands of dollars

	Thirteen Weeks Ended	
	Mar. 31, 2013	Mar. 25, 2012
Service cost-benefits earned during the period	\$ 175	\$ 175
Interest cost on net benefit obligation	1,525	2,050
Amortization of prior service credit	(2,300)	(4,800)
Amortization of actuarial loss	500	650
Net periodic postretirement benefit credit	<u>\$ (100)</u>	<u>\$ (1,925)</u>

NOTE 8 – Income taxes

The total amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate was approximately \$40.2 million as of March 31, 2013 and \$63.2 million as of December 30, 2012. The following table summarizes the activity related to unrecognized tax benefits, excluding the federal tax benefit of state tax deductions:

In thousands of dollars

	Unrecognized Tax Benefits
<i>Balance at Dec. 30, 2012</i>	\$ 86,180
Changes in unrecognized tax benefits:	
Additions based on tax positions related to the current year	1,890
Reductions for tax positions of prior years	(15,508)
Settlements	(277)
Reductions due to lapse of statutes of limitations	(14,404)
<i>Balance at Mar. 31, 2013</i>	<u>\$ 57,881</u>

The Company recognizes interest and penalties related to unrecognized tax benefits as a component of income tax expense. Interest income attributable to overpayment of income tax and interest credits for the reversal of interest expense previously recorded for uncertain tax positions which are subsequently released are also recognized as a component of income tax expense. The Company recognized a net benefit from the reversal of interest and penalty expense of \$12.7 million and \$2.1 million during the first quarters of 2013 and 2012, respectively. The amount of net accrued interest and penalties related to uncertain

tax benefits as of March 31, 2013, was approximately \$16.4 million and as of December 30, 2012, was approximately \$29.1 million.

The Company files income tax returns in the U.S. and various state and foreign jurisdictions. The 2009 through 2012 tax years remain subject to examination by the IRS. The 2005 through 2012 tax years generally remain subject to examination by state authorities, and the years 2010 through 2012 are subject to examination in the U.K. In addition, tax years prior to 2005 remain subject to examination by certain states primarily due to the filing of amended tax returns upon settlement of the IRS examination for those years and ongoing audits.

It is reasonably possible that the amount of unrecognized benefits with respect to certain of the Company's unrecognized tax positions will significantly increase or decrease within the next 12 months. These changes may be the result of settlement of ongoing audits, lapses of statutes of limitations or other regulatory developments. At this time, the Company estimates that the amount of its gross unrecognized tax positions may decrease by up to \$24.7 million within the next 12 months.

NOTE 9 – Supplemental equity information

The following table summarizes equity account activity for the thirteen week periods ended March 31, 2013 and March 25, 2012:

In thousands of dollars

	<u>Gannett Co., Inc. Shareholders' Equity</u>	<u>Noncontrolling Interests</u>	<u>Total Equity</u>
<i>Balance at Dec. 30, 2012</i>	\$ 2,350,614	\$ 189,298	\$ 2,539,912
Comprehensive income:			
Net income	104,565	11,898	116,463
Redeemable noncontrolling interests (income not available to shareholders)	—	(274)	(274)
Other comprehensive income	(8,193)	(1,786)	(9,979)
Total comprehensive income	<u>96,372</u>	<u>9,838</u>	<u>106,210</u>
Dividends declared	(45,721)	—	(45,721)
Stock-based compensation	8,232	—	8,232
Treasury shares acquired	(32,770)	—	(32,770)
Other activity	5,516	(650)	4,866
<i>Balance at Mar. 31, 2013</i>	<u>\$ 2,382,243</u>	<u>\$ 198,486</u>	<u>\$ 2,580,729</u>
<i>Balance at Dec. 25, 2011</i>	\$ 2,327,891	\$ 184,134	\$ 2,512,025
Comprehensive income:			
Net income	68,223	7,611	75,834
Other comprehensive income	15,220	1,787	17,007
Total comprehensive income	<u>83,443</u>	<u>9,398</u>	<u>92,841</u>
Dividends declared	(47,408)	—	(47,408)
Stock-based compensation	6,631	—	6,631
Treasury shares acquired	(35,525)	—	(35,525)
Other activity	2,254	—	2,254
<i>Balance at Mar. 25, 2012</i>	<u>\$ 2,337,286</u>	<u>\$ 193,532</u>	<u>\$ 2,530,818</u>

In August 2012, CareerBuilder acquired 74% of Economic Modeling Specialists Intl., a software firm that specializes in employment data and labor market analytics. Shareholders for the remaining 26% of ownership hold put rights that permit them to put their equity interest to CareerBuilder. In March 2013, CareerBuilder acquired 87.5% of Vietnam Online Network (VON), a leading provider of human capital, recruitment and online related solutions in Vietnam. Shareholders owning 11.5% of VON hold options that permit them to put their equity interest to CareerBuilder. Since redemption of both sets of noncontrolling interests is outside of the Company's control, the balances are presented on the condensed consolidated balance sheets in the caption "Redeemable noncontrolling interests."

The following table summarizes the components of, and the changes in, accumulated other comprehensive loss (net of tax and noncontrolling interests):

In thousands of dollars

	<u>Retirement Plans</u>	<u>Foreign Currency Translation</u>	<u>Total</u>
Balance at Dec. 30, 2012	\$ (1,119,263)	\$ 418,122	\$ (701,141)
Other comprehensive income before reclassifications	14,697	(32,586)	(17,889)
Amounts reclassified from accumulated other comprehensive income	9,696	—	9,696
Other comprehensive income	24,393	(32,586)	(8,193)
Balance at Mar. 31, 2013	<u>\$ (1,094,870)</u>	<u>\$ 385,536</u>	<u>\$ (709,334)</u>
Balance at Dec. 25, 2011	\$ (995,853)	\$ 400,014	\$ (595,839)
Other comprehensive income before reclassifications	(2,873)	11,007	8,134
Amounts reclassified from accumulated other comprehensive income	7,086	—	7,086
Other comprehensive income	4,213	11,007	15,220
Balance at Mar. 25, 2012	<u>\$ (991,640)</u>	<u>\$ 411,021</u>	<u>\$ (580,619)</u>

Accumulated other comprehensive income components are included the computation of net periodic postretirement costs (see Notes 6 and 7 for more detail). Reclassifications out of accumulated other comprehensive loss related to these postretirement plans include the following:

In thousands of dollars

	<u>Thirteen Weeks Ended</u>	
	<u>Mar. 31, 2013</u>	<u>Mar. 25, 2012</u>
Amortization of prior service credit	\$ (422)	\$ (2,872)
Amortization of actuarial loss	15,860	14,155
Total reclassifications, before tax	15,438	11,283
Income tax effect	(5,742)	(4,197)
Total reclassifications, net of tax	<u>\$ 9,696</u>	<u>\$ 7,086</u>

NOTE 10 – Fair value measurement

The Company measures and records in the accompanying condensed consolidated financial statements certain assets and liabilities at fair value. ASC Topic 820, Fair Value Measurement, establishes a fair value hierarchy for those instruments measured at fair value that distinguishes between assumptions based on market data (observable inputs) and the Company's own assumptions (unobservable inputs). The hierarchy consists of three levels:

Level 1 - Quoted market prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than Level 1 inputs that are either directly or indirectly observable; and

Level 3 - Unobservable inputs developed using estimates and assumptions developed by the company, which reflect those that a market participant would use.

The following table summarizes the Company's assets and liabilities measured at fair value in the accompanying condensed consolidated balance sheet as of March 31, 2013 and December 30, 2012:

In thousands of dollars

	Fair Value Measurements as of Mar. 31, 2013			
	Level 1	Level 2	Level 3	Total
Employee compensation related investments	\$ 25,747	\$ —	\$ —	\$ 25,747
Sundry investments	30,933	—	—	30,933
Total assets	\$ 56,680	\$ —	\$ —	\$ 56,680
Contingent consideration payable	\$ —	\$ —	\$ 30,384	\$ 30,384
Total liabilities	\$ —	\$ —	\$ 30,384	\$ 30,384

In thousands of dollars

	Fair Value Measurements as of Dec. 30, 2012			
	Level 1	Level 2	Level 3	Total
Employee compensation related investments	\$ 23,043	\$ —	\$ —	\$ 23,043
Sundry investments	29,090	—	—	29,090
Total assets	\$ 52,133	\$ —	\$ —	\$ 52,133
Contingent consideration payable	\$ —	\$ —	\$ 26,170	\$ 26,170
Total liabilities	\$ —	\$ —	\$ 26,170	\$ 26,170

Under certain acquisition agreements, the Company has agreed to pay the sellers earn-outs based on the financial performance of the acquired businesses. Contingent consideration payable in the table above represents the estimated fair value of future earn-outs payable under such agreements. The fair value of the contingent payments was measured based on the present value of the consideration expected to be transferred. The discount rate is a significant unobservable input in such present value computations. For the thirteen weeks ended March 31, 2013, the contingent consideration was increased by \$8.6 million as a result of new acquisitions and adjustments to fair value. The increase was partially offset by payments of \$4.3 million.

The fair value of the Company's total long-term debt, based on the bid and ask quotes for the related debt (Level 2), totaled \$1.62 billion at March 31, 2013 and December 30, 2012.

NOTE 11 – Business segment information

The Company has determined that its reportable segments based on its management and internal reporting structures are Publishing, Digital, and Broadcasting. The Publishing segment principally includes the Company’s domestic local publishing operations, Newsquest operations in the U.K. and the USA TODAY group. The Digital segment includes CareerBuilder, ShopLocal, Reviewed.com and PointRoll. The Broadcasting segment includes the Company’s 23 television stations and Captivate.

In thousands of dollars

	Thirteen Weeks Ended	
	Mar. 31, 2013	Mar. 25, 2012
Net Operating Revenues:		
Publishing	\$ 871,233	\$ 874,062
Digital	174,922	168,352
Broadcasting	191,580	176,173
Total	\$ 1,237,735	\$ 1,218,587
Operating Income (net of depreciation, amortization and facility consolidation charges):		
Publishing	\$ 60,137	\$ 62,040
Digital	23,604	16,263
Broadcasting	83,676	72,615
Corporate	(16,360)	(15,260)
Total	\$ 151,057	\$ 135,658
Depreciation, amortization and facility consolidation charges:		
Publishing	\$ 32,236	\$ 33,214
Digital	9,107	7,905
Broadcasting	6,935	7,110
Corporate	4,561	4,141
Total	\$ 52,839	\$ 52,370

NOTE 12 – Earnings per share

The Company’s earnings per share (basic and diluted) are presented below:

In thousands except per share amounts

	Thirteen Weeks Ended	
	Mar. 31, 2013	Mar. 25, 2012
Net income attributable to Gannett Co., Inc.	\$ 104,565	\$ 68,223
Weighted average number of common shares outstanding - basic	229,396	236,280
<i>Effect of dilutive securities</i>		
Stock options	1,067	1,139
Restricted stock	2,838	2,632
Performance share units	1,861	360
Weighted average number of common shares outstanding - diluted	235,162	240,411
Net income per share-basic	\$ 0.46	\$ 0.29
Net income per share-diluted	\$ 0.44	\$ 0.28

The diluted earnings per share amounts exclude the effects of approximately 6.3 million and 16.4 million stock options outstanding for the first quarter of 2013 and 2012, respectively, as their inclusion would be anti dilutive.

