

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 June 27, 2004

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 charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization of Registrant)

16-0442930

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

7950 Jones Branch Drive, McLean, Virginia

(Address of principal executive offices)

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 is an accelerated filer (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, as of July 21, 2004, was 266,118,488.

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

Operating Summary

Earnings per diluted share, on a generally accepted accounting principles ("GAAP") basis, were \$1.30 for the second quarter of 2004 and \$2.29 for the year-to-date versus \$1.20 for the second quarter of 2003 and \$2.12 for the year-to-date 2003.

Net income rose 9% to \$354.4 million for the quarter and 10% to \$628.8 million for the year-to-date. Operating income increased 9% to \$576.4 million for the quarter and 9% to \$1.02 billion for the year-to-date.

Operating revenues were \$1.9 billion for the quarter, a 10% increase over the same period last year. For the first six months, operating revenues rose \$345.5 million or 11% to \$3.6 billion.

Newspaper Results

Reported newspaper publishing revenues increased \$148.2 million or 10% for the second quarter of 2004, as compared to the second quarter of 2003, and rose \$314.4 million or 11% for the year-to-date. The increases reflect the impact of recently acquired businesses, revenue improvement at most of the company's newspaper properties and a higher foreign exchange rate for UK operations.

Recent significant acquisitions affecting year-to-date newspaper comparisons include NurseWeek, acquired in February 2004, Clipper Magazine ("Clipper"), acquired in October 2003, and the Scottish Media Group plc ("SMG") publishing business, purchased in April 2003.

Newspaper operating revenues are derived principally from advertising and circulation sales, which accounted for 75% and 18%, respectively, of total newspaper revenues for the second quarter of 2004 and 75% and 19% for the year-to-date period. Ad revenues also include amounts derived from advertising placed with online operations associated with the company's newspapers. Other publishing revenues are mainly from commercial printing businesses, earnings from the company's 50% owned joint operating agencies in Detroit and Tucson and earnings from its 19.49% equity interest in the California Newspapers Partnership. The table below presents these components of reported revenues for the second quarter and first six months of 2004 and 2003.

Newspaper operating revenues, in thousands of dollars

| Second Quarter | 2004 | 2003 | % Change |
|-----------------------|--------------|--------------|----------|
| Newspaper advertising | \$ 1,252,951 | \$ 1,115,381 | 12 |
| Newspaper circulation | 306,598 | 303,180 | 1 |
| Other | 101,234 | 93,995 | 8 |
| Total | \$ 1,660,783 | \$ 1,512,556 | 10 |
| Year-to-date | 2004 | 2003 | % Change |
| Newspaper advertising | \$ 2,408,962 | \$ 2,121,428 | 14 |
| Newspaper circulation | 618,987 | 605,611 | 2 |
| Other | 193,060 | 179,586 | 8 |
| Total | \$ 3,221,009 | \$ 2,906,625 | 11 |

The table below presents the components of reported newspaper advertising revenues for the second quarter and first six months of 2004 and 2003. Certain online advertising revenues in 2003 have been reclassified to conform with the 2004 presentation. The reclassification had no effect on total advertising revenues.

Advertising revenues, in thousands of dollars

| Second Quarter | 2004 | 2003 | % Change |
|------------------|--------------|--------------|----------|
| Local | \$ 522,314 | \$ 462,455 | 13 |
| National | 203,986 | 183,804 | 11 |
| Classified | 526,651 | 469,122 | 12 |
| Total ad revenue | \$ 1,252,951 | \$ 1,115,381 | 12 |
| Year-to-date | 2004 | 2003 | % Change |
| Local | \$ 993,641 | \$ 876,791 | 13 |
| National | 388,334 | 346,476 | 12 |
| Classified | 1,026,987 | 898,161 | 14 |
| Total ad revenue | \$ 2,408,962 | \$ 2,121,428 | 14 |

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

In the tables that follow, newspaper advertising linage and related revenues are presented on a pro forma basis. Advertising revenues for Newsquest and all non-daily publications are reflected in the amounts below, however, advertising linage and preprint distribution statistics for these businesses are not included.

Advertising revenues, in thousands of dollars (pro forma)

| Second Quarter | 2004 | 2003 | % Change |
|------------------|--------------|--------------|----------|
| Local | \$ 522,574 | \$ 493,672 | 6 |
| National | 204,014 | 184,793 | 10 |
| Classified | 526,651 | 469,342 | 12 |
| Total ad revenue | \$ 1,253,239 | \$ 1,147,807 | 9 |

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

| Second Quarter | 2004 | 2003 | % Change |
|---------------------------|--------|--------|----------|
| Local | 9,533 | 9,502 | 0 |
| National | 1,091 | 1,064 | 3 |
| Classified | 15,414 | 15,106 | 2 |
| Total Run-of-Press linage | 26,038 | 25,672 | 1 |
| Preprint distribution | 2,823 | 2,770 | 2 |

Advertising revenues, in thousands of dollars (pro forma)

| Year-to-date | 2004 | 2003 | % Change |
|------------------|--------------|--------------|----------|
| Local | \$ 995,982 | \$ 941,087 | 6 |
| National | 388,209 | 351,538 | 10 |
| Classified | 1,027,108 | 913,879 | 12 |
| Total ad revenue | \$ 2,411,299 | \$ 2,206,504 | 9 |

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

| Year-to-date | 2004 | 2003 | % Change |
|----------------------------|--------|--------|----------|
| Local | 18,197 | 18,154 | 0 |
| National | 2,140 | 1,992 | 7 |
| Classified | 29,610 | 28,738 | 3 |
| Total Run-of-Press lineage | 49,947 | 48,884 | 2 |
| Preprint distribution | 5,465 | 5,338 | 2 |

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

| Second Quarter | 2004 | 2003 |
|------------------------------|--------------|--------------|
| Pro forma ad revenues | \$ 1,253,239 | \$ 1,147,807 |
| Add: Effect of dispositions | — | 2,467 |
| Less: Effect of acquisitions | (288) | (34,893) |
| As reported ad revenues | \$ 1,252,951 | \$ 1,115,381 |

| Year-to-date | 2004 | 2003 |
|------------------------------|--------------|--------------|
| Pro forma ad revenues | \$ 2,411,299 | \$ 2,206,504 |
| Add: Effect of dispositions | 1,122 | 4,781 |
| Less: Effect of acquisitions | (3,459) | (89,857) |
| As reported ad revenues | \$ 2,408,962 | \$ 2,121,428 |

For the second quarter of 2004, reported and pro forma local advertising revenues rose 13% and 6%, respectively, with pro forma lineage up less than 1%. For the year-to-date, reported and pro forma local advertising revenue rose 13% and 6%, respectively, with pro forma lineage flat with last year. In the U.S., local ad revenues increased across all principal newspaper products. Advances in the furniture, financial and telecommunications categories were partially offset by declines in the department stores, consumer electronics and home improvement categories. The performance of the company's small and medium-sized advertisers in its domestic newspapers outpaced the revenue performance of its largest advertisers.

Reported and pro forma national advertising revenues advanced 11% and 10%, respectively, for the second quarter on a 3% pro forma volume increase. Year-to-date, reported and pro forma national advertising revenues advanced 12% and 10%, respectively, on a 7% pro forma volume increase. At USA TODAY, advertising revenues increased 16% for the quarter and 13% for the year-to-date reflecting solid increases in the retail, entertainment and telecom categories and a strong demand for color in the second quarter.

For the second quarter, reported and pro forma classified ad revenues gained 12% on a pro forma lineage increase of 2% primarily due to strong employment and real estate advertising. On a pro forma basis, help wanted and real estate ad revenues increased 23% and 10%, respectively, for the second quarter. Pro forma automotive ad revenues were down 1% during the quarter. For the year-to-date, reported and pro forma classified ad revenues rose 14% and 12%, respectively, with pro forma lineage up 3% and improvement in all classified categories. Pro forma classified revenue improvements were driven by strength in the employment and real estate categories, which were up 20% and 11%, respectively, for the year-to-date. Online revenue growth continued to be very strong during the second quarter and the first six months of 2004.

Circulation revenues, as reported, rose 1% for the second quarter and 2% for the year-to-date, while pro forma circulation revenues increased 1% for the quarter and almost 1% for the year-to-date. Pro forma net paid daily circulation for the company's newspapers, excluding USA TODAY, declined 1% in the second quarter and 2% year-to-date. Sunday net paid circulation was down 2% from the comparable quarter of last year and for the year-to-date. USA TODAY reported an average daily paid circulation of 2,277,785 in the ABC Publisher's Statement for the 26 weeks ended March 28, 2004, a 1% increase over the comparable period a year earlier.

Reported newspaper operating expenses rose \$109.7 million or 10% for the quarter and \$246.1 million or 12% for the first six months, reflecting the impact of recent acquisitions, increased newsprint expense, higher insurance and medical costs, and a higher foreign exchange rate for Newsquest operations. Expenses associated with non-daily products increased as a result of the overall growth in these products. Depreciation expense also increased primarily as a result of recent acquisitions and a higher foreign exchange rate for UK operations. Newsprint expense for the second quarter and first six months of 2004 rose 13%, reflecting an 11% increase in prices and a 2% increase in consumption. The increase in newsprint consumption was primarily due to increased commercial printing activities, circulation gains at USA TODAY in the second quarter of 2004, and the acquisition of SMG in April 2003.

Operating income for the quarter rose \$38.5 million or 9% and \$68.3 million or 8% for the first six months, reflecting strong revenue growth partially offset by increased newsprint, insurance and medical costs.

Effective September 7, 2004, USA TODAY will increase its single-copy price from \$0.50 to \$0.75. For the remainder of 2004, expenses associated with the price increase are expected to exceed revenue gains due to the costs of promotional efforts and new coin mechanisms. The company anticipates a decline in circulation in the early months of the price increase. The price increase is expected to impact a little less than 900,000 copies. The company will not realize the full \$0.25 increase as some portion of this will be shared with the distributors.

Broadcasting Results

Broadcasting includes results from the company's 22 television stations and Captivate Network, Inc., which was acquired in April 2004. Broadcasting revenues advanced \$19.8 million or 10% for the second quarter and \$31.1 million or 9% for the year-to-date, benefiting from political spending and strength in the telecommunications, financial and media categories. For the second quarter of 2004, national revenues increased 16% and local revenues rose 4%, while national and local revenues advanced 12% and 6%, respectively, for the year-to-date. Excluding Captivate, television revenues increased 9% for the quarter.

Broadcasting operating expenses increased 9% for the quarter and 7% for the first six months of 2004, due to higher advertising sales costs and higher insurance and medical costs. Excluding Captivate, television operating expenses increased 5% for the second quarter and first six months of 2004, respectively.

Operating income from broadcasting operations was up \$10.7 million or 11% in the second quarter and \$16.9 million or 11% for the year-to-date. For the remainder of 2004, broadcasting revenues and earnings are expected to continue to improve over 2003 results primarily because of higher ad spending from political campaigns and the Summer Olympics on NBC.