NOTE 13 – Consolidated Statement of Cash Flows

Cash paid in 2013 and 2012 for income taxes and interest (net of amounts capitalized) was as follows:

In thousands of dollars

	Thirteen Weeks Ended	
	Mar. 31, 2013	Mar. 25, 2012
Income taxes, net of refunds	\$ 39,180	\$ (4,088)
Interest	\$ 22,783	\$ 22,871

NOTE 14 – Commitments, Contingencies and Other Matters

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.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Company believes that its market risk from financial instruments, such as accounts receivable, accounts payable and debt, is not material. The Company is exposed to foreign exchange rate risk primarily due to its operations in the United Kingdom, for which the British pound is the functional currency. If the price of the British pound against the U.S. dollar had been 10% more or less than the actual price, operating income for the first quarter of 2013 would have increased or decreased approximately 2%.

At the end of the first quarter of 2013, the Company had approximately \$220 million in long-term floating rate obligations outstanding. A 50 basis points increase or decrease in the average interest rate for these obligations would result in an increase or decrease in annualized interest expense of \$1 million.

The fair value of the Company's total long-term debt, based on bid and ask quotes for the related debt, totaled \$1.62 billion at March 31, 2013 and December 30, 2012.

Item 4. Controls and Procedures

Based on their evaluation, the Company's principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures are effective, as of March 31, 2013, to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

There have been no changes in the Company's internal controls or in other factors during the fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

PART II. OTHER INFORMATION

Item 1. Environmental

There have been no material developments with respect to the Company's potential liability for environmental matters previously reported in the Company's 2012 Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Program	(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
12/31/12 – 2/3/13	581,061	\$ 19.14	581,061	\$ 138,995,850
2/4/13 – 3/3/13	532,200	\$ 19.66	532,200	\$ 128,530,523
3/4/13 – 3/31/13	527,000	\$ 21.22	527,000	\$ 117,346,362
Total 1st Quarter 2013	1,640,261	\$ 19.98	1,640,261	\$ 117,346,362

On February 21, 2012, the Company's Board of Directors approved a new program to repurchase up to \$300 million in Gannett common stock (replacing the \$1 billion program). There is no expiration date for the new \$300 million stock repurchase program. However, it is targeted to be completed over the two years following the announcement. All shares repurchased as shown above were part of this publicly announced repurchase program.

In addition to the above, as of March 31, 2013, 30,000 shares were repurchased as part of the publicly announced repurchase program, but were settled subsequent to the end of the quarter. The effect of those repurchases decreased the maximum dollar value available under the program to \$116,690,652.

Item 5. Other Information

On May 7, 2013, the board of directors of Gannett Co., Inc. approved an amendment to Article II, Section 5 of the Company's bylaws to increase the stock ownership requirements for directors and director nominees. As amended, this provision will require each person elected, reelected or appointed to the board after May 7, 2013 to agree that he or she will (1) own, or agree to acquire within 90 days of being elected, at least 1,000 shares of the Company's common stock, (2) achieve within five years of such election, reelection or appointment a minimum guideline ownership amount of 20,000 shares of the Company's common stock, and (3) maintain at least that minimum guideline ownership amount while continuing to serve on the Company's board. The amended director stock ownership guidelines are subject to appropriate adjustments for any stock splits or stock dividends occurring after May 7, 2013.

A copy of the amended bylaws, marked to show these changes, is filed with this Form 10-Q as Exhibit 3-2.

Item 6. Exhibits

Incorporated by reference to the Exhibit Index attached hereto and made a part hereof.

SIGNATURES

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

Date: May 8, 2013

GANNETT CO., INC.

/s/ Teresa S. Gendron

Teresa S. Gendron

Vice President and Controller

(on behalf of Registrant and as Chief Accounting Officer)

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Exhibit</u>	<u>Location</u>
3-1	Third Restated Certificate of Incorporation of Gannett Co., Inc.	Incorporated by reference to Exhibit 3.1 to Gannett Co., Inc.'s Form 10-Q for the fiscal quarter ended April 1, 2007.
3-2	Amended by-laws of Gannett Co., Inc.	Attached.
4-1	Specimen Certificate for Gannett Co., Inc.'s common stock, par value \$1.00 per share.	Incorporated by reference to Exhibit 2 to Gannett Co., Inc.'s Form 8-B filed on June 14, 1972.
10-1	Description of Gannett Co., Inc.'s Non-Employee Director Compensation*	Attached.
10-2	Form of Executive Officer Restricted Stock Unit Award Agreement*	Attached.
10-3	Form of Executive Officer Performance Share Award Agreement*	Attached.
31-1	Rule 13a-14(a) Certification of CEO.	Attached.
31-2	Rule 13a-14(a) Certification of CFO.	Attached.
32-1	Section 1350 Certification of CEO.	Attached.
32-2	Section 1350 Certification of CFO.	Attached.
101	The following financial information from Gannett Co., Inc. Quarterly Report on Form 10-Q for the quarter ended March 31, 2013, formatted in XBRL includes: (i) Condensed Consolidated Balance Sheets at March 31, 2013 and December 30, 2012, (ii) Condensed Consolidated Statements of Income for the fiscal quarters ended March 31, 2013 and March 25, 2012, (iii) Condensed Consolidated Statements of Comprehensive Income for the fiscal quarters ended March 31, 2013 and March 25, 2012, (iv) Condensed Consolidated Cash Flow Statements for the fiscal year-to-date periods ended March 31, 2013 and March 25, 2012, and (v) the Notes to Condensed Consolidated Financial Statements.	Attached.

* Asterisks identify management contracts and compensatory plans or arrangements.

[Reflects all amendments through May 7, 2013]

BY-LAWS
OF
GANNETT CO., INC.

ARTICLE I.

Meetings of Stockholders

Section 1. Annual Meetings: The annual meeting of the stockholders for the election of directors and for the transaction of such other business as may come before the meeting shall be held on such date and at such hour as shall each year be fixed by the Board of Directors.

Section 2. Special Meetings: Except as otherwise required by law and subject to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation, special meetings of the stockholders may be called only by the Chairman of the Board or by the Board of Directors pursuant to a resolution approved by a majority of the entire Board of Directors.

Section 3. Place of Meeting: Meetings of stockholders of the Corporation shall be held at such place, either within or without the State of Delaware, as shall be fixed by the Board of Directors in the case of meetings called by the Board, or by the Chairman of the Board in the case of meetings called by the Chairman, and specified in the notice of said meeting.

Section 4. Notice of Meetings: Except as otherwise permitted or provided by law or these By-laws, written notice of each meeting of the stockholders shall be given to each stockholder of record entitled to vote at such meeting, whether annual or special, not less than ten (10) nor more than sixty (60) days before the day on which the meeting is to be held. A written waiver of notice of any meeting of stockholders, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Notice of any adjourned meeting of stockholders shall not be required to be given, except where expressly required by law.

Section 5. Organization: At each meeting of the stockholders, the Chairman of the Board, or in his absence, the Vice Chairman, or in the absence of both officers, an officer selected by the Chairman of the Board, or if the Chairman of the Board has made no selection, an officer selected by the Board, shall act as chairman of the meeting and the Secretary or, in his absence, an Assistant Secretary, if one be appointed, shall act as secretary of the meeting. In case at any meeting none of the officers who have been designated to act as chairman or secretary of the meeting, respectively, shall be present, a chairman or secretary of the meeting, as the case may be, shall be chosen by the vote of a majority in interest of the stockholders of the Corporation present in person or by proxy and entitled to vote at such meeting.

Section 6. Quorum and Conduct of Meetings.

(a) At each meeting of the stockholders, except where otherwise provided by law, the holders of a majority of the issued and outstanding shares of each class of stock of the Corporation entitled to vote at such meeting shall constitute a quorum for the transaction of business and a majority in amount of such quorum shall decide any questions that may come before the meeting. In the absence of a quorum, a majority in interest of the stockholders of the Corporation present in person or by proxy and entitled to vote, or, if no stockholder entitled to vote is present, any officer entitled to preside at, or act as secretary of, such meeting, shall have the power to adjourn the meeting from time to time until stockholders holding the requisite amount of stock shall be present or represented. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally called.

(b) The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the chairman of the meeting. The Board of Directors may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chairman of any meeting of stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the chairman of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the Board of Directors or the chairman of the meeting, meetings of stockholders shall not be required to be conducted in accordance with the rules of parliamentary procedure.

Section 7. Voting.

(a) At each meeting of stockholders every stockholder of record of the Corporation entitled to vote at such meeting shall be entitled to one vote for each share of stock of the Corporation registered in his name on the books of the Corporation on the record date for such meeting. Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for him by proxy. Such proxy shall be appointed by an instrument in writing, subscribed by such stockholder or by his attorney thereunto authorized and delivered to the secretary of the meeting, or shall otherwise be executed and transmitted as may be permissible under applicable law; provided, however, that no proxy shall be voted on after three years from its date unless said proxy provides for a longer period. At all meetings of the stockholders, all matters (except where other provision is made by statute, by the Certificate of Incorporation or by these By-laws) shall

be decided by the vote of a majority of the stock present in person or by proxy and entitled to vote at the meeting. At each meeting of stockholders for the election of Directors, the voting for Directors need not be by ballot unless the chairman of the meeting or the holders, present in person or by proxy, of a majority of the stock of the Corporation entitled to vote at such meeting shall so determine.

(b) The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting. No ballot, proxies or votes, nor any revocations thereof or changes thereto, shall be accepted by the inspectors after the closing of the polls unless a proper court upon application by a stockholder shall determine otherwise.

(c) The Corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting and make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability.

(d) The inspectors shall (i) ascertain the number of shares outstanding and the voting power of each, (ii) determine the shares represented at a meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, (v) certify their determination of the number of shares represented at the meeting and their count of all votes and ballots, and (vi) perform such other duties as may be required by law or designated by the Secretary of the Corporation. In performing their duties, the inspectors of election shall follow applicable law and the instructions of the Secretary.

Section 8. List of Stockholders: It shall be the duty of the Secretary or other officer of the Corporation who shall have charge of its stock ledger, either directly or through another officer of the Corporation designated by him or through a transfer agent or transfer clerk appointed by the Board of Directors, to prepare and make available, at least ten (10) days before every meeting of the stockholders, a complete list of the stockholders entitled to vote thereat, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for said ten (10) days, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of meeting, or, if not so specified, at the place where said meeting is to be held. The list shall be produced and kept at the time and place of said meeting during the whole time thereof and subject to the inspection of any stockholder who shall be present thereat. The original or duplicate stock ledger shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, such list or the books of the Corporation, or to vote in person or by proxy at such meeting.

Section 9. Stockholder Action: Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of such holders and may not be effected by any consent in writing by such holders.

ARTICLE II.

Board of Directors

Section 1. General Power: The property, business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

Section 2. Number and Terms: Except as otherwise fixed pursuant to the provisions of Article FOURTH of the Certificate of Incorporation relating to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect additional directors under specified circumstances, the number of the directors of the Corporation shall be fixed from time to time by majority vote of the entire Board of Directors. Without limiting the term of any director previously elected, directors elected to the board of directors after the annual meeting of stockholders to be held in 2007 shall hold office until the first annual meeting of stockholders following their election and until his or her successor shall have been duly elected and qualified or until the director's prior death, resignation or removal.

Section 3. Qualifications of Directors: A director who has not served as an executive of the Corporation shall be eligible to serve as a member of the Board of Directors until the first annual meeting of shareholders following his or her seventieth birthday.

A director who has served as an executive of the Corporation shall be eligible to serve as a member of the Board of Directors until the first annual meeting of shareholders following his or her sixty-fifth birthday, and if such officer has served or is serving as the chief executive officer of the Corporation, the age of eligibility for his or her Board service may be extended past age 65 if the Board of Directors, in its sole discretion, deems it advisable under the circumstances.

Notwithstanding the foregoing, no one who has at any time served as an executive of this Corporation, whether or not as the chief executive officer, shall be eligible to serve as a member of the Board of Directors after the first annual meeting of shareholders following the date on which he or she retires under the Corporation's retirement plan.

Section 4. Notice of Stockholder Business and Nominations.

(A) Annual Meetings of Stockholders. (1) Subject to the rights of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances, nominations of persons for election to the Board of Directors and the proposal of other business to be considered by the stockholders may be made at an annual meeting of stockholders (a) pursuant to the Corporation's notice of meeting, (b) by or at the direction of the Board of Directors or (c) by any stockholder of the Corporation who (i) was a stockholder of record at the time of giving of notice provided for in this By-Law and at the time of the annual meeting, (ii) is entitled to vote at the meeting and (iii) complies with the notice procedures set forth in this By-Law as to such business or nomination; clause (c) shall be the exclusive means for a stockholder to make nominations or submit other business (other than matters properly brought under Rule 14a-8 under the Exchange Act and included in the Corporation's notice of meeting) before an annual meeting of stockholders.

(2) Without qualification, for any nominations or any other business to be properly brought before an annual meeting by a stockholder pursuant to Article II, Section 4(A)(1)(c) of this By-Law, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and such other business must otherwise be a proper matter for stockholder action. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the 120th day and not later than the close of business on the 100th day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of the 100th day prior to such annual meeting or, if the first public announcement of the date of such annual meeting is less than 110 days prior to such annual meeting, the 10th day following the day on which public announcement of the date of such meeting is first made by the Corporation. In no event shall any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described above. To be in proper form, a stockholder's notice (whether given pursuant to this Section 4(A)(2) or Section 4(B)) to the Secretary of the Corporation must: (a) set forth, as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, if any, (ii) (A) the class or series and number of shares of the Corporation which are, directly or indirectly, owned beneficially and of record by such stockholder and such beneficial owner, (B) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of capital stock of the Corporation or otherwise (a "Derivative Instrument") directly or indirectly owned beneficially by such stockholder and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation, (C) any proxy, contract, arrangement, understanding, or relationship pursuant to which such stockholder has a right to vote any shares of any security of the Corporation, (D) any short interest in any security of the Corporation (for purposes of these By-laws a person shall be deemed to have a short interest in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security), (E) any rights to dividends on the shares of the Corporation owned beneficially by such stockholder that are separated or separable from the underlying shares of the Corporation, (F) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such stockholder is a general partner or, directly or indirectly, beneficially owns an interest in a general partner and (G) any performance-related fees (other than an asset-based fee) that such stockholder is entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, as of the date of such notice, including without limitation any such interests held by members of such stockholder's immediate family sharing the same household (which information shall be supplemented by such stockholder and beneficial owner, if any, not later than 10 days after the record date for the meeting to disclose such ownership as of the record date), and (iii) any other information relating to such stockholder and beneficial owner, if any, that would be required to be disclosed in a proxy statement or other filings required to be made

in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Section 14 of the Exchange Act; (b) if the notice relates to any business other than a nomination of a director or directors that the stockholder proposes to bring before the meeting, set forth (i) a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest of such stockholder and beneficial owner, if any, in such business and (ii) a description of all agreements, arrangements and understandings between such stockholder and beneficial owner, if any, and any other person or persons (including their names) in connection with the proposal of such business by such stockholder; (c) set forth, as to each person, if any, whom the stockholder proposes to nominate for election or reelection as a director (i) all information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14 of the Exchange Act (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected) and (ii) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such stockholder and beneficial owner, if any, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the stockholder making the nomination and any beneficial owner on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of such rule and the nominee were a director or executive officer of such registrant; and (d) with respect to each nominee for election or reelection to the Board of Directors, include the completed and signed questionnaire, representation and agreement required by Article II, Section 5 of these By-Laws. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee.

(3) Notwithstanding anything in the second sentence of Article II, Section 4(A)(2) of this By-Law to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation is increased and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board of Directors at least 110 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this By-Law shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

(B) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Subject to the rights of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances, nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the

Corporation's notice of meeting (a) by or at the direction of the Board of Directors or (b) provided that the Board of Directors has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who (i) is a stockholder of record at the time of giving of notice provided for in this By-Law and at the time of the special meeting, (ii) is entitled to vote at the meeting and (iii) complies with the notice procedures set forth in this By-Law as to such nomination. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder's notice required by Article II, Section 4(A)(2) of this By-Law with respect to any nomination (including the completed and signed questionnaire, representation and agreement required by Article II, Section 5 of these By-Laws) shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not earlier than the close of business on the 120th day prior to such special meeting and not later than the close of business on the later of the 100th day prior to the date of such special meeting or, if the first public announcement of the date of such special meeting is less than 110 days prior to the date of such special meeting, the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall any adjournment or postponement of a special meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described above.

(C) General. (1) Only such persons who are nominated in accordance with the procedures set forth in this By-Law shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this By-Law. Except as otherwise provided by law, the Certificate of Incorporation or these By-Laws, the Chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this By-Law and, if any proposed nomination or business is not in compliance with this By-Law, to declare that such defective proposal or nomination shall be disregarded.

(2) For purposes of this By-Law, "public announcement" shall mean disclosure in a press release reported by national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(3) Notwithstanding the foregoing provisions of this By-Law, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this By-Law; provided, however, that any references in these By-Laws to the Exchange Act or the rules promulgated thereunder are not intended to and shall not limit the requirements applicable to nominations or proposals as to any other business to be considered pursuant to Section 4(A)(1)(c) or Section 4(B) of this By-Law. Nothing in this By-Law shall be deemed to affect any rights (i) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (ii) of the holders of any series of Preferred Stock if and to the extent provided for under law, the Certificate of Incorporation or these By-Laws.

Section 5. Submission of Questionnaire, Representation and Agreement. To be eligible

to be a nominee for election or reelection as a director of the Corporation, a person must deliver (in accordance with the time periods prescribed for delivery of notice under Article II, Section 4 of these By-Laws) to the Secretary of the Corporation at the principal executive offices of the Corporation a written questionnaire with respect to the background, qualification and experience of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request) and a written representation and agreement (in the form provided by the Secretary upon written request) that such person (A) will abide by the requirements of Article II, Section 6 of these By-Laws, (B) is not and will not become a party to (1) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation or (2) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law, (C) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein, (D) beneficially owns, or agrees to purchase within 90 days if elected as a director of the Corporation, not less than ~~three~~ one thousand shares of stock of the Corporation and to increase his or her stock ownership until he or she reaches a minimum guideline amount of 20,000 shares of stock of the Corporation, to be achieved within five years ("Qualifying Shares") (subject to adjustment for any stock splits or stock dividends occurring after ~~August 10, 2007~~ May 7, 2013), will not dispose of such minimum number of shares so long as such person is a director, and has disclosed therein whether all or any portion of the Qualifying Shares were purchased with any financial assistance provided by any other person and whether any other person has any interest in the Qualifying Shares (shares of common stock issuable upon vesting of restricted stock units or in a director's account in the Corporation's deferred compensation plan shall be counted for purposes of this ownership requirement), and (E) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation.

Section 6. Election: Except as provided in Section 9 of this Article or as otherwise required by law or by the Certificate of Incorporation, each director shall be elected by the vote of the majority of the votes cast with respect to the director at any meeting for the election of directors at which a quorum is present, provided that if on the record date for such meeting the number of nominees exceeds the number of directors to be elected, the directors shall be elected by the vote of a plurality of the shares represented in person or by proxy at any such meeting and entitled to vote on the election of directors. For purposes of this Section, a majority of the votes cast means that the number of shares voted "for" a director must exceed 50% of the votes cast with respect to that director. If a nominee who is already serving as a director is not elected, the director shall offer to tender his or her resignation to the Board. The Nominating and Public Responsibility Committee will make a recommendation to the Board on whether to accept or reject the resignation, or whether other action should be taken. The Board will act on the Committee's recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date of the certification of the election results. The director who tenders his or her resignation will not participate in the Board's decision. Each Director shall hold office

until his or her successor shall be duly elected and qualified, or until death, resignation or removal in the manner hereinafter provided, or until he or she shall cease to qualify.

Section 7. Resignation: Any Director of the Corporation may resign at any time by giving notice in writing or by electronic transmission to the Corporation. The resignation of any Director shall take effect at the time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 8. Removal of Directors: Any Director may be removed from office, with cause, by the affirmative vote of the holders of record of a majority of the combined voting power of the outstanding shares of Stock entitled to vote generally in the election of directors, voting together as a single class and without cause, only by the affirmative vote of the holders of 80% of the combined voting power of the then outstanding shares of stock entitled to vote generally in the election of directors, voting together as a single class.