Operating Cash Flow

The company's consolidated operating cash flow, defined as operating income plus depreciation and amortization of intangible assets, increased \$53.1 million or 9% to \$638.5 million for the second quarter of 2004 and \$93.2 million or 9% to \$1.1 billion for the first six months, reflecting improved newspaper and broadcasting segment results. All references to "operating cash flow" are to a non-GAAP financial measure. Management believes that use of this measure allows investors and management to measure, analyze and compare the cash resources generated from its business segment operations in a meaningful and consistent manner. The focus on operating cash flow is appropriate given the consistent and generally predictable strength of cash flow generation by

newspaper and broadcasting operations, and the short period of time it takes to convert new orders to cash. A reconciliation of these non-GAAP amounts to the company's operating income, which the company believes is the most directly comparable financial measure calculated and presented in accordance with GAAP on the company's consolidated statements of income, is presented in Note 10 "Business Segment Information" of the Notes to Condensed Consolidated Financial Statements.

Non-Operating Income and Expense / Provision for Income Taxes

The company's interest expense declined \$4.3 million or 12% for the quarter and \$8.6 million or 12% year-to-date, reflecting lower debt levels and lower short-term interest rates. The daily average outstanding balance of commercial paper was \$2.0 billion during the second quarter of 2004 and \$2.6 billion during the second quarter of 2003. The daily average outstanding balance of commercial paper was \$1.9 billion and \$2.6 billion during the first six months of 2004 and 2003, respectively. The weighted average interest rate on commercial paper was 1.04% and 1.26% for the second quarter of 2004 and 2003, respectively. For the first six months of 2004 and 2003, the weighted average interest rate on commercial paper was 1.04% and 1.28%, respectively.

Because the company has \$2.1 billion in commercial paper obligations at June 27, 2004 that have relatively short-term maturity dates, the company is subject to significant changes in the amount of interest expense it might incur. Assuming the current level of commercial paper borrowings, a 1/2% increase or decrease in the average interest rate for commercial paper would result in an increase or decrease in annual interest expense of \$10.6 million, respectively.

In both periods presented, non-operating income and expense include charges associated with certain minority interest investments in online/new technology businesses and minority interest expense related to the Texas-New Mexico Newspapers Partnership. In the second quarter of 2003, investment and currency gains offset charges from minority interests and internet investments. These investment and currency gains did not repeat in the second quarter of 2004. Non-operating income in the first six months of 2004 also includes a non-monetary gain from the exchange of the company's daily newspaper in Gainesville, Ga. In the first six months of 2003, non-operating income also includes a non-monetary gain on the company's sale of 33.8% of its interest in the El Paso Times.

The company's effective income tax rate was 34.0% for the second quarter and 34.1% for the first half of 2004 compared to 34.2% for the same periods last year.

Net Income

Net income for the second quarter advanced \$30.1 million or 9% and diluted earnings per share increased to \$1.30 from \$1.20, an 8% increase. For the first six months, net income rose \$54.7 million or 10% and diluted earnings per share increased to \$2.29 from \$2.12, an 8% increase. The weighted average number of diluted shares outstanding for the second quarter of 2004 totaled 273,541,000, compared to 271,281,000 for the second quarter of 2003. For the first six months of 2004 and 2003, the weighted average number of diluted shares outstanding totaled 274,432,000 and 270,582,000, respectively. Approximately 5.3 million shares were repurchased during the second quarter of 2004. On July 13, 2004, the company announced that the Board of Directors authorized the repurchase of an additional \$1.0 billion of its common stock. A substantial portion of the \$500 million authorized for repurchase under the program announced on May 12, 2004 had been used. See Part II, Item 2 for information on share repurchases.

The increase in diluted shares outstanding is due in part to the overall increase in the market price of the company's stock and stock options exercised. Exhibit 11 of this Form 10-Q presents the weighted average number of basic and diluted shares outstanding and the earnings per share for each period.

Liquidity, Capital Resources, and Statements of Cash Flows

The company's cash flow from operating activities was \$703.4 million for the first six months of 2004, reflecting solid newspaper and broadcasting results partially offset by a \$50 million contribution to the Gannett Retirement Plan in the first quarter and a contribution of approximately \$26 million to the UK retirement plan in the second quarter. Cash flow from operating activities was \$696.8 million for the first six months of 2003.

Cash used by the company for investing activities totaled \$287.1 million for the six months of 2004 primarily reflecting \$122.1 million of capital spending and \$150.0 million for the acquisitions of Captivate, NurseWeek and several smaller businesses. In addition, during the second quarter, the company acquired a one-third equity interest in CrossMedia Services, Inc., a leading provider of Web-based marketing solutions for national and local retailers.

Cash used by the company for financing activities totaled \$373.2 million for the first half of 2004, reflecting the repurchase of approximately 5.3 million shares of the company's stock for \$495.2 million (see further discussion below) and the payment of dividends totaling \$136.2 million partially offset by the net proceeds from commercial paper borrowings, net of debt issuance costs, totaling \$186.7 million and the exercise of stock options totaling \$71.4 million. The company's regular quarterly dividend of \$0.25 per share, which was declared in the second quarter of 2004, totaled \$67.3 million and was paid on July 1, 2004.

In February 2004, the company announced the reactivation of its existing share repurchase program that was last utilized in February 2000. Under the program, the company had remaining authority to repurchase up to \$291 million of the company's common stock. On May 12, 2004 and July 13, 2004, the company announced that its authority to repurchase shares was increased by \$500 million and \$1.0 billion, respectively. The shares will be repurchased at management's discretion, either in the open market or in privately negotiated block transactions. Management's decision to repurchase shares will depend on price, availability and other corporate developments. Purchases will occur from time to time and no maximum purchase price has been set. During the first six months of 2004, the company purchased approximately 5.3 million shares of its common stock for \$495.2 million. For more information on the share repurchase program, refer to Item 2 of Part II of this Form 10-Q.

Working capital increased \$51.3 million from the end of 2003 reflecting higher cash and cash equivalents balances and lower accounts payable, partially offset by higher taxes payable primarily due to increased operating results.

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

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

The company's foreign currency translation adjustment, included in accumulated other comprehensive income and reported as part of shareholders' equity, totaled \$439.9 million at the end of the second quarter versus \$352.3 million at the end of 2003. The increase reflects a strengthening of Sterling against the U.S. dollar. Newsquest's assets and liabilities at June 27, 2004 were translated from Sterling to U.S. dollars at an exchange rate of \$1.83 versus \$1.78 at the end of 2003. Newsquest's financial results were translated at an average rate of \$1.81 for the second quarter of 2004 versus \$1.62 for the second quarter of 2003, and at an average rate of \$1.82 for the first six months of 2004 compared to \$1.61 for the same period last year.

The company is exposed to foreign exchange rate risk primarily due to its operations in the United Kingdom, for which Sterling is the functional currency, which is then translated into U.S. dollars. Translation gains or losses affecting the Condensed Consolidated Statements of Income have not been significant in the past. If the price of Sterling against the U.S. dollar had been 10% more or less than the actual price, reported net income would have increased or decreased approximately 1.5% for both the second quarter and first six months of 2004.

The company has a 13.5% general partnership interest in Ponderay Newsprint Company. The company, on a several basis, is a guarantor of 13.5% of the principal and interest on a term loan held by Ponderay that totals approximately \$88 million at June 27, 2004.

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.

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

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

Unaudited, in thousands of dollars

| | <u>June 27, 2004</u> | <u>Dec. 28, 2003</u> |
|---|----------------------|----------------------|
| ASSETS | | |
| <i>Current assets</i> | | |
| Cash and cash equivalents | \$ 112,186 | \$ 67,188 |
| Trade receivables, less allowance (2004 - \$47,081; 2003 - \$41,530) | 914,409 | 907,619 |
| Inventories | 117,293 | 115,924 |
| Prepaid expenses and other receivables | 128,886 | 132,530 |
| <i>Total current assets</i> | <u>1,272,774</u> | <u>1,223,261</u> |
| <i>Property, plant and equipment</i> | | |
| Cost | 4,803,168 | 4,687,898 |
| Less accumulated depreciation | (2,110,207) | (2,005,630) |
| <i>Net property, plant and equipment</i> | <u>2,692,961</u> | <u>2,682,268</u> |
| <i>Intangible and other assets</i> | | |
| Goodwill and indefinite-lived intangible assets | 9,815,847 | 9,601,767 |
| Other intangible assets, less accumulated amortization | 137,719 | 108,736 |
| Investments and other assets | 1,170,854 | 1,090,207 |
| <i>Total intangible and other assets</i> | <u>11,124,420</u> | <u>10,800,710</u> |
| Total assets | <u>\$ 15,090,155</u> | <u>\$ 14,706,239</u> |

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

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

Unaudited, in thousands of dollars

| | <u>June 27, 2004</u> | <u>Dec. 28, 2003</u> |
|---|----------------------|----------------------|
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| <i>Current liabilities</i> | | |
| Accounts payable and current portion of film contracts payable | \$ 264,515 | \$ 352,822 |
| Compensation, interest and other accruals | 297,331 | 277,594 |
| Dividends payable | 67,522 | 68,143 |
| Income taxes | 159,236 | 101,663 |
| Deferred income | 171,437 | 161,615 |
| <i>Total current liabilities</i> | <u>960,041</u> | <u>961,837</u> |
| Deferred income taxes | 778,944 | 743,975 |
| Long-term debt | 4,021,235 | 3,834,511 |
| Postretirement medical and life insurance liabilities | 331,989 | 337,989 |
| Other long-term liabilities | 361,403 | 312,507 |
| <i>Total liabilities</i> | <u>6,453,612</u> | <u>6,190,819</u> |
| <i>Minority interests in consolidated subsidiaries</i> | <u>92,234</u> | <u>92,439</u> |
| <i>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: 324,420,732 shares | 324,421 | 324,421 |
| Additional paid-in-capital | 518,555 | 471,581 |
| Retained earnings | 9,938,091 | 9,444,791 |
| Accumulated other comprehensive income | 406,845 | 319,305 |
| | <u>11,187,912</u> | <u>10,560,098</u> |
| Less treasury stock, 57,177,732 shares and 52,003,686 shares, respectively, at cost | (2,643,603) | (2,137,117) |
| <i>Total shareholders' equity</i> | <u>8,544,309</u> | <u>8,422,981</u> |
| Total liabilities and shareholders' equity | <u>\$ 15,090,155</u> | <u>\$ 14,706,239</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 | | % Inc |
|--|----------------------|-------------------|-------------|
| | June 27, 2004 | June 29, 2003 | (Dec) |
| Net Operating Revenues: | | | |
| Newspaper advertising | \$ 1,252,951 | \$ 1,115,381 | 12.3 |
| Newspaper circulation | 306,598 | 303,180 | 1.1 |
| Broadcasting | 212,520 | 192,727 | 10.3 |
| Other | 101,234 | 93,995 | 7.7 |
| Total | <u>1,873,303</u> | <u>1,705,283</u> | <u>9.9</u> |
| Operating Expenses: | | | |
| Cost of sales and operating expenses, exclusive of depreciation | 946,552 | 856,972 | 10.5 |
| Selling, general and administrative expenses, exclusive of depreciation | 288,286 | 262,917 | 9.6 |
| Depreciation | 59,129 | 55,078 | 7.4 |
| Amortization of intangible assets | 2,955 | 2,174 | 35.9 |
| Total | <u>1,296,922</u> | <u>1,177,141</u> | <u>10.2</u> |
| Operating income | <u>576,381</u> | <u>528,142</u> | <u>9.1</u> |
| Non-operating income (expense): | | | |
| Interest expense | (32,042) | (36,334) | (11.8) |
| Other | (7,007) | 899 | *** |
| Total | <u>(39,049)</u> | <u>(35,435)</u> | <u>10.2</u> |
| Income before income taxes | 537,332 | 492,707 | 9.1 |
| Provision for income taxes | 182,900 | 168,400 | 8.6 |
| Net income | <u>\$ 354,432</u> | <u>\$ 324,307</u> | <u>9.3</u> |
| Net income per share-basic | <u>\$ 1.31</u> | <u>\$ 1.21</u> | <u>8.3</u> |
| Net income per share-diluted | <u>\$ 1.30</u> | <u>\$ 1.20</u> | <u>8.3</u> |
| Dividends per share | <u>\$ 0.25</u> | <u>\$ 0.24</u> | <u>4.2</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)

| | Twenty-six weeks ended | | % Inc |
|--|------------------------|-------------------|-------------|
| | June 27, 2004 | June 29, 2003 | (Dec) |
| Net Operating Revenues: | | | |
| Newspaper advertising | \$ 2,408,962 | \$ 2,121,428 | 13.6 |
| Newspaper circulation | 618,987 | 605,611 | 2.2 |
| Broadcasting | 381,978 | 350,903 | 8.9 |
| Other | 193,060 | 179,586 | 7.5 |
| Total | 3,602,987 | 3,257,528 | 10.6 |
| Operating Expenses: | | | |
| Cost of sales and operating expenses, exclusive of depreciation | 1,886,000 | 1,693,594 | 11.4 |
| Selling, general and administrative expenses, exclusive of depreciation | 571,316 | 511,488 | 11.7 |
| Depreciation | 118,103 | 109,307 | 8.0 |
| Amortization of intangible assets | 5,338 | 4,004 | 33.3 |
| Total | 2,580,757 | 2,318,393 | 11.3 |
| Operating income | 1,022,230 | 939,135 | 8.8 |
| Non-operating income (expense): | | | |
| Interest expense | (63,833) | (72,443) | (11.9) |
| Other | (4,157) | 5,751 | *** |
| Total | (67,990) | (66,692) | 1.9 |
| Income before income taxes | 954,240 | 872,443 | 9.4 |
| Provision for income taxes | 325,400 | 298,300 | 9.1 |
| Net income | \$ 628,840 | \$ 574,143 | 9.5 |
| Net income per share-basic | | | |
| | \$ 2.32 | \$ 2.14 | 8.4 |
| Net income per share-diluted | | | |
| | \$ 2.29 | \$ 2.12 | 8.0 |
| Dividends per share | | | |
| | \$ 0.50 | \$ 0.48 | 4.2 |

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

| | Twenty-six weeks ended | |
|--|-------------------------------|----------------------|
| | June 27, 2004 | June 29, 2003 |
| Cash flows from operating activities: | | |
| Net Income | \$ 628,840 | \$ 574,143 |
| Adjustments to reconcile net income to operating cash flows: | | |
| Depreciation | 118,103 | 109,307 |
| Amortization of intangibles | 5,338 | 4,004 |
| Deferred income taxes | 28,900 | 23,530 |
| Pension contributions, net of pension expense | (28,179) | 59,022 |
| Change in other assets and liabilities, net | (49,647) | (73,226) |
| Net cash flow from operating activities | 703,355 | 696,780 |
| Cash flows from investing activities: | | |
| Purchase of property, plant and equipment | (122,143) | (100,980) |
| Payments for acquisitions, net of cash acquired | (150,015) | (353,346) |
| Payments for investments | (36,228) | (15,733) |
| Proceeds from investments | 6,155 | 6,421 |
| Proceeds from sale of certain assets | 15,174 | 8,401 |
| Net cash used for investing activities | (287,057) | (455,237) |
| Cash flows from financing activities: | | |
| Proceeds from (payment of) long-term debt and debt issuance costs | 186,725 | (145,527) |
| Dividends paid | (136,161) | (128,629) |
| Cost of common shares repurchased | (495,182) | — |
| Proceeds from issuance of common stock | 71,376 | 72,102 |
| Net cash used for financing activities | (373,242) | (202,054) |
| Effect of currency rate change | 1,942 | 2,531 |
| Net increase in cash and cash equivalents | 44,998 | 42,020 |
| Balance of cash and cash equivalents at beginning of year | 67,188 | 90,374 |
| Balance of cash and cash equivalents at end of second quarter | \$ 112,186 | \$ 132,394 |

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 27, 2004

1. Basis of presentation

The accompanying unaudited condensed consolidated financial statements 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. The financial statements covering the 13-week period ended June 27, 2004, and the comparative period of 2003, reflect all adjustments which, in the opinion of the company, are necessary for a fair statement of results for the interim periods and reflect all normal and recurring adjustments which are necessary for a fair presentation of the company's financial position, results of operations and cash flows as of the dates and for the periods presented.

2. Stock-based compensation

Stock-based compensation is accounted for by using the intrinsic value-based method in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB No. 25"). Under APB No. 25, because the exercise price of the company's employee stock options equals the market price of the underlying stock on the date of the grant, no compensation expense is recognized. As permitted, the company has elected to adopt the disclosure only provisions of SFAS No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure-an amendment of FASB Statement No. 123" ("SFAS No. 148").

SFAS No. 123 establishes a fair value-based method of accounting for employee stock-based compensation plans. The company has chosen to continue to report stock-based compensation in accordance with APB No. 25, and provides the following pro forma disclosure of the effects of applying the fair value method to all applicable awards granted. Had compensation cost for the company's stock options been determined based on the fair value at the grant date for those awards as permitted (but not required) under the alternative method of SFAS No. 123, the company's results of operations and related per share amounts would have been reduced to the pro forma amounts indicated below:

Second Quarter

(in thousands of dollars, except per share amounts)

| | 2004 | 2003 |
|---|-------------------|-------------------|
| <i>Net income as reported</i> | \$ 354,432 | \$ 324,307 |
| Less: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects | 18,194 | 16,308 |
| <i>Pro forma net income</i> | <u>\$ 336,238</u> | <u>\$ 307,999</u> |
| <i>Earnings per share:</i> | | |
| Basic — as reported | <u>\$ 1.31</u> | <u>\$ 1.21</u> |
| Basic — pro forma | <u>\$ 1.24</u> | <u>\$ 1.15</u> |
| Diluted — as reported | <u>\$ 1.30</u> | <u>\$ 1.20</u> |
| Diluted — pro forma | <u>\$ 1.23</u> | <u>\$ 1.14</u> |

Year-to-date*(in thousands of dollars, except per share amounts)*

| | 2004 | 2003 |
|---|-------------------|-------------------|
| <i>Net income as reported</i> | \$ 628,840 | \$ 574,143 |
| Less: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects | 36,636 | 32,990 |
| <i>Pro forma net income</i> | <u>\$ 592,204</u> | <u>\$ 541,153</u> |
| <i>Earnings per share:</i> | | |
| Basic — as reported | <u>\$ 2.32</u> | <u>\$ 2.14</u> |
| Basic — pro forma | <u>\$ 2.18</u> | <u>\$ 2.02</u> |
| Diluted — as reported | <u>\$ 2.29</u> | <u>\$ 2.12</u> |
| Diluted — pro forma | <u>\$ 2.16</u> | <u>\$ 2.00</u> |

3. Acquisitions and dispositions

On May 6, 2004, the company jointly acquired CrossMedia Services, Inc., a leading provider of Web-based marketing solutions for national and local retailers, with Knight Ridder, Inc. and Tribune Company.

On April 2, 2004, the company acquired the assets of Captivate Network, Inc., a national news and entertainment network that delivers quality programming and full motion video advertising to more than 1.4 million viewers each day on wireless digital video screens in the elevators of premier office towers across North America.

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

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

During the first six months of 2004, the company also purchased several small non-daily publications in the U.S. and the U.K.

The acquisitions of Captivate, NurseWeek, the two daily newspapers in Tennessee and several non-daily publications had an aggregate purchase price of approximately \$150.0 million and were recorded under the purchase method of accounting. The company is in the process of obtaining valuations of recently acquired businesses, thus the allocation of the purchase price is preliminary.

The company has a pending agreement to sell its NBC affiliate in Kingman, Arizona, KMOH-TV.

4. Goodwill and other intangible assets

The company performed an impairment test of its goodwill and determined that no impairment of goodwill existed at Dec. 28, 2003. Intangible assets that have finite useful lives are amortized over their useful lives and are also subject to tests for impairment.

The following table displays the intangible assets that are subject to amortization and the goodwill and intangible assets that are not subject to amortization as of June 27, 2004, and Dec. 28, 2003:

Goodwill and other intangible assets are as follows:

| <i>(in thousands of dollars)</i> | June 27, 2004 | | Dec. 28, 2003 | |
|---|---------------|--------------------------|---------------|--------------------------|
| | Gross | Accumulated Amortization | Gross | Accumulated Amortization |
| Goodwill and indefinite-lived intangible assets | \$ 9,815,847 | \$ — | \$ 9,601,767 | \$ — |
| Amortizable intangible assets | \$ 162,471 | \$ 24,752 | \$ 128,000 | \$ 19,264 |

Goodwill and indefinite-lived intangible assets increased primarily due to the Captivate and NurseWeek transactions as described in Note 3 and to a higher foreign exchange rate.

Amortization expense was \$3.0 million in the quarter ended June 27, 2004 and \$5.3 million year-to-date. Amortizable intangible assets are primarily subscriber and advertiser relationships with amortization periods up to 25 years and are amortized on a straight-line basis. For each of the next five years, amortization expense relating to the identified intangibles is expected to be approximately \$10.7 million.

| <i>(in thousands of dollars)</i> | Newspaper Publishing | Broadcasting | Total |
|--|----------------------|--------------|--------------|
| Goodwill and indefinite-lived intangible assets | | | |
| Balance at Dec. 28, 2003 | \$ 8,075,489 | \$ 1,526,278 | \$ 9,601,767 |
| Acquisitions and adjustments | 113,284 | 27,166 | 140,450 |
| Dispositions | (6,418) | — | (6,418) |
| Foreign currency exchange rate changes | 80,048 | — | 80,048 |
| Balance at June 27, 2004 | \$ 8,262,403 | \$ 1,553,444 | \$ 9,815,847 |

| <i>(in thousands of dollars)</i> | Newspaper Publishing | Broadcasting | Total |
|---|----------------------|--------------|------------|
| Amortizable intangible assets, net | | | |
| Balance at Dec. 28, 2003 | \$ 108,736 | \$ — | \$ 108,736 |
| Acquisitions and adjustments | 27,971 | 6,350 | 34,321 |
| Dispositions | — | — | — |
| Amortization | (5,338) | — | (5,338) |
| Balance at June 27, 2004 | \$ 131,369 | \$ 6,350 | \$ 137,719 |

5. Long-term debt

In March 2004, the company entered into a \$2.46 billion revolving credit agreement, which consists of a \$622.5 million 364-day facility that extends to March 2005 and a \$1.8375 billion 5-year facility that extends to March 2009. At the end of the 364-day period, any borrowings outstanding under the 364-day credit facility are convertible into a one-year term loan at the company's option. Also in March 2004, the company entered into a \$200 million two-year revolving credit facility that extends to March 2006. At the end of the two-year period, any borrowings outstanding under the two-year credit facility are convertible into a one-year term loan at the company's option.