Section 9. Newly Created Directorships and Vacancies: Except as otherwise fixed pursuant to the provisions of Article FOURTH of the Certificate of Incorporation relating to the rights of the holders of any class or series of stock having preference over the Common Stock as to dividends or upon liquidation to elect additional directors under specified circumstances, newly created directorships resulting from any increase in the number of directors and any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other cause shall be filled by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board of Directors. Any director elected in accordance with the preceding sentence shall hold office until the next succeeding annual meeting of stockholders following such director's election and until such director's successor shall have been elected and qualified. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

Section 10. First Meeting: After each annual election of Directors and on the same day, the Board of Directors may meet for the purpose of organization, the election of officers and the transaction of other business at the place where regular meetings of the Board of Directors are held. Notice of such meeting need not be given. Such meeting may be held at any other time or place which shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors or which is approved by all the Directors by consent in writing or by electronic transmission.

Section 11. Regular Meetings: Regular meetings of the Board of Directors shall be held at such places and at such times as may from time to time be fixed by the Board. Notice of regular meetings need not be given.

Section 12. Special Meetings: Special meetings of the Board of Directors shall be held at any time upon the call of the Chairman of the Board or any two of the Directors. Notice of each such meeting shall be mailed to each Director, addressed to him at his residence or usual place of business, at least three days before the day on which the meeting is to be held, or shall be sent to him by telegraph, cable, wireless or electronic transmission so addressed or shall be delivered personally or by telephone at least 24 hours before the time the meeting is to be held. Each notice shall state the time and place of the meeting but need not state the purposes thereof, except as otherwise herein expressly provided. Notice of any meeting of the Board of Directors need not, however, be given to any Director, if waived by him in writing or by telegraph, cable, wireless or other form of recorded communication or electronic transmission or if he shall

be present at such meeting; and any meeting of the Board shall be a legal meeting without any notice thereof having been given if all of the Directors of the Corporation then in office shall be present thereat.

Members of the Board of Directors, or any committee designated by such Board, may participate in a meeting of such Board or committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

Section 13. Quorum and Manner of Acting: Except as otherwise provided by statute or by these By-laws, a majority of the authorized number of Directors shall be required to constitute a quorum for the transaction of business at any meeting, and the affirmative vote of a majority of the Directors present at the meeting shall be necessary for the adoption of any resolution or the taking of any other action. In the absence of a quorum, the Director or Directors present may adjourn any meeting from time to time until a quorum be had. Notice of any adjourned meeting need not be given.

Section 14. Written or Electronic Consent: Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if all members of the Board consent thereto in writing or by electronic transmission and such writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 15. Compensation: The Board of Directors shall have the authority to fix the compensation of Directors for services in any capacity and to provide that the Corporation shall reimburse each Director for any expenses paid to him on account of his attendance at any regular or special meeting of the Board. Nothing herein contained shall be construed so as to preclude any Director from serving the Corporation in any other capacity, or from serving any of its stockholders, subsidiaries or affiliated corporations in any capacity and receiving proper compensation therefor.

Section 16. Executive and Other Committees: The Board of Directors may in its discretion by resolution passed by a majority of the Directors present at a meeting at which a quorum is present designate an Executive Committee and one or more other committees, each consisting of one or more of the Directors of the Corporation, and each of which, to the extent provided in the resolution and the laws of the State of Delaware, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation and may authorize the seal of the Corporation to be affixed to all papers which may require it; provided, however, that no such committee shall have power or authority as to the following matters:

- (1) The amendment of the Certificate of Incorporation of the Corporation (except as provided under the Delaware General Corporation Law);
- (2) The amendment of the By-laws of the Corporation;
- (3) Approval or recommending to stockholders any action which must be submitted to stockholders for approval under the Delaware General Corporation Law.

Unless a greater proportion is required by the resolution designating a committee of the Board of Directors, a majority of the entire authorized number of members of such committee shall constitute a quorum for the transaction of business, and the act of a majority of the members voting on any item of business, if a quorum votes, shall be the act of such committee. Any action required, or permitted to be taken at any meeting of a committee of the Board of Directors, may be taken without a meeting if all members of such committee consent thereto in writing or by electronic transmission and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of such committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 17. Indemnification.

(a) The Corporation shall indemnify and hold harmless to the fullest extent authorized by the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment) any person made or threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she or a person of whom he or she is the legal representative (i) is or was a director or officer of the Corporation or (ii) is or was serving at the request of the Corporation as a director, officer, trustee, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans maintained or sponsored by the Corporation (hereinafter, an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, trustee, employee or agent or in any other capacity while serving as a director, officer, trustee, employee or agent, against all liability, loss and expense (including attorneys' fees, judgments, fines, excise taxes, penalties and amounts paid or to be paid in settlement) incurred or suffered by such person in connection therewith; provided, however, that except as provided in Section 17(c), the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors. The right to indemnification conferred in this Section 17 shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that if the General Corporation Law of the State of Delaware requires, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter, the "undertaking") by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right of appeal (a "final disposition") that such director or officer is not entitled to be indemnified for such expenses under this Section 17 or otherwise. The rights conferred upon indemnitees in this Section 17 shall be contract rights that vest at the time of such person's service to or at the request of the Corporation and such rights shall continue as to an indemnitee who has ceased to be a director, officer, trustee, employee or agent and shall inure to the benefit of the indemnitee's heirs, executors and administrators.

(b) To obtain indemnification under this Section 17, a claimant shall submit to the Corporation a written request, including therein or therewith such documentation and information as is reasonably available to the claimant and is reasonably necessary to determine whether and to what extent the claimant is entitled to indemnification. Upon written request by a claimant for indemnification pursuant to the first sentence of this Section 17(b), a determination, if required by applicable law, with respect to the claimant's entitlement thereto shall be made as follows: (1) if requested by the claimant, by Independent Counsel (as hereinafter defined), or (2) if no request is made by the claimant for a determination by Independent Counsel, (i) by the Board of Directors by a majority vote of a quorum consisting of Disinterested Directors (as hereinafter defined), or (ii) if a quorum of the Board of Directors consisting of Disinterested Directors is not obtainable or, even if obtainable, such quorum of Disinterested Directors so directs, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to the claimant, or (iii) if a quorum of Disinterested Directors so directs, by the stockholders of the Corporation. In the event the determination of entitlement to indemnification is to be made by Independent Counsel at the request of the claimant, the Independent Counsel shall be selected by the Board of Directors unless there shall have occurred within two years prior to the date of the commencement of the action, suit or proceeding for which indemnification is claimed a "Change of Control" as defined in the Corporation's Transitional Compensation Plan, in which case the Independent Counsel shall be selected by the claimant unless the claimant shall request that such selection be made by the Board of Directors. If it is so determined that the claimant is entitled to indemnification, payment to the claimant shall be made within 10 days after such determination.

(c) If a claim under Section 17(a) in connection with a proceeding (or part thereof) not initiated by the claimant is not paid in full by the Corporation within sixty (60) days after a written claim pursuant to Section 17(b) has been received by the Corporation (except in the case of a claim for advancement of expenses, for which the applicable period is twenty (20) days), the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant has not met the standard of conduct which makes it permissible under the General Corporation Law of the State of Delaware for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, Independent Counsel or stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the General Corporation Law of the State of Delaware, nor an actual determination by the Corporation (including its Board of Directors, Independent Counsel or stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct. If a determination shall have been made pursuant to Section 17(b) that the claimant is entitled to indemnification, the Corporation shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 17(c). The Corporation shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 17(c) that the procedures and presumptions of this Section 17 are not valid, binding and enforceable and shall stipulate in such proceeding that the Corporation is bound by all the provisions of this Section 17.

(d) The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Section 17 (i) shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, By-Laws, agreement, vote of stockholders or Disinterested Directors or otherwise and (ii) cannot be terminated by the Corporation, the Board of Directors or the stockholders of the Corporation with respect to a person's service prior to the date of such termination. Any amendment, modification, alteration or repeal of this Section 17 that in any way diminishes, limits, restricts, adversely affects or eliminates any right of an indemnitee or his or her successors to indemnification, advancement of expenses or otherwise shall be prospective only and shall not in any way diminish, limit, restrict, adversely affect or eliminate any such right with respect to any actual or alleged state of facts, occurrence, action or omission then or previously existing, or any action, suit or proceeding previously or thereafter brought or threatened based in whole or in part upon any such actual or alleged state of facts, occurrence, action or omission.

(e) The Corporation may purchase and maintain insurance, at its expense, to protect itself and any current or former director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any liability, loss and expense, whether or not the Corporation would have the power to indemnify such person against such liability, loss and expense under the General Corporation Law of the State of Delaware. To the extent that the Corporation maintains any policy or policies providing such insurance, each such current or former director or officer, and each such agent or employee to which rights to indemnification have been granted as provided in Section 17(f), shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage thereunder for any such current or former director, officer, employee or agent.

(f) The Corporation may, to the extent authorized from time to time by the Board of Directors or the Chief Executive Officer, grant rights to indemnification, and rights to be paid by the Corporation the expenses incurred in defending any proceeding in advance of its final disposition, to any current or former employee or agent of the Corporation to the fullest extent of the provisions of this Section 17 with respect to the indemnification and advancement of expenses of current or former directors and officers of the Corporation.

(g) If any provision or provisions of this Section 17 shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (1) the validity, legality and enforceability of the remaining provisions of this Section 17 (including, without limitation, each portion of any subsection of this Section 17 containing any such provision held to be invalid, illegal or unenforceable, that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby, and (2) to the fullest extent possible, the provisions of this Section 17 (including, without limitation, each such portion of any subsection of this Section 17 containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

(h) For purposes of this Section 17, references to "the corporation" shall include, in addition to the resulting or surviving corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such

constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under this Section 17 with respect to the resulting or surviving corporation as he or she would have with respect to such constituent corporation if its separate existence had continued.

(i) For purposes of this Section 17:

(1) "Disinterested Director" means a director of the Corporation who is not and was not a party to the matter in respect of which indemnification is sought by the claimant.

(2) "Independent Counsel" means a law firm, a member of a law firm, or an independent practitioner, that is experienced in matters of corporation law and shall include any person who, under the applicable standards of professional conduct then prevailing, would not have a conflict of interest in representing either the Corporation or the claimant in an action to determine the claimant's rights under this Section 17.

(j) Any notice, request or other communication required or permitted to be given to the Corporation under this Section 17 shall be in writing and either delivered in person or sent by telecopy, telex, telegram, overnight mail or courier service, or certified or registered mail, postage prepaid, return receipt requested, to the Secretary of the Corporation and shall be effective only upon receipt by the Secretary.

Section 18. Emergency Provisions. Notwithstanding any other provision in the Corporation's restated certificate of incorporation or Bylaws, this emergency Bylaw provision shall be operative (i) during any emergency resulting from an attack on the United States or on a locality in which the Corporation conducts its business or customarily holds meetings of its Board of Directors or its stockholders, or (ii) during any nuclear or atomic disaster, or (iii) during the existence of any catastrophe, or other similar emergency condition, as a result of which a quorum of the Board of Directors or a standing committee thereof cannot readily be convened for action, or (iv) during any other condition that may be provided under relevant provisions of Delaware Law (each condition described in clauses (i) through (iv) being referred to below as an "Emergency"). Pursuant to this Section 18, during any Emergency:

(a) A meeting of the Board of Directors or a committee thereof may be called by any director or officer by any means feasible under the circumstances.

(b) Unless otherwise provided by the Board during an Emergency, notice of any meeting of the Board of Directors during such an Emergency may be given only to such of the directors as it may be feasible to reach at the time and by such means as may be feasible at the time, including publication, television, radio or any other means.

(c) The officers or other persons designated on a list approved by the board of directors before the Emergency, all in such order of priority and subject to such conditions and for such period of time (not longer than reasonably necessary after the termination of the Emergency) as may be provided in the resolution approving the list, shall, to the extent required to provide a quorum at any meeting of the board of directors, be deemed directors for such meeting.

(d) The Board of Directors, either before or during any such Emergency, may provide, and from time to time modify, lines of succession in the event that during such Emergency any or all officers or agents of the corporation shall for any reason be rendered incapable of discharging their duties.

(e) The Board of Directors, either before or during any such Emergency, may, effective in the Emergency, change the head office or designate several alternative head offices or regional offices, or authorize the officers so to do.

(f) No officer, director or employee acting in accordance with this Section, with any other emergency bylaw provision, or pursuant to DGCL Section 110 or any successor section, shall be liable except for willful misconduct.

(g) To the extent not inconsistent with this Section 18, the Bylaws of the Corporation shall remain in effect during any Emergency and upon its termination these emergency provisions shall cease to be operative.

(h) Nothing contained in this Section 18 shall be deemed exclusive of any other provisions for emergency powers consistent with this section that have been or may be adopted by the Board of Directors.

ARTICLE III.

Officers

Section 1. Officers Enumerated: The Board of Directors, as soon as may be practicable after the annual election of Directors, shall elect a Chairman, a President, and a Chief Executive Officer (or any combination thereof), one or more Vice Presidents (one or more of whom may be designated Executive Vice President or Senior Vice President), a Secretary, a Treasurer, and a Controller and from time to time may elect or appoint such other officers as it may determine. Any two or more offices may be held by the same person.

Section 2. Term of Office: Each officer shall hold office for the term for which he is elected or appointed and until his successor has been elected or appointed and qualified or until his death or until he shall resign or until he shall have been removed in the manner hereinafter provided.

Section 3. Powers and Duties: The officers of the Corporation shall each have such powers and authority and perform such duties in the management of the property and affairs of the Corporation as from time to time may be prescribed by the Board of Directors and, to the extent not so prescribed, they shall each have such powers and authority and perform such duties in the management of the property and affairs of the Corporation, subject to the control of the Board, as generally pertain to their respective offices.

Without limitation of the foregoing:

- (a) Chairman of the Board: The Chairman of the Board shall be a director of the Corporation and shall preside at all meetings of the Board and of the Executive Committee of the Board and at all meetings of stockholders. The Chairman of the

Board shall undertake such other duties or responsibilities as the Board may assign.

- (b) **President and Chief Executive Officer:** The President and Chief Executive Officer shall be the chief executive officer of the Corporation and shall be a director of the Corporation. In the absence of the Chairman, the President and Chief Executive Officer shall preside at all meetings of the Board and of the Executive Committee of the Board and at all meetings of stockholders.
- (c) **Vice Presidents:** The Board of Directors shall determine the powers and duties of the respective Vice Presidents and may, in its discretion, fix such order of seniority among the respective Vice Presidents as it may deem advisable.
- (d) **Secretary:** The Secretary shall issue notices of all meetings of the stockholders and Directors where notices of such meetings are required by law or these By-laws and shall keep the minutes of such meetings. He shall sign such instruments and attest such documents as require his signature of attestation and affix the corporate seal thereto where appropriate.
- (e) **Treasurer:** The Treasurer shall have custody of all funds and securities of the Corporation and shall sign all instruments and documents as require his signature. He shall perform all acts incident to the position of Treasurer, subject to the control of the Board of Directors.
- (f) **Controller:** The Controller shall be in charge of the accounts of the Corporation and he shall have such powers and perform such duties as may be assigned to him by the Board of Directors.
- (g) **General Counsel:** The General Counsel shall have general control of all matters of legal import concerning the Corporation.

Section 4. Temporary Absence: In case of the temporary absence or disability of any officer of the Corporation, except as otherwise provided in these By-laws, the Chairman of the Board, the President, the Vice Chairman, any Vice President, the Secretary or the Treasurer may perform any of the duties of any such other officer as the Board of Directors or Executive Committee may prescribe.

Section 5. Resignations: Any officer may resign at any time by giving written notice of his resignation to the Corporation. Any such resignation shall take effect at the time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Removal: Any officer may be removed, either with or without cause, at any time by action of the Board of Directors.

Section 7. Vacancies: A vacancy in any office because of death, resignation, removal or any other cause may be filled by the Board of Directors.

Section 8. Compensation: The salaries of the officers shall be fixed from time to time by the Board of Directors. Nothing contained herein shall preclude any officer from serving the Corporation in any other capacity, including that of director, or from serving any of its

stockholders, subsidiaries or affiliated corporations in any capacity and receiving a proper compensation therefor.

Section 9. Contracts, Checks, etc.: All contracts and agreements authorized by the Board of Directors, and all checks, drafts, bills of exchange or other orders for the payment of money, notes or other evidences of indebtedness, issued in the name of the Corporation, shall be signed by such person or persons and in such manner as may from time to time be designated by the Board of Directors, which designation may be general or confined to specific instances.

Section 10. Proxies in Respect of Securities of Other Corporations: Unless otherwise provided by resolution adopted by the Board of Directors, the Chairman of the Board, the President and Chief Executive Officer, the Vice Chairman, a Vice President, or the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer, or any one of them, may exercise or appoint an attorney or attorneys, or an agent or agents, to exercise in the name and on behalf of the Corporation the powers and rights which the Corporation may have as the holder of stock or other securities in any other corporation to vote or to consent in respect of such stock or other securities; and the Chairman of the Board, the President and Chief Executive Officer, the Vice Chairman, a Vice President, or the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer may instruct the person or persons so appointed as to the manner of exercising such powers and rights and the Chairman of the Board, the President and Chief Executive Officer, the Vice Chairman, a Vice President, or the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer may execute or cause to be executed in the name and on behalf of the Corporation and under its corporate seal, or otherwise, all such ballots, consents, proxies, powers of attorney or other written instruments as they or either of them may deem necessary in order that the Corporation may exercise such powers and rights. Any stock or other securities in any other corporation which may from time to time be owned by or stand in the name of the Corporation may, without further action, be endorsed for sale or transfer or sold or transferred by the Chairman of the Board, the President and Chief Executive Officer, the Vice Chairman, or a Vice President, or the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer of the Corporation or any proxy appointed in writing by any of them.

ARTICLE IV.

Shares and Their Transfer

Section 1. Certificated and Uncertificated Shares. Shares of the Corporation's stock may be certificated or uncertificated, as provided under Delaware law. All certificates of stock of the Corporation shall be numbered and shall be entered in the books of the Corporation as they are issued. They shall exhibit the holder's name and number of shares and shall be signed by the Chairman or a Vice Chairman or the President or a Vice President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar.

Section 2. Transfers. Transfers of stock shall be made on the books of the Corporation only by the record holder of such stock, or by attorney lawfully constituted in writing, and, in the case of stock represented by a certificate, upon surrender of the certificate. Except as hereinafter provided in the case of loss, destruction or mutilation of certificates, no transfer of stock shall be entered until the previous certificate, if any, given for the same shall have been surrendered and canceled.

Section 3. Lost, Destroyed or Mutilated Certificates: The Corporation may issue a new certificate of stock of the same tenor and same number of shares in place of a certificate theretofore issued by it which is alleged to have been lost, stolen or destroyed; provided, however, the Board of Directors or the Executive Committee or the Secretary of the Corporation may require the owner of the lost, stolen or destroyed certificate, or his legal representative, to give the Corporation a bond of indemnity, in form and with one or more sureties satisfactory to the Board or the Executive Committee, sufficient to indemnify it against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

Section 4. Record Date: The Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the board of directors, and which shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other action, as a record date for the determination of the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights or entitled to exercise any rights with respect to any change, conversion or exchange of stock or for the purpose of any other lawful action. If no record date is fixed, (a) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day upon which the meeting is held, and (b) the date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 5. Books and Records: The books and records of the Corporation may be kept at such places within or without the State of Delaware as the Board of Directors may from time to time determine.

ARTICLE V.

Seal

The Board of Directors shall provide a corporate seal, which shall be in the form of a circle and shall bear the name of the Corporation, the year in which the Corporation was incorporated (1971) and the words "Corporate Seal - Delaware" and such other words or figures as the Board of Directors may approve and adopt.

ARTICLE VI.

Amendments

Except as otherwise provided by these By-laws, the Certificate of Incorporation, or by operation of law, the By-laws of the Corporation may be made, altered or repealed by vote of the stockholders at any annual or special meeting of stockholders called for that purpose or by the affirmative vote of a majority of the directors then in office given at any regular or special meeting of the Board of Directors.

Gannett Co., Inc.
Compensation for Non-Employee Directors

Annual Fees

Each director is entitled to receive an annual retainer fee of \$87,500. The independent Chairman of the Board is entitled to receive an additional annual retainer fee of \$100,000 and each committee chair is entitled to receive an additional annual retainer fee of \$15,000.

Retainer fees are paid quarterly in the case of cash. In lieu of receiving annual retainer fees in cash, directors may elect to receive their fees in shares of restricted stock with a grant date value equal to 110% of the applicable cash fee, based on the closing market price of the Company's common stock on the grant date. These restricted shares generally vest at a rate of 1/4th of the shares per quarter after the grant date, receive dividends and are held by the Company for the benefit of the director until he or she leaves the board at which time vested shares are delivered to the director.