During the first quarter of 2004, the company terminated its \$1.53 billion revolving credit agreement that was due to expire in July 2005. The company also terminated its \$1.3375 billion 364-day revolving credit facility that was due to expire in March 2004.

At June 27, 2004, the company had a total of \$4.025 billion of credit available under three revolving credit agreements. As a result of these credit agreements, commercial paper is carried on the balance sheet as long-term debt.

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

| <i>(in thousands)</i> | June 27, 2004 |
|-----------------------|---------------|
| 2005 | \$ — |
| 2006 | 15,102 |
| 2007 | 1,577,341 |
| 2008 | 83,304 |
| 2009 | 1,847,225 |
| Later years | 498,263 |
| Total | \$ 4,021,235 |

The fair value of the company's total long-term debt, determined based on quoted market prices for similar issues of debt with the same remaining maturities and similar terms, totaled \$4.11 billion at June 27, 2004.

The company has a 13.5% general partnership interest in Ponderay Newsprint Company. The company, on a several basis, is a guarantor of 13.5% of the principal and interest on a term loan held by Ponderay that totals approximately \$88 million at June 27, 2004.

6. Retirement plans

The company and its subsidiaries have various retirement plans, including plans established under collective bargaining agreements, under which substantially all full-time employees are covered. The Gannett Retirement Plan is the company's principal retirement plan and covers most U.S. employees of the company and its subsidiaries. The company's pension costs, which include costs for qualified, nonqualified and union plans, for the second quarter and first six months of 2004 and 2003 are presented in the following table:

| <i>(in thousands of dollars)</i> | <i>Second Quarter</i> | | <i>Year-to-date</i> | |
|---|-----------------------|------------------|---------------------|------------------|
| | 2004 | 2003 | 2004 | 2003 |
| Service cost-benefits earned during the period | \$ 23,250 | \$ 19,532 | \$ 46,580 | \$ 38,320 |
| Interest cost on benefit obligation | 42,270 | 38,983 | 84,660 | 77,966 |
| Expected return on plan assets | (53,160) | (42,525) | (106,470) | (85,050) |
| Amortization of transition asset | — | (17) | — | (34) |
| Amortization of prior service credit | (5,320) | (5,085) | (10,670) | (10,170) |
| Amortization of actuarial loss | 14,530 | 18,007 | 29,100 | 36,014 |
| Pension expense for company-sponsored retirement plans | \$ 21,570 | \$ 28,895 | \$ 43,200 | \$ 57,046 |
| Union and other pension cost | 2,100 | 1,847 | 4,200 | 3,694 |
| Pension cost | \$ 23,670 | \$ 30,742 | \$ 47,400 | \$ 60,740 |

The company made a voluntary tax-deductible contribution of \$50 million to the Gannett Retirement Plan in February 2004. Early in the second quarter of 2004, the company also made a voluntary tax-deductible contribution of \$26 million to its U.K. retirement plan.

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 for the second quarter and first six months of 2004 and 2003 are presented in the following table:

| <i>(in thousands of dollars)</i> | <i>Second Quarter</i> | | <i>Year-to-date</i> | |
|--|-----------------------|-----------------|---------------------|-----------------|
| | 2004 | 2003 | 2004 | 2003 |
| Service cost-benefits earned during the period | \$ 488 | \$ 783 | \$ 976 | \$ 1,566 |
| Interest cost on benefit obligation | 4,138 | 4,939 | 8,276 | 9,878 |
| Amortization of prior service credit | (3,100) | (2,960) | (6,200) | (5,920) |
| Amortization of actuarial loss | 787 | 397 | 1,574 | 794 |
| Net periodic postretirement cost | \$ 2,313 | \$ 3,159 | \$ 4,626 | \$ 6,318 |

8. Comprehensive income

Comprehensive income for the company includes net income; foreign currency translation adjustments; and unrealized gains or losses on available-for-sale securities, as defined under SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities."

Comprehensive income totaled \$369.4 million for the second quarter of 2004 and \$454.0 million for the second quarter of 2003. Net income totaled \$354.4 million and other comprehensive income, which was entirely related to foreign currency translation, totaled \$15.0 million in the second quarter of 2004. Net income totaled \$324.3 million and other comprehensive income, consisting primarily of foreign currency translation, totaled \$129.7 million in the second quarter of 2003.

Comprehensive income totaled \$716.4 million for the first half of 2004 and \$654.1 million for the first half of 2003. Net income totaled \$628.8 million and other comprehensive income, which was entirely related to foreign currency translation, totaled \$87.6 million in the first half of 2004. Net income totaled \$574.1 million and other comprehensive income, consisting primarily of foreign currency translation, totaled \$80.0 million in the first half of 2003.

9. Outstanding shares

The weighted average number of common shares outstanding (basic) in the second quarter totaled 270,227,000 compared to 268,847,000 for the second quarter of 2003. The weighted average number of diluted shares outstanding in the second quarter totaled 273,541,000 compared to 271,281,000 for the second quarter of 2003.

The weighted average number of common shares outstanding (basic) in the first half of 2004 totaled 271,274,000 compared to 268,513,000 for the first half of 2003. The weighted average number of diluted shares outstanding in the first half of 2004 totaled 274,432,000 compared to 270,582,000 for the first half of 2003.

10. Business segment information

(unaudited, in thousands of dollars)

| | Thirteen weeks ended | | % Inc |
|---|----------------------|---------------------|------------|
| | June 27, 2004 | June 29, 2003 | (Dec) |
| Net Operating Revenues: | | | |
| Newspaper publishing | \$ 1,660,783 | \$ 1,512,556 | 9.8 |
| Television | 212,520 | 192,727 | 10.3 |
| Total | \$ 1,873,303 | \$ 1,705,283 | 9.9 |
| Operating Income (net of depreciation and amortization): | | | |
| Newspaper publishing | \$ 487,018 | \$ 448,476 | 8.6 |
| Television | 106,291 | 95,587 | 11.2 |
| Corporate | (16,928) | (15,921) | (6.3) |
| Total | \$ 576,381 | \$ 528,142 | 9.1 |
| Depreciation and Amortization: | | | |
| Newspaper publishing | \$ 50,595 | \$ 46,782 | 8.2 |
| Television | 7,550 | 6,642 | 13.7 |
| Corporate | 3,939 | 3,828 | 2.9 |
| Total | \$ 62,084 | \$ 57,252 | 8.4 |
| Operating Cash Flow (1): | | | |
| Newspaper publishing | \$ 537,613 | \$ 495,258 | 8.6 |
| Television | 113,841 | 102,229 | 11.4 |
| Corporate | (12,989) | (12,093) | (7.4) |
| Total | \$ 638,465 | \$ 585,394 | 9.1 |

| | Twenty-six weeks ended | | % Inc |
|---|------------------------|---------------------|-------------|
| | June 27, 2004 | June 29, 2003 | (Dec) |
| Net Operating Revenues: | | | |
| Newspaper publishing | \$ 3,221,009 | \$ 2,906,625 | 10.8 |
| Broadcasting | 381,978 | 350,903 | 8.9 |
| Total | \$ 3,602,987 | \$ 3,257,528 | 10.6 |
| Operating Income (net of depreciation and amortization): | | | |
| Newspaper publishing | \$ 879,283 | \$ 810,961 | 8.4 |
| Broadcasting | 176,449 | 159,542 | 10.6 |
| Corporate | (33,502) | (31,368) | (6.8) |
| Total | \$ 1,022,230 | \$ 939,135 | 8.8 |
| Depreciation and Amortization: | | | |
| Newspaper publishing | \$ 101,133 | \$ 92,364 | 9.5 |
| Broadcasting | 14,431 | 13,213 | 9.2 |
| Corporate | 7,877 | 7,734 | 1.8 |
| Total | \$ 123,441 | \$ 113,311 | 8.9 |
| Operating Cash Flow (1): | | | |
| Newspaper publishing | \$ 980,416 | \$ 903,325 | 8.5 |
| Broadcasting | 190,880 | 172,755 | 10.5 |
| Corporate | (25,625) | (23,634) | (8.4) |
| Total | \$ 1,145,671 | \$ 1,052,446 | 8.9 |

Broadcasting includes results from the company's 22 television stations and Captivate Network, Inc. Captivate is a national news and entertainment network that delivers programming and full motion video advertising through wireless digital video screens in elevators of premier office towers.

(1) Operating Cash Flow represents operating income for each of the company's business segments plus related depreciation and amortization expense.

A reconciliation of "Operating Cash Flow" to "Operating Income", as presented in the Consolidated Statements of Income and Business Segment Information, follows:

Thirteen weeks ended June 27, 2004

| <i>(in thousands of dollars)</i> | Newspaper Publishing | Broadcasting | Corporate | Consolidated Total |
|----------------------------------|---------------------------------|---------------------|--------------------|---------------------------|
| Operating cash flow | \$ 537,613 | \$ 113,841 | \$ (12,989) | \$ 638,465 |
| Less: | | | | |
| Depreciation | (47,640) | (7,550) | (3,939) | (59,129) |
| Amortization | (2,955) | | | (2,955) |
| Operating income | <u>\$ 487,018</u> | <u>\$ 106,291</u> | <u>\$ (16,928)</u> | <u>\$ 576,381</u> |

Thirteen weeks ended June 29, 2003

| <i>(in thousands of dollars)</i> | Newspaper Publishing | Broadcasting | Corporate | Consolidated Total |
|----------------------------------|---------------------------------|---------------------|--------------------|---------------------------|
| Operating cash flow | \$ 495,258 | \$ 102,229 | \$ (12,093) | \$ 585,394 |
| Less: | | | | |
| Depreciation | (44,608) | (6,642) | (3,828) | (55,078) |
| Amortization | (2,174) | — | — | (2,174) |
| Operating income | <u>\$ 448,476</u> | <u>\$ 95,587</u> | <u>\$ (15,921)</u> | <u>\$ 528,142</u> |

Twenty-six weeks ended June 27, 2004

| <i>(in thousands of dollars)</i> | Newspaper Publishing | Broadcasting | Corporate | Consolidated Total |
|----------------------------------|---------------------------------|---------------------|--------------------|---------------------------|
| Operating cash flow | \$ 980,416 | \$ 190,880 | \$ (25,625) | \$ 1,145,671 |
| Less: | | | | |
| Depreciation | (95,795) | (14,431) | (7,877) | (118,103) |
| Amortization | (5,338) | | | (5,338) |
| Operating income | <u>\$ 879,283</u> | <u>\$ 176,449</u> | <u>\$ (33,502)</u> | <u>\$ 1,022,230</u> |

Twenty-six weeks ended June 29, 2003

| <i>(in thousands of dollars)</i> | Newspaper Publishing | Broadcasting | Corporate | Consolidated Total |
|----------------------------------|---------------------------------|---------------------|--------------------|---------------------------|
| Operating cash flow | \$ 903,325 | \$ 172,755 | \$ (23,634) | \$ 1,052,446 |
| Less: | | | | |
| Depreciation | (88,360) | (13,213) | (7,734) | (109,307) |
| Amortization | (4,004) | — | — | (4,004) |
| Operating income | <u>\$ 810,961</u> | <u>\$ 159,542</u> | <u>\$ (31,368)</u> | <u>\$ 939,135</u> |

11. Accounting pronouncements

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act) became law in December 2003. The Act introduces a prescription drug benefit under Medicare (Medicare Part D) as well as a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. Questions have arisen regarding whether an employer that provides postretirement prescription drug coverage (a plan) should recognize the effects of the Act on its accumulated postretirement benefit obligation and net postretirement benefit costs and, if so, when and how to account for those effects.