In addition, upon each annual meeting of shareholders, each director is entitled to receive a long-term award of restricted stock with a grant date value equal to \$87,500 based on the closing market price of the Company's common stock on the grant date. These restricted shares generally vest at a rate of 1/36th of the shares per month, receive dividends and are held by the Company for the benefit of the director until he or she leaves the board at which time the vested shares are delivered to the director.

Special Vesting Rules

Upon the retirement of a non-employee director due to the age of service limitations set forth in the Company's bylaws, the director's restricted stock would vest immediately and, for any non-employee director who completed at least three full years of service on the board, stock options would vest immediately. Options and restricted stock also automatically vest upon a change of control of the Company. If a non-employee director ceases to be a director for reasons other than the age of service limitations set forth in the Company's bylaws, the director's unvested shares of restricted stock and unvested options are forfeited, except that, if the director leaves after having completed (i) at least three full years of service on the board, his or her options will vest for one additional year and he or she will have that extra year to exercise any vested options, (ii) at least six full years of service on the board, he or she will have two years of added vesting and exercise time, and (iii) nine or more full years of service on the board, he or she will receive three years of added vesting and exercise time. All unvested options will continue to vest during such post-termination exercise period in accordance with the option's original vesting schedule.

Deferral

Directors may elect to defer their cash or restricted stock fees under the Company's Deferred Compensation Plan, which for cash fee deferrals provides for ten deemed investment options, including mutual funds and a Company common stock fund. Deferred fees paid as restricted stock must be invested in the Company's common stock fund of the Deferred Compensation Plan.

Other Compensation

Directors receive travel accident insurance of \$1,000,000 and a match from the Gannett Foundation of charitable gifts made by directors up to a maximum of \$10,000 each year.

Expenses

Directors are reimbursed for their reasonable expenses of attending board and committee meetings.

AWARD AGREEMENT

STOCK UNITS

The Executive Compensation Committee of the Gannett Board of Directors has approved an award of Restricted Stock Units (referred to herein as "Stock Units") to you under the 2001 Omnibus Incentive Compensation Plan (Amended and Restated as of May 4, 2010), as set forth below.

This Award Agreement and the enclosed Terms and Conditions effective as of _____, _____, constitute the formal agreement governing this award.

Please sign both copies of this Award Agreement to evidence your agreement with the terms hereof. Keep one copy and return the other to the undersigned.

Please keep the enclosed Terms and Conditions for future reference.

Employee: Location:

Grant Date:

Stock Unit Commencement Date:

Stock Unit Expiration Date:

Number of Stock Units:

Gannett Co., Inc.

By: _____

Employee's Signature

Kevin E. Lord

Senior Vice President/Human Resources

STOCK UNITS
TERMS AND CONDITIONS
Under the
Gannett Co., Inc.
2001 Omnibus Incentive Compensation Plan (Amended and Restated as of May 4, 2010)

These Terms and Conditions, dated _____, _____, govern the grant of Restricted Stock Units (referred to herein as "Stock Units") to the employee (the "Employee") designated in the Award Agreement dated coincident with these Terms and Conditions. The Stock Units are granted under, and are subject to, the Gannett Co., Inc. (the "Company") 2001 Omnibus Incentive Compensation Plan (Amended and Restated as of May 4, 2010) (the "Plan"). Terms used herein that are defined in the Plan shall have the meaning ascribed to them in the Plan. If there is any inconsistency between these Terms and Conditions and the terms of the Plan, the Plan's terms shall supersede and replace the conflicting terms herein.

1. Grant of Stock Units. Pursuant to the provisions of (i) the Plan, (ii) the individual Award Agreement governing the grant, and (iii) these Terms and Conditions, the Company has granted to the Employee the number of Stock Units set forth on the applicable Award Agreement. Each Stock Unit shall entitle the Employee to receive from the Company one share of the Company's common stock ("Common Stock") upon the expiration of the Incentive Period, as defined below.

2. Incentive Period. Except as otherwise provided in Section 13 below, the Incentive Period in respect of the Stock Units shall commence on the Stock Unit Commencement Date specified in the Award Agreement and end on the Stock Unit Expiration Date specified in the Award Agreement.

3. No Dividend Equivalents. No dividend equivalents shall be paid to the Employee with regard to the Stock Units.

4. Delivery of Shares. The Company shall deliver to the Employee a certificate or certificates, or at the election of the Company make an appropriate book-entry, for the number of shares of Common Stock equal to the number of Stock Units as soon as administratively practicable after the Stock Unit Expiration Date, which number of shares shall be reduced by the value of all taxes which the Company is

required by law to withhold by reason of such delivery. An Employee shall have no further rights with regard to the Stock Units once the underlying shares of Common Stock have been delivered.

5. Cancellation of Stock Units.

(a) Termination of Employment. Except as provided in Sections 6, 13 and 14 below all Stock Units granted to the Employee shall automatically be cancelled upon the Employee's termination of employment (as well as an event that results in the Employee's employer ceasing to be a subsidiary of the Company) on or prior to the Stock Unit Expiration Date, and in such event the Employee shall not be entitled to receive any shares of Common Stock in respect thereof.

(b) Forfeiture of Stock Units/Recovery of Common Stock. Pursuant to its recoupment policy, the Company may forfeit an Employee's Stock Units or recover shares of Common Stock issued in connection with a Stock Unit. Generally, under the Company's recoupment policy, if the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, and the Committee determines that:

- (i) the fraud or intentional misconduct of the Employee contributed (either directly or indirectly) to the noncompliance that resulted in the obligation to restate the Company's financial statements; and
- (ii) a lower award of Stock Units would have been made to the Employee had it been based upon the restated financial results;

then the Company may, to the extent permitted by applicable law, and subject to the approval of the Committee, forfeit Stock Units awarded to the Employee or seek to recoup shares of Common Stock issued in connection with Stock Units in excess of the amount that would have been received under the accounting restatement. In each such instance, the Company may seek to forfeit the Employee's relevant Stock Units or seek to recover the relevant Common Stock issued in connection with a Stock Unit granted or issued during the three-year period preceding the date the Company is required to prepare the accounting restatement, regardless of whether the Employee is then employed by the Company. In

addition, the Company may assert any other remedies that may be available to the Company, including, without limitation, those available under Section 304 of the Sarbanes-Oxley Act of 2002.

6. Death, Disability, Retirement. Except as provided in Sections 13 or 14 below, in the event that the employment of the Employee shall terminate on or prior to the Stock Unit Expiration Date by reason of death, permanent disability (as determined under the Company's Long Term Disability Plan), termination of employment after attaining age 65, or termination of employment after both attaining age 55 and completing at least 5 years of service, the Employee (or in the case of the Employee's death, the Employee's estate or designated beneficiary) shall be entitled to receive at the time of the Employee's termination of employment the number of shares of Common Stock equal to the product of (i) the total number of shares in respect of such Stock Units which the Employee would have been entitled to receive upon the expiration of the Incentive Period had the Employee's employment not terminated, and (ii) a fraction, the numerator of which shall be the number of full calendar months between the Stock Unit Commencement Date and the date that employment terminated, and the denominator of which shall be the number of full calendar months from the Stock Unit Commencement Date to the Stock Unit Expiration Date.

Notwithstanding the foregoing and solely to the extent required by Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), if the Employee is a "specified employee" (within the meaning of Code Section 409A and the regulations and guidance issued thereunder ("Section 409A")) and if delivery of shares is being made in connection with the Employee's separation from service other than by reason of the Employee's death, delivery of the shares shall be delayed until six months and one day after the Employee's separation from service with the Company (or, if earlier than the end of the six-month period, the date of the Employee's death).

7. Non-Assignability. Stock Units may not be transferred, assigned, pledged or hypothecated, whether by operation of law or otherwise, nor may the Stock Units be made subject to execution, attachment or similar process.

8. Rights as a Shareholder. The Employee shall have no rights as a shareholder by reason of the Stock Units.

9. Discretionary Plan; Employment. The Plan is discretionary in nature and may be suspended or terminated by the Company at any time. With respect to the Plan, (a) each grant of Stock Units is a one-time benefit which does not create any contractual or other right to receive future grants of Stock Units, or benefits in lieu of Stock Units; (b) all determinations with respect to any such future grants, including, but not limited to, the times when the Stock Units shall be granted, the number of Stock Units, and the Incentive Period, will be at the sole discretion of the Company; (c) the Employee's participation in the Plan shall not create a right to further employment with the Employee's employer and shall not interfere with the ability of the Employee's employer to terminate the Employee's employment relationship at any time with or without cause; (d) the Employee's participation in the Plan is voluntary; (e) the Stock Units are not part of normal and expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payment, bonuses, long-service awards, pension or retirement benefits, or similar payments; and (f) the future value of the Stock Units is unknown and cannot be predicted with certainty.

10. Effect of Plan and these Terms and Conditions. The Plan is hereby incorporated by reference into these Terms and Conditions, and these Terms and Conditions are subject in all respects to the provisions of the Plan, including without limitation the authority of the Executive Compensation Committee of the Company (the "Committee") in its sole discretion to adjust awards and to make interpretations and other determinations with respect to all matters relating to the applicable Award Agreements, these Terms and Conditions, the Plan and awards made pursuant thereto. These Terms and Conditions shall apply to the grant of Stock Units made to the Employee on the date hereof and shall not apply to any future grants of Stock Units made to the Employee.

11. Notices. Notices hereunder shall be in writing and if to the Company shall be addressed to the Secretary of the Company at 7950 Jones Branch Drive, McLean, Virginia 22107, and if to the Employee shall be addressed to the Employee at his or her address as it appears on the Company's records.

12. Successors and Assigns. The applicable Award Agreement and these Terms and Conditions shall be binding upon and inure to the benefit of the successors and assigns of the Company and, to the extent provided in Section 6 hereof, to the estate or designated beneficiary of the Employee.

13. Change in Control Provisions.

Notwithstanding anything to the contrary in these Terms and Conditions, the following provisions shall apply to all Stock Units granted under the attached Award Agreement.

(a) Definitions.