In response to these questions, the FASB issued FASB Staff Position 106-1, "Accounting and Disclosure Requirements related to the New Medicare Prescription Drug, Improvement and Modernization Act of 2003" ("FSP 106-1") and FASB Staff Position 106-2, "Accounting and Disclosure Requirements related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003" ("FSP 106-2"). While FSP 106-1 confirms that companies are required to account for changes in relevant laws, accounting for the federal subsidy was not explicitly addressed. FSP 106-2, provides guidance on accounting for the effects of the subsidy by employers whose prescription drug benefit plans are actuarially equivalent to the drug benefit in the Act. The company will adopt the provisions of FSP 106-2 in the third quarter of 2004 and the impact of adoption will not have a material impact on the company's financial results or position.

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 Sterling is the functional currency, which is then translated into U.S. dollars. Translation gains or losses affecting the Condensed Consolidated Statements of Income have not been significant in the past. If the price of Sterling against the U.S. dollar had been 10% less than the actual price, reported net income for the first half of 2004 would have decreased approximately 1.5%. In July 2004, the Company entered into derivative transactions (combination options) to mitigate risk associated with significant currency fluctuations as they pertain to earnings from operations in the UK. The period covered by these transactions runs through the remainder of 2004. These instruments are not designated as accounting hedges. Gains and losses experienced throughout the remainder of the year will be included as a component of other non-operating income (expense) in the consolidated statement of income.

Because the company has \$2.1 billion in commercial paper obligations at June 27, 2004 that have relatively short-term maturity dates, the company is subject to significant changes in the amount of interest expense it might incur. Assuming the current level of commercial paper borrowings, a 1/2% increase or decrease in the average interest rate for commercial paper would result in an increase or decrease in annual interest expense of \$10.6 million, respectively.

The fair value of the company's total long-term debt, determined based on quoted market prices for similar issues of debt with the same remaining maturities and similar terms, totaled \$4.11 billion at June 27, 2004.

Item 4. Controls and Procedures

Based on their evaluation, the company's Chairman, President and Chief Executive Officer and Senior Vice President and Chief Financial Officer have concluded the company's disclosure controls and procedures are effective as of June 27, 2004, 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 significant changes in the company's internal controls or in other factors that have materially affected, or are reasonably likely to materially affect, the company's internal controls over financial reporting.

PART II. OTHER INFORMATION

Item 2. Changes in Securities and Use of Proceeds

On February 9, 2004, the company announced the reactivation of its existing share repurchase program that was last implemented in February 2000.

| 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) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Program |
|------------------------|--------------------------------------|----------------------------------|--|--|
| 3/29/04 – 5/2/04 | 440,723 | \$87.42 | 436,700 | \$165,934,018 |
| 5/3/04 – 5/30/04 | 2,654,300 | \$86.60 | 2,654,300 | \$436,058,800 |
| 5/31/04 – 6/27/04 | 1,615,000* | \$87.10 | 1,615,000* | \$295,390,961 |
| Total 2nd Quarter 2004 | 4,710,023 | \$86.85 | 4,706,000 | \$295,390,961 |

All of the shares included in column (c) of the table above were repurchased from remaining authorization from the \$500 million program announced on February 23, 2000 and then from the \$500 million program announced on May 12, 2004. Subsequent to the end of the quarter, on July 13, 2004, an additional \$1 billion was authorized for the repurchase program. There is no expiration date for the repurchase program. No repurchase programs expired during the periods presented above, and management does not intend to terminate the repurchase program. In April 2004, an employee paid for the exercise of options by an attestation of personally held shares of the Company.

* In addition to the above, at the end of June 2004, 642,000 shares were repurchased as part of the publicly announced repurchase program, at an average price of \$85.64, but were settled subsequent to the end of the quarter. The effect of these repurchases would decrease the maximum dollar value available under the program to \$240,041,252 prior to the additional \$1 billion authorization in July 2004.

Item 4. Submission of Matters to a Vote of Securityholders

- (a) The Annual Meeting of Shareholders of Gannett Co., Inc. was held on May 4, 2004.
- (b) The following directors were elected at the meeting:

James A. Johnson
Douglas H. McCorkindale
Stephen P. Munn

The following directors' terms of office continued after the meeting:

Louis D. Boccardi
Donna E. Shalala
Karen Hastie Williams

Meredith A. Brokaw
Solomon D. Trujillo

(c) (i) Three directors were re-elected to the Board of Directors. Tabulation of votes for each of the nominees is as follows:

| | For | Withhold Authority |
|-------------------------|-------------|--------------------|
| James A. Johnson | 226,225,482 | 7,915,886 |
| Douglas H. McCorkindale | 224,824,964 | 9,316,404 |
| Stephen P. Munn | 225,844,039 | 8,297,329 |

(ii) The proposal to elect PricewaterhouseCoopers LLP as the company's independent auditor was approved. Tabulation of the votes for the proposal is as follows:

| | For | Withhold Authority | Abstain | Broker Non-vote |
|----------------------------------|-------------|--------------------|-----------|-----------------|
| Election of independent auditors | 229,094,218 | 2,684,140 | 2,363,010 | -0- |

(iii) The proposal to amend the 2001 Omnibus Incentive Compensation Plan was approved. Tabulation of the votes for the proposal is as follows:

| | For | Withhold Authority | Abstain | Broker Non-vote |
|-------------------------------------|-------------|--------------------|-----------|-----------------|
| Amendment of Omnibus Incentive Plan | 172,653,801 | 27,788,322 | 3,041,269 | 30,657,976 |

(iv) The shareholder proposal concerning Executive Compensation was not approved. Tabulation of the votes for the proposal is as follows:

| | For | Withhold Authority | Abstain | Broker Non-vote |
|----------------------|------------|--------------------|-----------|-----------------|
| Shareholder proposal | 16,429,827 | 182,856,638 | 4,196,927 | 30,657,976 |

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits.

See Exhibit Index for list of exhibits filed with this report.

(b) Form 8-K

Current Report on Form 8-K submitted April 12, 2004, in connection with disclosure of results of operations and financial condition.

SIGNATURES

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

GANNETT CO., INC.

Date: August 4, 2004

/s/George R. Gavagan
George R. Gavagan
Vice President and Controller
(on behalf of Registrant and as Chief Accounting Officer)

EXHIBIT INDEX

| Exhibit Number | Exhibit | Location |
|----------------|---|--|
| 3-1 | Second Restated Certificate of Incorporation of Gannett Co., Inc. | Incorporated by reference to Exhibit 3-1 to Gannett Co., Inc.'s Form 10-K for the fiscal year ended December 26, 1993 ("1993 Form 10-K"). Amendment incorporated by reference to Exhibit 3-1 to the 1993 Form 10-K. Amendment dated May 2, 2000, incorporated by reference to Gannett Co., Inc.'s Form 10-Q for the fiscal quarter ended March 26, 2000. |
| 3-2 | By-laws of Gannett Co., Inc. | Incorporated by reference to Exhibit 3-2 to Gannett Co., Inc.'s Form 10-Q for the fiscal quarter ended March 28, 2004. |
| 3-3 | Form of Certificate of Designation, Preferences and Rights setting forth the terms of the Series A Junior Participating Preferred Stock, par value \$1.00 per share, of Gannett Co., Inc. | Incorporated by reference to Exhibit 1 to Gannett Co., Inc.'s Form 8-A filed on May 23, 1990. |
| 4-1 | Rights Agreement, dated as of May 21, 1990, between Gannett Co., Inc. and First Chicago Trust Company of New York, as Rights Agent. | Incorporated by reference to Exhibit 1 to Gannett Co., Inc.'s Form 8-A filed on May 23, 1990. |
| 4-2 | Amendment No. 1 to Rights Agreement, dated as of May 2, 2000, between Gannett Co., Inc. and Norwest Bank Minnesota, N.A., as successor rights agent to First Chicago Trust Company of New York. | Incorporated by reference to Exhibit 2 to Gannett Co., Inc.'s Form 8-A/A filed on May 2, 2000. |
| 4-3 | Form of Rights Certificate. | Incorporated by reference to Exhibit 1 to Gannett Co., Inc.'s Form 8-A filed on May 23, 1990. |
| 4-4 | 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 | Gannett Co., Inc. Deferred Compensation Plan Restatement dated February 1, 2003 (reflects all amendments through April 7, 2004.)* | Attached. |
| 10-2 | Gannett U.K. Limited Share Incentive Plan, as amended effective June 25, 2004. * | Attached. |
| 11 | Statement Regarding Computation of Earnings Per Share | Attached. |
| 31-1 | Certification Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934. | Attached. |
| 31-2 | Certification Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934. | Attached. |

32-1 Certification Pursuant to 18 U.S.C. Attached.
Section 1350, As Adopted Pursuant
to Section 906 of the Sarbanes-
Oxley Act of 2002.

32-2 Certification Pursuant to 18 U.S.C. Attached.
Section 1350, As Adopted Pursuant
to Section 906 of the Sarbanes-
Oxley Act of 2002.

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

* Asterisks identify management contracts and compensatory plans or arrangements.

GANNETT CO., INC.

DEFERRED COMPENSATION PLAN

Restatement dated February 1, 2003
(Reflecting all amendments through April 7, 2004)

GANNETT CO., INC.

DEFERRED COMPENSATION PLAN

Restatement dated February 1, 2003
(Reflecting all amendments through April 7, 2004)

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GANNETT CO., INC.
DEFERRED COMPENSATION PLAN

Restatement dated February 1, 2003
(Reflecting all amendments through April 7, 2004)

1.0 BACKGROUND

1.1. Introduction

The Gannett Co., Inc. Deferred Compensation Plan (“Plan”) was adopted to provide the opportunity for directors of the Company who are not also employees (“Directors”) to defer to future years all or part of their fees and key employees to defer to future years all or part of their salary, bonus and/or shares of Gannett common stock issued pursuant to Stock Incentive Rights (“SIRs”) under the Gannett Co., Inc. 1978 Long-Term Incentive Plan (“Compensation”) payable by Gannett Co., Inc. (“Company”) as part of their retirement and financial planning. The term “Compensation” also shall include (1) ordinary income that arises upon the exercise of a stock option as more fully described in Section 2.12; and (2) such other forms of taxable income derived from the performance of services for the Company as may be designated by the Committee and which may be deferred pursuant to such special terms and conditions as the Committee may establish. Notwithstanding the preceding sentence, in the case of a Director, the term “Compensation” shall exclude ordinary income that arises upon the exercise of a stock option but shall include shares of restricted stock (“Restricted Stock”) granted to a Director under the Gannett Co., Inc. 2001 Omnibus Incentive Compensation Plan or any successor thereto.

1.2 Certain Definitions

This Plan shall apply to compensation earned under the 1978 Long-Term Incentive Plan, the 2001 Omnibus Incentive Compensation Plan, and successor plans. The term “SIRs” used in this Plan also includes restricted stock awards issued under any such plan. The term “Committee” used in this Plan mean the Benefit Plans Committee. The term “Company” means the Company as defined above in Section 1.1 and any successor to its business and/or assets which assumes the Plan by operation of law or otherwise. The term “Board” means the Board of Directors of the Company.