As used in Article 15 of the Plan and in these Terms and Conditions, a “Change in Control” shall mean the first to occur of the following:

(i) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (A) the then-outstanding shares of common stock of the Company (the “Outstanding Company Common Stock”) or (B) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); provided, however, that, for purposes of this Section, the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or one of its affiliates or (iv) any acquisition pursuant to a transaction that complies with Sections 13(a)(iii)(A), 13(a)(iii)(B) and 13(a)(iii)(C);

(ii) individuals who, as of the date hereof, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election or nomination for election by the Company’s stockholders was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of

an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(iii) consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its subsidiaries (each, a “Business Combination”), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation or entity resulting from such Business Combination (including, without limitation, a corporation or entity that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any employee benefit plan (or related trust) of the Company or any corporation or entity resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation or entity resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation or entity, except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority of the members of the board of directors of the corporation or entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(iv) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

(b) Acceleration Provisions. In the event of the occurrence of a Change in Control, the vesting of the Stock Units shall be accelerated and, if such Change in Control constitutes a “change in control event” within the meaning of Section 409A of the Code, there shall be paid out to the Employee within thirty (30) days following the effective date of the Change in Control, the full number of shares of Common Stock subject to the Stock Units. In the event of the occurrence of a Change in Control that is not a “change in control event” within the meaning of Section 409A of the Code, the vesting of the Stock Units shall be accelerated and the Stock Units shall be paid out at the earlier of the Employee's termination of employment (subject to the six month delay for specified employees set forth in Section 6, if applicable) or the Stock Unit Expiration Date.

(c) Legal Fees. The Company shall pay all legal fees, court costs, fees of experts and other costs and expenses when incurred by Employee in connection with any actual, threatened or contemplated litigation or legal, administrative or other proceedings involving the provisions of this Section 13, whether or not initiated by the Employee. The Company agrees to pay such amounts within 10 days following the Company's receipt of an invoice from the Employee, provided that the Employee shall have submitted an invoice for such amounts at least 30 days before the end of the calendar year next following the calendar year in which such fees and disbursements were incurred.

14. Employment Agreements. The provisions of Sections 5, 6 and 13 of these Terms and Conditions shall not be applied to or interpreted in a manner which would decrease the rights held by, or the payments owing to, an Employee under an employment agreement with the Company that pre-exists the Grant Date and contains specific provisions applying to Plan awards in the case of any change in control or similar event or termination of employment, and if there is any conflict between the terms of such employment agreement and the terms of Sections 5, 6 or 13, the employment agreement shall control.

15. Grant Subject to Applicable Regulatory Approvals. Any grant of Stock Units under the Plan is specifically conditioned on, and subject to, any regulatory approvals required in the Employee's country. These approvals cannot be assured. If necessary approvals for grant or payment are not obtained, the Stock Units may be cancelled or rescinded, or they may expire, as determined by the Company in its sole and absolute discretion.

16. Applicable Laws and Consent to Jurisdiction. The validity, construction, interpretation and enforceability of this Agreement shall be determined and governed by the laws of the State of Delaware without giving effect to the principles of conflicts of law. For the purpose of litigating any dispute that arises under this Agreement, the parties hereby consent to exclusive jurisdiction in Virginia and agree that such litigation shall be conducted in the courts of Fairfax County, Virginia or the federal courts of the United States for the Eastern District of Virginia.

17. Compliance with Section 409A. This Award is intended to comply with the requirements of Section 409A, and shall be interpreted and administered in accordance with that intent (e.g., the definition of “termination of employment” (or similar term used herein) shall have the meaning ascribed to “separation from service” under Section 409A). If any provision of these Terms and Conditions would otherwise conflict with or frustrate this intent, the provision shall not apply.

**PERFORMANCE SHARES
TERMS AND CONDITIONS**

Under the

Gannett Co., Inc.

2001 Omnibus Incentive Compensation Plan (Amended and Restated as of May 4, 2010)

These Terms and Conditions, dated _____, _____, govern the right of the employee (the "Employee") designated in the Award Agreement dated coincident with these Terms and Conditions to receive Performance Shares (referred to herein as "Performance Shares"). Generally, the Employee will not receive any Performance Shares unless the specified service and performance requirements set forth herein are satisfied. The Performance Shares are granted under, and are subject to, the Gannett Co., Inc. (the "Company") 2001 Omnibus Incentive Compensation Plan (Amended and Restated as of May 4, 2010) (the "Plan"). Terms used herein that are defined in the Plan shall have the meaning ascribed to them in the Plan. If there is any inconsistency between these Terms and Conditions and the terms of the Plan, the Plan's terms shall supersede and replace the conflicting terms herein.

1. Grant of Performance Shares. Pursuant to the provisions of (i) the Plan, (ii) the individual Award Agreement governing the grant, and (iii) these Terms and Conditions, the Employee may be entitled to receive Performance Shares. Each Performance Share that becomes payable shall entitle the Employee to receive from the Company one share of the Company's common stock ("Common Stock") upon the expiration of the Incentive Period. The actual number of Performance Shares an Employee will receive will be calculated in the manner described in these Terms and Conditions, including Exhibit A, and may be different than the Target Number of Performance Shares set forth in the Award Agreement.

2. Incentive Period. Except as otherwise provided in Section 13 below, the Incentive Period in respect of the Performance Shares shall commence on the Performance Period Commencement Date specified in the Award Agreement and end on the Performance Period End Date specified in the Award Agreement.

3. No Dividend Equivalents. No dividend equivalents shall be paid to the Employee with regard to the Performance Shares.

4. Delivery of Shares. The Company shall deliver to the Employee a certificate or certificates, or at the election of the Company make an appropriate book-entry, for the number of shares of Common Stock equal to the number of Performance Shares that have been earned based on the Company's performance during the Incentive Period as set forth in Exhibit A and satisfaction of the terms and conditions set forth herein, which number of shares shall be reduced by the value of all taxes which the Company is required by law to withhold by reason of such delivery. Such delivery shall take place on the Performance Share Payment Date. An Employee shall have no further rights with regard to the Performance Shares once the underlying shares of Common Stock have been delivered.

5. Forfeiture and Cancellation of Right to Receive Performance Shares.

(a) Termination of Employment. Except as provided in Sections 6, 13 and 14 below an Employee's right to receive Performance Shares shall automatically be cancelled upon the Employee's termination of employment (as well as an event that results in the Employee's employer ceasing to be a subsidiary of the Company) prior to the Performance Period End Date, and in such event the Employee shall not be entitled to receive any shares of Common Stock in respect thereof.

(b) Forfeiture of Performance Shares/Recovery of Common Stock. Pursuant to its recoupment policy, the Company may forfeit an Employee's Performance Shares or recover shares of Common Stock issued in connection with a Performance Share. Generally, under the Company's recoupment policy, if the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, and the Committee determines that:

- (i) the fraud or intentional misconduct of the Employee contributed (either directly or indirectly) to the noncompliance that resulted in the obligation to restate the Company's financial statements; and
- (ii) a lower award of Performance Shares would have been made to the Employee had it been based upon the restated financial results;

then the Company may, to the extent permitted by applicable law, and subject to the approval of the Committee, forfeit Performance Shares awarded to the Employee or seek to recoup shares of Common Stock issued in connection with Performance Shares in excess of the amount that would have been received under the accounting restatement. In each such instance, the Company may seek to forfeit the Employee's relevant Performance Shares or seek to recover the relevant Common Stock issued in connection with a Performance Share granted or issued during the three-year period preceding the date the Company is required to prepare the accounting restatement, regardless of whether the Employee is then employed by the Company. In addition, the Company may assert any other remedies that may be available to the Company, including, without limitation, those available under Section 304 of the Sarbanes-Oxley Act of 2002.

6. Death, Disability, Retirement. Except as provided in Sections 13 or 14 below, in the event that the employment of the Employee shall terminate prior to the Performance Period End Date by reason of death, permanent disability (as determined under the Company's Long Term Disability Plan), termination of employment after attaining age 65, or termination of employment after both attaining age 55 and completing at least 5 years of service, the Employee (or in the case of the Employee's death, the Employee's estate or designated beneficiary) shall be entitled to receive at the Performance Share Payment Date the number of shares of Common Stock equal to the product of (i) the total number of shares in respect of such Performance Shares which the Employee would have been entitled to receive upon the expiration of the Incentive Period had the Employee's employment not terminated, and (ii) a fraction, the numerator of which shall be the number of full calendar months between the Performance Period Commencement Date and the date that employment terminated, and the denominator of which shall be the number of full calendar months from the Performance Period Commencement Date to the Performance Period End Date. . [Alternative Section 6 for awards of Performance Shares to the Company's CEO: Termination of Employment. Any right to receive Performance Shares shall not be partially or fully cancelled upon a voluntary or involuntary termination of employment during the Incentive Period.

Instead, the Employee's right to receive Performance Shares will be determined assuming that the Employee remains in continuous employment through the Incentive Period.]

7. Non-Assignability. Performance Shares may not be transferred, assigned, pledged or hypothecated, whether by operation of law or otherwise, nor may the Performance Shares be made subject to execution, attachment or similar process.
8. Rights as a Shareholder. The Employee shall have no rights as a shareholder by reason of the Performance Shares.
9. Discretionary Plan; Employment. The Plan is discretionary in nature and may be suspended or terminated by the Company at any time. With respect to the Plan, (a) each grant of Performance Shares is a one-time benefit which does not create any contractual or other right to receive future grants of Performance Shares, or benefits in lieu of Performance Shares; (b) all determinations with respect to any such future grants, including, but not limited to, the times when the Performance Shares shall be granted, the number of Performance Shares, and the Incentive Period, will be at the sole discretion of the Company; (c) the Employee's participation in the Plan shall not create a right to further employment with the Employee's employer and shall not interfere with the ability of the Employee's employer to terminate the Employee's employment relationship at any time with or without cause; (d) the Employee's participation in the Plan is voluntary; (e) the Performance Shares are not part of normal and expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payment, bonuses, long-service awards, pension or retirement benefits, or similar payments; and (f) the future value of the Performance Shares is unknown and cannot be predicted with certainty.
10. Effect of Plan and these Terms and Conditions. The Plan is hereby incorporated by reference into these Terms and Conditions, and these Terms and Conditions are subject in all respects to the provisions of the Plan, including without limitation the authority of the Executive Compensation Committee of the Company (the "Committee") in its sole discretion to make interpretations and other determinations with respect to all matters relating to the applicable Award Agreements, these Terms and

Conditions, the Plan and awards made pursuant thereto. These Terms and Conditions shall apply to the grant of Performance Shares made to the Employee on the date hereof and shall not apply to any future grants of Performance Shares made to the Employee.

11. Notices. Notices hereunder shall be in writing and if to the Company shall be addressed to the Secretary of the Company at 7950 Jones Branch Drive, McLean, Virginia 22107, and if to the Employee shall be addressed to the Employee at his or her address as it appears on the Company's records.