2.0 EXPLANATION OF PLAN

2.1 Effective Date

The Plan was initially effective July 1, 1987. This amendment and restatement is effective February 1, 2003 with respect to individuals who become Participants after January 31, 2003, and with respect to those Participants who were Participants on January 31, 2003, and who have consented in the time and manner prescribed by the Committee to the changes made to this Plan pursuant to Board action on December 3, 2002, in accordance with Section 3.5 hereof. The Plan as in effect on January 31, 2003 shall continue to apply to all Participants on that date who do not so consent.

2.2 Eligibility

The Plan is available to (a) Directors of the Company and (b) officers and employees of the Company who reside in the United States and who are designated as eligible by the Committee. No employee may be designated as eligible unless the employee belongs to “a select group of management or highly compensated employees” as defined in Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

2.3 Interest in the Plan; Deferred Compensation Account

For each eligible person who elects to defer Compensation (“Participant”), one or more Deferred Compensation Accounts shall be established in accordance with Section 2.6(a). A Participant’s interest in the Plan shall be the Participant’s right to receive payments under the terms of the Plan. A Participant’s payments from the Plan shall be based upon the value attributable to the Participant’s Deferred Compensation Accounts.

2.4 Amount of Deferral

- (a) A Participant may elect to defer receipt of all or a part of his or her Compensation provided that the minimum deferral for any type of Compensation to be deferred must be \$5,000 for the year of deferral or, in the case of deferred SIRs, such minimum number of shares as the Committee may determine. In any year in which the percentage selected for deferral amounts to less than \$5,000 of the type of Compensation being deferred or fewer than the designated number of SIRs, there shall be no deferral of that type of Compensation for that year.
- (b) Notwithstanding the foregoing, Compensation shall not be deferred to the extent that the deferral would cause the Participant to have insufficient funds available to provide for all withholdings he or she has authorized to be made, or are required by law to be made, from his or her Compensation.

2.5 Time of Election of Deferral

- (a) An election to defer Compensation must be made before the Compensation is earned. In the case of salary and Directors’ fees, the election to defer must be made prior to the year in which the services to which the salary or Directors’ fees relate will be performed, or, if deferred during the year in which the services are performed, at least six months prior to the month in which the services are performed. In the case of bonuses and SIRs, the election to defer must be made prior to the year in which the bonuses or SIRs will be paid.

Notwithstanding the foregoing, in his or her first year of eligibility an employee or Director may make a deferral election within 30 days of first becoming eligible. This

initial deferral may relate only to Compensation attributable to the period following the deferral election.

- (b) Effective May 6, 2003, a new compensation arrangement for Directors was approved, and accordingly, in the case of Director's fees, whether payable in cash, Restricted Stock, or any other form permitted to be deferred under the Plan, deferral elections under the Plan shall relate to one-year terms (each, a "Term") beginning with each annual meeting of shareholders of the Company ("Annual Meeting") and ending immediately prior to the next Annual Meeting. Any deferral election made by a Director prior to 2003 relating to fees earned by the Director in that year shall apply to fees earned under the prior compensation arrangement during the partial year beginning on January 1, 2003 and ending immediately prior to the Annual Meeting in May of 2003. In addition, Directors shall be given the opportunity to make a new deferral election prior to the 2003 Annual Meeting, which, pursuant to this provision, shall relate to fees earned under the new compensation arrangement during the Term beginning with the 2003 Annual Meeting and ending immediately prior to the 2004 Annual Meeting. With respect to subsequent Terms, deferral elections shall be made no later than the date specified by the Committee that is prior to the commencement of the applicable Term. The foregoing election requirements shall be subject to the rule regarding first year of eligibility set forth in the second paragraph of Section 2.5(a) above.
- (c) Once made, an election to defer for a particular time period is irrevocable.

2.6 Accounts and Investments

- (a) Effective for deferrals on and after January 1, 1997, all Participant records, reports and elections after an initial election shall be maintained on the basis of Payment Commencement Dates (as defined in Section 2.9(b)), i.e., all amounts that have been elected to be paid in full, or to commence payment, in a designated calendar year shall be aggregated in a single Deferred Compensation Account for a Participant for purposes of subsequent recordkeeping and for elections that may be available with respect to the deferred amounts, such as investment elections and payment method elections. Deferrals prior to January 1, 1997, shall be accounted for in accordance with the accounts in effect on December 31, 1996.
- (b) The amount of Compensation deferred will be credited to the Participant's Deferred Compensation Account or Accounts as soon as practicable after the Compensation would have been paid had there been no election to defer.

The amounts credited in a Deferred Compensation Account will be deemed invested in the fund or funds designated by the Participant from among funds selected by the Committee, which may include the following or any combination of the following:

- (i) money market funds;
 - (ii) bond funds;
 - (iii) equity funds; and
 - (iv) the Gannett stock fund.
-

Although the Plan is not subject to section 404(c) of ERISA, the funds available to Participants under the Plan shall, at all times, constitute a broad range of investment alternatives that would meet the standards pertaining to the range of investments set forth in regulations promulgated by the Department of Labor under section 404(c) of ERISA, or any successor provision, as if that provision were applicable to the Plan. In the discretion of the Committee, funds may be added, deleted or substituted from time to time, subject to the preceding sentence.

Information on the specific funds permitted under the Plan shall be made available by the Committee to the Participants. If the Committee adds, deletes or substitutes a particular fund, the Committee shall notify Participants in advance of the change and provide Participants with the opportunity to change their allocations among funds in connection with such addition, deletion or substitution.

A Participant may allocate contributions to his or her Deferred Compensation Accounts among the available funds pursuant to such procedures and requirements as may be specified by the Committee from time to time. Participants shall have the opportunity to give investment directions with respect to their Accounts at least once in any three-month period.

- (c) All deferrals under this Plan and the earnings credited to them are fully vested at all times.
- (d) The right of any Participant to receive future payments under the provisions of the Plan shall be a contractual obligation of the Company but shall be subject to the claims of the creditors of the Company in the event of the Company's insolvency or bankruptcy as provided in the trust agreement described below.

Plan assets may, in the Company's discretion, be placed in a trust (the "Rabbi Trust") (which Rabbi Trust may be a sub-trust maintained as a separate account within a larger trust that is also used to pay benefits under other Company- sponsored unfunded nonqualified plans) but will nevertheless continue to be subject to the claims of the Company's creditors in the event of the Company's insolvency or bankruptcy as provided in the trust agreement. In any event, the Plan is intended to be unfunded under Title I of ERISA.

2.7 Participant's Option to Reallocate Amounts

A Participant may elect to reallocate amounts in his or her Deferred Compensation Accounts among the available funds pursuant to such procedures and requirements as may be specified by the Committee from time to time consistent with the final sentence of Section 2.6(b).

2.8 Reinvestment of Income

Income from a hypothetical fund investment in a Deferred Compensation Account shall be deemed to be reinvested in that fund as soon as practicable under the terms of that fund.

2.9 Payment of Deferred Compensation

- (a) No withdrawal may be made from the Participant's Deferred Compensation Accounts except as provided in this Section.
- (b) At the time a deferral election is made, the Participant shall choose the date on which payment of the amount credited to the Deferred Compensation Account is to commence, which date shall be either April 1 or October 1 of the year of the Participant's retirement, the year next following the Participant's retirement, or any other year specified by the Participant that is after the year for which the Participant is making the deferral ("Payment Commencement Date"). In the case of Director Participants, the Payment Commencement Date shall be no later than October 1 of the year after the Director Participant retires from the Board. In the case of key employee Participants, the Payment Commencement Date shall be no later than October 1 of the year following the year during which the key employee reaches age 65 or actually retires, whichever occurs later.

Notwithstanding the foregoing paragraph: (i) for all elections to defer occurring on or after November 1, 1991, (ii) in the event that the Committee adds or substitutes a particular fund or funds, or (iii) if a Participant elects to reallocate amounts in his or her Deferred Compensation Accounts among available funds, the Committee shall have the right to fix Payment Commencement Dates and/or the date or dates upon which the value attributable to a Deferred Compensation Account is to be determined or paid, or modify such previously elected dates (but in no event to a date earlier than the date originally elected by the Participant) in order to comply with the requirements of the added, substituted or available fund or funds, pursuant to such procedures and requirements as may be specified by the Committee from time to time.

- (c) At the time the election to defer is made, the Participant may choose to receive payments either (i) in a lump sum, or (ii) if the Payment Commencement Date is during a year in which the Participant could have retired under a retirement plan of the Company, in up to fifteen annual installments. The method of paying a Deferred Compensation Account is the "Method of Payment." The amount of any payment under the Plan shall be the value attributable to the Deferred Compensation Account on the last day of the month preceding the month of the payment date, divided by the number of payments remaining to be made, including the payment for which the amount is being determined.
- (d) In the event of a Participant's death or disability before the Participant has received any payments from a Deferred Compensation Account, the value of the Account shall be paid to the Participant's designated beneficiary, in the case of death, or to the Participant, in the case of disability, at such time and in such form of payment as is set forth on the applicable deferral form signed by the Participant, or as the Committee determines, in its sole discretion. In the event of the Participant's death or disability after installment payments from a Deferred Compensation Account have commenced, the remaining balance of the Account shall be paid to the Participant or designated beneficiary, as applicable, over the installments remaining to be paid.
-

Beneficiary designations shall be submitted on the form specified by the Company. If a Participant so chooses, a separate beneficiary designation may be made for each Deferred Compensation Account. The filing of a new beneficiary designation shall automatically revoke any previous beneficiary designation. In the event a beneficiary designation has not been made, or the beneficiary was not properly designated (in the sole discretion of the Company), has died or cannot be found, all payments after death shall be paid to the Participant's estate. In case of disputes over the proper beneficiary, the Company reserves the right to make any or all payments to the Participant's estate.

- (e) A Participant may not change an initial Payment Commencement Date or Method of Payment for a Deferred Compensation Account after an election has been made except as provided in this subsection (e) as follows:
- (i) The Method of Payment elected by a Participant may be changed by the Participant's written election to the Committee at any time up to 36 months prior to the earlier of the Payment Commencement Date or the Participant's termination of employment, or, if the Participant has elected the year of, or the year next following, his or her retirement as the Payment Commencement Date, at any time no later than 6 months prior to the Participant's retirement and prior to the calendar year in which the retirement occurs. Any change of an earlier election that is made within 36 months of the earlier of the Payment Commencement Date or the Participant's termination, or, if the Participant has elected the year of, or the year next following, his or her retirement as the Payment Commencement Date, within 6 months of the Participant's retirement or in the year in which the Participant's retirement occurs, shall be disregarded by the Committee;
 - (ii) If a Participant has elected the year of retirement as the Payment Commencement Date, the Participant may change the Payment Commencement Date to the year following retirement. That election must be made before the calendar year in which the retirement occurs and at least six months before the Participant retires. In no other case may the year initially elected by the Participant as the Payment Commencement Date be changed. In addition, the Participant may change the date of payment in the payment year to the first day of any month in that year so long as that election is made before the December 31 preceding such year and so long as the Participant gives the Committee notice of the change at least 90 days before the date payments are to begin. A technical note — if a Participant has elected the year of retirement as the Payment Commencement Date but retires on a date that is after the designated Payment Commencement Date, the payment (or the first annual installment) will begin on the first day of the month after the Participant retires.

Restrictions on changing Payment Commencement Dates and Methods of Payment shall not prevent the Participant from choosing a different Payment Commencement Date and/or Method of Payment for amounts to be deferred in subsequent years.

- (f) Notwithstanding any Payment Commencement Date or Method of Payment selected by a Participant, if:
- (i) an employee Participant's employment with the Company terminates other than (1) at or after early or normal retirement pursuant to a retirement plan of the Company, (2) by reason of the Participant's death, or (3) by reason of the Participant's total disability, or
 - (ii) a director Participant's directorship terminates for any reason other than (1) at or after reaching the prescribed mandatory retirement age from the Board, (2) by reason of such Participant's death, or (3) by reason of such Participant's total disability,

the Committee, in its sole discretion, shall determine whether to distribute such Participant's benefits in the form of five annual installment payments or as a lump sum. In either case, such payment shall begin as soon as administratively practicable following the Participant's termination of employment.

- (g) If, in the discretion of the Committee, the Participant has a need for funds due to an unforeseeable emergency, benefits may be paid prior to the Participant's Payment Commencement Date. For this purpose, an unforeseeable emergency means an unanticipated emergency that is caused by an event beyond the control of the Participant or the Participant's beneficiary and that would result in severe financial hardship if early withdrawal were not permitted. A payment based upon financial hardship cannot exceed the amount required to meet the immediate financial need created by the hardship. The Participant requesting a hardship payment must supply the Committee with a statement indicating the nature of the need that created the financial hardship, the fact that all other reasonably available resources are insufficient to meet the need, and any other information which the Committee decides is necessary to evaluate whether a financial hardship exists.

A Participant with a financial need that fails to meet the unforeseeable emergency standard may elect to withdraw funds from the Participant's Deferred Compensation Account prior to the date specified in the Participant's election form subject to the following conditions: (1) premature withdrawals may be made only in a lump sum and only in an amount in excess of \$10,000; (2) only one premature withdrawal may be made in a calendar year; (3) the Participant must suspend further deferrals for the remainder of the calendar year of the withdrawal; and (4) ten percent of the amount withdrawn shall be irrevocably forfeited to the Company.

- (h) In the Company's discretion, payments from the Plan may be made in cash or in the kind of property represented by the fund or funds selected by the Participant.
- (i) All contributions to the Plan and all payments from the Plan, whether made by the Company or the Trustee, shall be subject to all taxes required to be withheld under applicable laws and regulations of any governmental authorities.

2.10 Manner of Electing Deferral, Choosing Investments and Choosing Payment Options

- (a) In order to make any elections or choices permitted hereunder, the Participant must give written notice to the Committee. A notice electing to defer Compensation shall specify:
 - (i) the percentage and type of Compensation to be deferred;
 - (ii) the funds chosen by the Participant;
 - (iii) the Method of Payment to the Participant and the Method of Payment to the Participant's estate in the event of the Participant's death; and
 - (iv) the Payment Commencement Date.
- (b) An election by a Participant to defer Compensation shall apply only to Compensation deferred in the calendar year for which the election is effective. However, the designation of the Payment Commencement Date for this year will require that all deferrals from all years with the same Payment Commencement Date shall constitute a single Deferred Compensation Account and any other Plan elections such as investments, will apply to all assets held in this Deferred Compensation Account regardless of the year of deferral.
- (c) The Committee will provide election forms to permit Participants to defer Compensation to be earned during that calendar year.
- (d) The last form received by the Committee directing an allocation of amounts in a Deferred Compensation Account among the funds available shall govern until changed by the receipt by the Committee of a subsequent allocation form.

2.11 Company Contributions

The Company may, in its sole discretion, make direct cash contributions to the accounts or subaccounts on behalf of any eligible Participant. The amount and timing of such contributions shall be subject to the approval of the Executive Compensation Committee of the Board and that Committee may impose vesting or other requirements on such accounts.

Except as otherwise provided in this Section, accounts so established shall be subject to the same terms, conditions, and elections as are applicable to other accounts under the Plan. The Company shall initially specify the time and method of payment of amounts from such accounts and may change the time and method of payment at any time, no later than twelve months before payments are scheduled to begin. The Company may accelerate payments at any time. The Company's decisions as to the time and method of payment need not fall within the provisions of the Plan applicable to other deferred compensation accounts, but shall be subject to the approval of the Executive Compensation Committee.

2.12 Deferrals of Stock Option Compensation

A Participant, by authorization of, or pursuant to procedures established by, the Committee, may elect to defer ordinary income imputed to the Participant upon the exercise of a stock option

issued pursuant to any Company-sponsored stock option plan in accordance with guidelines established by the Committee and the general terms of this Plan except as such general terms are modified as follows:

* an election to defer stock option income shall be effective only if made at least six months prior to the exercise date of the option and in the calendar year preceding the year of the exercise date. An election to defer stock option income shall constitute an amendment of the exercise date of the option so that the option may not be exercised prior to the date six months subsequent to the date of the notice of deferral.

Notwithstanding the foregoing, a Participant may elect to defer income on the exercise of any option in calendar year 1999 provided that such election is made within 30 days after the adoption of this Section 2.12 and is effective only with respect to option exercises that are made at least four months after the date of a participant's deferral election. An election to defer option income in 1999 shall constitute an amendment of the Stock Option Agreement related to such option so that the option may not be exercised prior to the date four months subsequent to the date of the notice of deferral.

* a deferral election with respect to any shares received upon a stock option exercise shall require the deferral of all income with respect to that exercise.

* an election to defer stock option income shall be deemed to constitute a direction by the Participant to have the Company defer to this Plan the number of shares (carried to the nearest one ten thousandth of a share) equal in value to the income that would otherwise have been realized by the Participant pursuant to his stock option exercise with the ultimate payment of such deferred shares to be made in accordance with the terms of this Plan. All such deferrals shall be invested in the Gannett stock fund during the entire deferral period and shall be paid out in kind on the Payment Commencement Date.

* if payments of deferred shares are made in installments, each installment payment shall be rounded as necessary to provide payment only of a whole number of shares except that any fractional shares payable in the final installment shall be paid in cash.

2.13 Deferrals of Restricted Stock by Directors

A Director who has elected to receive all or some of his or her fees for a Term, including, as applicable, the Director's annual retainer, chair retainer, meeting fees or long-term award, in the form of Restricted Stock, may elect to defer such Restricted Stock in accordance with such guidelines and restrictions as may be established by the Committee and in accordance with the general terms of this Plan, subject to the following:

- (a) An election to defer Restricted Stock must be made at the time the Director elects to receive all or some of his or her fees for the applicable Term, as described above, in the form of Restricted Stock, and in accordance with Section 2.5(b) of the Plan. If a Director makes such a deferral election, the election must apply to all fees for the applicable Term that the Director has elected to receive in the form of Restricted Stock.
-

- (b) An election to defer Restricted Stock shall constitute a direction by the Director to have the Company, in lieu of currently issuing shares of Restricted Stock, defer under this Plan an amount equal to the value of the Restricted Stock subject to the election as determined at the time of the award. The Restricted Stock deferred by a Director under this Plan for a Term shall be credited as units of stock to a separate sub-account within the Director's Deferred Compensation Account. Notwithstanding Section 2.6(c) of the Plan, any vesting restrictions applicable to an award of Restricted Stock deferred under the Plan shall apply to the sub-account attributable to such award until such restrictions lapse in accordance with the original terms of the award.
- (c) Restricted Stock deferred under the Plan shall be deemed invested in the Gannett stock fund during the entire deferral period and the Director shall not have the right to reallocate such deemed investment to any of the other investment options otherwise available under the Plan.
- (d) At the time an election to defer Restricted Stock is made, the Director shall elect the time and form of payment of such deferral and earnings thereon in accordance with Section 2.9 of the Plan, provided, however, that payment of such amounts shall commence in the year the Director leaves the Board. Payments shall be made in shares of Company common stock.
- (e) Any portion of a Director's Deferred Compensation Account attributable to deferred Restricted Stock, whether or not vested, shall not be available for early withdrawal pursuant to Section 2.9(g) of the Plan.

3.0 ADMINISTRATION OF THE PLAN

3.1 Statement of Account

Statements setting forth the values of the funds deemed to be held in a Participant's Deferred Compensation Accounts will be sent to each Participant quarterly or more often as the Committee may elect. A Participant shall have two years from the date a statement has been sent to question the accuracy of the statement. If no objection is made to the statement, it shall be deemed to be accurate and thereafter binding on the Participant for all purposes.

3.2 Assignability

The benefits payable under this Plan shall not revert to the Company or be subject to the Company's creditors prior to the Company's insolvency or bankruptcy, nor, except pursuant to will or the laws of descent and distribution, shall they be subject in any way to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution or levy of any kind by the Participant, the Participant's beneficiary or the creditors of either, including such liability as may arise from the Participant's bankruptcy.

3.3 Business Days

In the event any date specified herein falls on a Saturday, Sunday, or legal holiday, such date shall be deemed to refer to the next business day thereafter or such other date as may be determined by the Committee in the reasonable exercise of its discretion.

3.4 Administration

This Plan shall be administered by the Committee. The Committee has sole discretion to interpret the Plan and to determine all questions arising in the administration, interpretation, and application of the Plan. The Committee's powers include the power, in its sole discretion and consistent with the terms of the Plan, to determine who is eligible to participate in this Plan, to determine the eligibility for and the amount of benefits payable under the Plan, to determine when and how amounts are allocated to a Participant's Deferred Compensation Account, to establish rules for determining when and how elections can be made, to adopt any rules relating to administering the Plan and to take any other action it deems appropriate to administer the Plan. The Committee may delegate its authority hereunder to one or more persons. Whenever the value of a Deferred Compensation Account is to be determined under this Plan as of a particular date, the Committee may determine such value using any method that is reasonable, in its discretion. Whenever payments are to be made under this Plan, such payments shall begin within a reasonable period of time, as determined by the Committee, and no interest shall be paid on such amounts for any reasonable delay in making the payments.

3.5 Amendment

- (a) This Plan may at any time and from time to time be amended or terminated by the Board or the Compensation Committee of the Board. No amendment shall, without the consent of a Participant, adversely affect such Participant's interest in the Plan, i.e., the Participant's benefit accrued to the effective date of the amendment (hereinafter referred to as the "Protected Interest"), as determined by the Committee in its sole discretion.
 - (b) An amendment shall be considered to adversely affect a Participant's interest in the Plan if it has the effect of:
 - (i) reducing the Participant's Protected Interest in his or her Deferred Compensation Accounts;
 - (ii) eliminating or restricting a Participant's right to give investment directions with respect to the Participant's Protected Interest in his or her Deferred Compensation Accounts under Sections 2.6 and 2.7 of the Plan, except that a change in the number or type of funds available shall not be considered an amendment of the Plan as long as the funds available to Participants following such change constitute a broad range of investment alternatives under the standards pertaining to the range of investments set forth in regulations promulgated by the Department of Labor under section 404(c) of ERISA or any successor provision;
 - (iii) eliminating or restricting any timing or payment option available with respect to the Participant's Protected Interest in his or her Deferred Compensation Accounts, or the Participant's right to make and change payment elections with respect to such Protected Interest, under Section 2.9, 2.10 or any other provision of the Plan;
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- (iv) reducing or diminishing any of the change in control protections provided to the Participant under Section 3.7 or any other provision of the Plan; or
 - (v) reducing or diminishing the rights of the Participant under this Section 3.5 with respect to any amendment or termination of the Plan.
- (c) Notwithstanding any in the foregoing to the contrary, any amendment made for the purpose of protecting the favorable tax treatment of amounts deferred under the Plan following a change in applicable law, including for this purpose a change in statute, regulation or other agency guidance, shall not be considered to adversely affect a Participant's interest in the Plan.
- (d) If the Plan is terminated, compensation shall prospectively cease to be deferred as of the date of the termination. Each Participant will be paid the value of his or her Deferred Compensation Accounts, including earnings credited through the payment date based on the Participant's investment allocations, at the time and in the manner provided for in Sections 2.9 and 2.10.