12. Successors and Assigns. The applicable Award Agreement and these Terms and Conditions shall be binding upon and inure to the benefit of the successors and assigns of the Company and, to the extent provided in Section 6 hereof, to the estate or designated beneficiary of the Employee.

13. Change in Control Provisions.

Notwithstanding anything to the contrary in these Terms and Conditions, the following provisions shall apply to the right of an Employee to receive Performance Shares under the attached Award Agreement.

(a) Definitions.

As used in Article 15 of the Plan and in these Terms and Conditions, a "Change in Control" shall mean the first to occur of the following:

(i) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (A) the then-outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (B) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that, for purposes of this Section, the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by

any employee benefit plan (or related trust) sponsored or maintained by the Company or one of its affiliates or (iv) any acquisition pursuant to a transaction that complies with Sections 13(a)(iii)(A), 13(a)(iii)(B) and 13(a)(iii)(C);

(ii) individuals who, as of the date hereof, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election or nomination for election by the Company’s stockholders was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(iii) consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its subsidiaries (each, a “Business Combination”), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation or entity resulting from such Business Combination (including, without limitation, a corporation or entity that, as a result of such transaction, owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of

the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any employee benefit plan (or related trust) of the Company or any corporation or entity resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation or entity resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation or entity, except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority of the members of the board of directors of the corporation or entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(iv) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

(b) Acceleration Provisions. In the event of the occurrence of a Change in Control, the vesting of the Performance Shares shall be accelerated and, if such Change in Control constitutes a “change in control event” within the meaning of Section 409A of the Code, there shall be paid out to the Employee within thirty (30) days following the effective date of the Change in Control, the full number of shares of Common Stock subject to the Performance Shares based on the Company's performance as of the date of the Change in Control as described in Exhibit A. In the event of the occurrence of a Change in Control that is not a “change in control event” within the meaning of Section 409A of the Code, the vesting of the Performance Shares shall be accelerated and the Performance Shares shall be paid out at the earlier of the Employee's termination of employment (subject to Section 17) or the Performance Share Payment Date.

(c) Legal Fees. The Company shall pay all legal fees, court costs, fees of experts and other costs and expenses when incurred by Employee in connection with any actual, threatened or contemplated litigation or legal, administrative or other proceedings involving the provisions of this Section 13, whether or not initiated by the Employee. The Company agrees to pay such amounts within 10 days following the

Company's receipt of an invoice from the Employee, provided that the Employee shall have submitted an invoice for such amounts at least 30 days before the end of the calendar year next following the calendar year in which such fees and disbursements were incurred.

14. Employment Agreements or Similar Agreements. The provisions of Sections 5, 6 and 13 of these Terms and Conditions shall not be applied to or interpreted in a manner which would decrease the rights held by, or the payments owing to, an Employee under an employment agreement, termination benefits agreement or similar agreement with the Company that pre-exists the Grant Date and contains specific provisions applying to Plan awards in the case of any change in control or similar event or termination of employment, and if there is any conflict between the terms of such employment agreement or termination benefits agreement and the terms of Sections 5, 6 or 13, the employment agreement or termination benefits agreement shall control. [Additional language for awards of Performance Shares to the Company's CEO: For the avoidance of doubt, this award shall not be treated as an award under the Long Term Incentive Plan or any successor or replacement plan].

15. Grant Subject to Applicable Regulatory Approvals. Any grant of Performance Shares under the Plan is specifically conditioned on, and subject to, any regulatory approvals required in the Employee's country. These approvals cannot be assured. If necessary approvals for grant or payment are not obtained, the Performance Shares may be cancelled or rescinded, or they may expire, as determined by the Company in its sole and absolute discretion.

16. Applicable Laws and Consent to Jurisdiction. The validity, construction, interpretation and enforceability of this Agreement shall be determined and governed by the laws of the State of Delaware without giving effect to the principles of conflicts of law. For the purpose of litigating any dispute that arises under this Agreement, the parties hereby consent to exclusive jurisdiction in Virginia and agree that such litigation shall be conducted in the courts of Fairfax County, Virginia or the federal courts of the United States for the Eastern District of Virginia.

17. Compliance with Section 409A. This Award is intended to comply with the requirements of Section 409A, and shall be interpreted and administered in accordance with that intent (e.g., the definition of “termination of employment” (or similar term used herein) shall have the meaning ascribed to “separation from service” under Section 409A). If any provision of these Terms and Conditions would otherwise conflict with or frustrate this intent, the provision shall not apply. If the Employee is a “specified employee” (within the meaning of Code Section 409A and the regulations and guidance issued thereunder (“Section 409A”)) and if delivery of shares is being made in connection with the Employee's separation from service other than by reason of the Employee's death, delivery of the shares shall be delayed until six months and one day after the Employee's separation from service with the Company (or, if earlier than the end of the six-month period, the date of the Employee's death).

Exhibit A

Performance Share Calculation

The number of Performance Shares to which the Employee will be entitled to receive if the Employee satisfies the applicable service requirements will be calculated based on how the Company's Total Shareholder Return compares to the Total Shareholder Return of the Comparator Companies during the Incentive Period (i.e., the Company's Total Shareholder Return will be ranked against the Total Shareholder Return of the Comparator Companies). Specifically, the Committee shall calculate the number of Performance Shares that may be paid to the Employee by multiplying the Employee's Target Number of Performance Shares by the applicable percentage determined under the following chart:

Company's Percentile in 3-Year TSR vs. Comparator Companies	Resulting Shares Earned (% of Target)	Value of Each Share Earned
90 th or above	200%	Each share earned is also impacted by share price change during the cycle
70 th	150%	
50 th	100%	
30 th	50%	
<30 th	—%	
Straight-line interpolation between points		

Total Shareholder Return will be calculated from the first day of the Incentive Period to the applicable measurement date. For purposes of calculating the payout, the Company's performance versus the Comparator Companies will be based on the average payout that would be made based on the Company's cumulative Total Shareholder Return relative to the Comparator Companies at the end of each of the last 4 quarters of the Incentive Period (i.e., the Company's Total Shareholder Return will be compared to the Total Shareholder Return of each Comparator Company on the last four quarters in the Incentive Period and the average of such results will be used to calculate the payout).

Other Rules:

1. The maximum share price used to determine the value of the shares earned (but not the relative Total Shareholder Return calculation itself) will be 300% of the price of the shares on the Performance Period Commencement Date. For example, if (i) the Company's share price is \$10 on the Performance Period Commencement Date, (ii) the Employee's Target Number of Shares is 100, (iii) the Employee earns 200% of the Target Number of Shares (or 200 shares), and (iv) the value of such shares on the Performance Share Payment Date is \$50, the number of the shares will be reduced because the value of the shares on the Performance Share Payment Date exceeds 300% of the value of the shares on the Performance Period Commencement Date. Specifically, the award to the Employee would be reduced to 120 shares (i.e., $(200 \text{ shares} \times (300\% \times \$10) / \$50)$).
2. Comparator Companies that are involved in bankruptcy proceedings (and thus no longer traded on a national securities exchange) during the Incentive Period will remain in the group at -100% Total Shareholder Return.
3. Comparator Companies that are acquired will be treated in one of two ways:
 - (a) If acquired during the first year of the Incentive Period, the Comparator Company will be excluded from all calculations.

(b) If acquired after the first year of the Incentive Period, the positioning of the Comparator Company will be fixed above or below the Company based on the Company's and the Comparator Company's Total Shareholder Returns through the day preceding the acquisition announcement, provided that for purposes of the Total Shareholder Return calculation, the Comparator Company's share price will be based on its average closing price during the 20 consecutive trading days ending on (and including) the trading day prior to the announcement of the acquisition.

Definitions:

Total Shareholder Return means a fraction whose numerator is the stock price change plus dividends paid on such stock (which are assumed to be reinvested in the stock) and whose denominator is the stock price on the Performance Period Commencement Date.

Comparator Companies means the New York Times Co. (NYT), McClatchy Co. (MNI), E.W. Scripps (SSP), Media General (MEG), A.H. Belo Corp. (AHC), Journal Communications Inc. (JRN), Belo Corp. (BLC), Washington Post (WPO), Meredith Corp. (MDP), News Corp. (NWSA), Yahoo Inc. (YHOO), Discovery Communications (DISCA), and Monster Worldwide Inc. (MWW).

Change In Control

In the event of a Change in Control to the Company and provided that the Employee's right to receive Performance Shares has not previously been cancelled, the number of Performance Shares an Employee may be paid will be calculated based on the Company's relative Total Shareholder Return positioning on the date of the Change in Control and there will be no four quarter averaging. Notwithstanding the foregoing, if the Change in Control occurs in the first six (6) months of the Incentive Period, the Employee will, instead, receive the Target Number of Performance Shares as set forth in the Employee's Award Agreement; provided that the Employee's right to receive Performance Shares has not previously been cancelled.

Code Section 162(m)

This Award is intended to comply with the requirements of Internal Revenue Code Section 162(m) and the provisions of this Award shall be interpreted and administered consistently with that intent. In that light, the following rules shall apply to the award:

- (a) The Committee shall have the authority to adjust the number of Performance Shares that are payable under the Award Agreement, adjust the Total Shareholder Return calculations or alter the methodology for calculating the number of Performance Shares to the extent permitted by Code Section 162(m) and the Plan, including the effects of a stock split, reverse stock split, stock dividend, spin-off or similar transaction.
- (b) The aggregate grant with respect to awards of Performance Shares or Restricted Stock Units made in any one fiscal year to any one participant under the Plan may not exceed the value of five hundred thousand (500,000) Shares.
- (c) Before any Performance Shares are paid to the Employee, the Committee will certify, in writing, the Company's satisfaction of the pre-established performance target and the number of Performance Shares payable to the Employee.

CERTIFICATIONS

I, Gracia C. Martore, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gannett Co., Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2013

/s/ Gracia C. Martore

Gracia C. Martore

President and Chief Executive Officer

(principal executive officer)

CERTIFICATIONS

I, Victoria D. Harker, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gannett Co., Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2013

/s/ Victoria D. Harker

Victoria D. Harker

Chief Financial Officer (principal financial officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Gannett Co., Inc. ("Gannett") on Form 10-Q for the quarter ended March 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gracia C. Martore, president and chief executive officer of Gannett, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Gannett.

/s/ Gracia C. Martore

Gracia C. Martore

President and Chief Executive Officer

(principal executive officer)

May 8, 2013

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Gannett Co., Inc. ("Gannett") on Form 10-Q for the quarter ended March 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Victoria D. Harker, chief financial officer of Gannett, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Gannett.

/s/ Victoria D. Harker

Victoria D. Harker

Chief Financial Officer (principal financial officer)

May 8, 2013