3.6 Liability

- (a) Except in the case of willful misconduct, no Director or employee of the Company, or person acting as the independent fiduciary provided for in Section 3.7, shall be personally liable for any act done or omitted to be done by such person with respect to this Plan.
- (b) The Company shall indemnify, to the fullest extent permitted by law, members of the Committee, persons acting as the independent fiduciary and Directors and employees of the Company, both past and present, to whom are or were delegated duties, responsibilities and authority with respect to the Plan, against any and all claims, losses, liabilities, fines, penalties and expenses (including, but not limited to, all legal fees relating thereto), reasonably incurred by or imposed upon such persons, arising out of any act or omission in connection with the operation and administration of the Plan, other than willful misconduct.

3.7 Change in Control

- (a) Participation. If a change in control occurs, each eligible person who is participating in the Plan on the date of the change in control shall be entitled to continue participating in the Plan and to make additional deferrals under its terms following the change in control, until he or she ceases to meet the criteria for an "eligible person" specified in Section 2.2 hereof (without regard to designation by the Committee) or the Plan is terminated pursuant to Section 3.5. No new persons may be designated as eligible to participate in the Plan on or after a change in control.
 - (b) Legal Expense. If, with respect to any alleged failure by the Company to comply with any of the terms of this Plan subsequent to a change in control, other than any alleged failure relating to a matter within the control of the independent fiduciary and with respect to which the Company is acting pursuant to a determination or direction of the independent fiduciary, a Participant or beneficiary hires legal counsel or institutes any negotiations or institutes or responds to legal action to assert or defend the validity of,
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enforce his rights under, obtain benefits promised under or recover damages for breach of the terms of this Plan, then, regardless of the outcome, the Company shall pay, as they are incurred, a Participant's or beneficiary's actual expenses for attorneys' fees and disbursements, together with such additional payments, if any, as may be necessary so that the net after-tax payments to the Participant or beneficiary equal such fees and disbursements.

- (c) Mandatory Contributions to Rabbi Trust. If a change in control occurs, the Company shall make mandatory contributions to a Rabbi Trust established pursuant to Section 2.6(d), to the extent required by the provisions of such Rabbi Trust.
 - (d) Powers of Independent Fiduciary. Following a change in control, the Plan shall be administered by the independent fiduciary. The independent fiduciary shall assume the following powers and responsibilities from the Committee and the Company:
 - (i) The independent fiduciary shall assume all powers and responsibilities assigned to the Committee under Section 3.4 and all other provisions of the Plan, including, without limitation, the sole power and discretion to:
 - (1) determine all questions arising in the administration and interpretation of the Plan, including factual questions and questions of eligibility to participate and eligibility for benefits;
 - (2) adjudicate disputes and claims for benefits;
 - (3) adopt rules relating to the administration of the Plan;
 - (4) select the investment funds available to Participants under Section 2.6 of the Plan (subject to the requirement that, at all times, such funds constitute a broad range of investment alternatives under the standards pertaining to the range of investments set forth in regulations promulgated by the Department of Labor under section 404(c) of ERISA or any successor provision);
 - (5) determine the amount, timing and form of benefit payments;
 - (6) direct the Company and the trustee of the Rabbi Trust on matters relating to benefit payments;
 - (7) engage attorneys, accountants, actuaries and other professional advisors (whose fees shall be paid by the Company), to assist it in performing its responsibilities under the Plan; and
 - (8) delegate to one or more persons selected by it, including outside vendors, responsibility for fulfilling some or all of its responsibilities under the Plan.
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- (ii) The independent fiduciary, and not the Company or the Executive Compensation Committee, shall have the sole authority to determine the time and method of payment of amounts attributable to contributions made by the Company prior to the change in control under Section 2.11, provided that the independent fiduciary may not accelerate the payment of such amounts to a Participant without the Participant's consent.
 - (iii) The independent fiduciary shall have the sole power and discretion to (1) direct the investment of assets held in the Rabbi Trust, including the authority to appoint one or more investment managers to manage any such assets and (2) remove the trustee of the Rabbi Trust and appoint a successor trustee in accordance with the terms of the trust agreement.
- (e) Review of Decisions.
- (i) Notwithstanding any provision in the Plan to the contrary, following a change of control, any act, determination or decision of the Company (including its Board or any committee of its Board) with regard to the administration, interpretation and application of the Plan must be reasonable, as viewed from the perspective of an unrelated party and with no deference paid to the actual act, determination or decision of the Company. Furthermore, following a change in control, any decision by the Company shall not be final and binding on a Participant. Instead, following a change in control, if a Participant disputes a decision of the Company relating to the Plan and pursues legal action, the court shall review the decision under a "de novo" standard of review.
 - (ii) Following a change in control, any act, determination or decision of the independent fiduciary with regard to the administration, interpretation and application of the Plan shall be final, binding, and conclusive on all parties.
- (f) Company's Duty to Cooperate. Following a change in control, the Company shall cooperate with the independent fiduciary as may be necessary to enable the independent fiduciary to carry out its powers and responsibilities under the Plan and Rabbi Trust, including, without limitation, by promptly furnishing all information relating to Participants' benefits as the independent fiduciary may reasonably request.
- (g) Appointment of Independent Fiduciary. The independent fiduciary responsible for the administration of the Plan following a change in control shall be a committee composed of the individuals who constituted the Company's Benefit Plans Committee immediately prior to the change in control and the Company's chief executive officer immediately prior to the change in control.

If, following a change in control, any individual serving on such committee resigns, dies or becomes disabled, the remaining members of the committee shall continue to serve as the committee without interruption. A successor member shall be required only if there are less than three remaining members on the committee. If a successor member is required, the successor shall be an individual appointed by the remaining member or members of the committee who (i) is eligible to be paid benefits from the assets of the Rabbi Trust or the larger trust of which it is a part and (ii) agrees to serve on such committee.

If at any time there are no remaining members on the committee (including any successor members appointed to the committee following the change in control), the Trustee shall promptly submit the appointment of the successor members to an arbiter, the costs of which shall be borne fully by the Company, to be decided in accordance with the American Arbitration Association Commercial Arbitration Rules then in effect. The arbiter shall appoint three successor members to the committee who each meet the criteria for membership set forth above. Following such appointments by the arbiter, such successor members shall appoint any future successor members to the committee to the extent required above (i.e., if, at any time, there are less than three remaining members on the committee) and subject to the criteria set forth above.

If one or more successor members are required and there are no individuals remaining who satisfy the criteria for membership on the committee, the remaining committee members or, if none, the Trustee, shall promptly submit the appointment of the successor member or members to an arbiter, and the Company shall bear the costs of arbitration, as provided for in the preceding paragraph.

- (h) Change in Control Definition. As used in this Plan, a “change in control” means 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 Securities Exchange Act of 1934 (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 (1) the then-outstanding shares of common stock of the Company (the “Outstanding Company Common Stock”) or (2) 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: (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or one of its affiliates or (D) any acquisition pursuant to a transaction that complies with clauses (1), (2) and (3) of Section 3.7(h)(iii) below;
 - (ii) Individuals who, as of January 1, 2003, 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 such date 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;
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- (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, (1) 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, (2) 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 (3) 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.

3.8 Claims

- (a) Claim Denials. The Committee shall maintain procedures with respect to the filing of claims for benefits under the Plan. Pursuant to such procedures, any Participant or beneficiary (hereinafter called “claimant”) whose claim for benefits under the Plan is denied shall receive written notice of such denial. The notice shall set forth:
 - (i) the specific reasons for the denial of the claim;
 - (ii) a reference to the specific provisions of the Plan on which the denial is based;
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- (iii) any additional material or information necessary to perfect the claim and an explanation why such material or information is necessary; and
- (iv) a description of the procedures for review of the denial of the claim and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under ERISA following a denial on review.

Such notice shall be furnished to the claimant within a reasonable period of time, but no later than 90 days after receipt of the claim by the Plan, unless the Committee determines that special circumstances require an extension of time for processing the claim. In no event shall such an extension exceed a period of 90 days from the end of the initial 90-day period. If such an extension is required, written notice thereof shall be furnished to the claimant before the end of the initial 90-day period, which shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render a decision.

- (b) Right to a Review of the Denial. Every claimant whose claim for benefits under the Plan is denied in whole or in part by the Committee shall have the right to request a review of the denial. Review shall be granted if it is requested in writing by the claimant no later than 60 days after the claimant receives written notice of the denial. The review shall be conducted by the Committee.
 - (c) Decision of the Committee on Appeal. At any hearing of the Committee to review the denial of a claim, the claimant, in person or by duly authorized representative, shall have reasonable notice, shall have an opportunity to be present and be heard, may submit written comments, documents, records and other information relating to the claim, and may review documents, records and other information relevant to the claim under the applicable standards under ERISA. The Committee shall render its decision as soon as practicable. Ordinarily decisions shall be rendered within 60 days following receipt of the request for review. If the need to hold a hearing or other special circumstances require additional processing time, the decision shall be rendered as soon as possible, but not later than 120 days following receipt of the request for review. If additional processing time is required, the Committee shall provide the claimant with written notice thereof, which shall indicate the special circumstances requiring the additional time and the date by which the Committee expects to render a decision. If the Committee denies the claim on review, it shall provide the claimant with written notice of its decision, which shall set forth (i) the specific reasons for the decision, (ii) reference to the specific provisions of the Plan on which the decision is based, (iii) a statement of the claimant's right to reasonable access to, and copies of, all documents, records and other information relevant to the claim under the applicable standards under ERISA, and (iv) a statement of the claimant's right to bring a civil action under ERISA. The Committee's decision shall be final and binding on the claimant, and the claimant's heirs, assigns, administrator, executor, and any other person claiming through the claimant.
 - (d) Notwithstanding the foregoing, following a change in control, the independent fiduciary shall be responsible for deciding claims and appeals pursuant to the procedures described above. Any decision on a claim by the independent fiduciary shall be final and binding on the claimant, and the claimant's heirs, assigns, administrator, executor, and any other person claiming through the claimant.
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3.9 Successors

The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform the Plan in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

3.10 Governing Law

To the extent not preempted by federal law, all questions pertaining to the construction, regulation, validity and effect of the provisions of the Plan shall be determined in accordance with the laws of the State of Illinois without regard to the conflict of laws principles thereof.

4.0 EMPLOYEES OF PARTICIPATING AFFILIATES

4.1 Eligibility of Employees of Affiliated Companies

If the Committee allows it in any individual case, this Plan is also available to officers and employees of a corporation, partnership or other entity that is directly or indirectly controlled by the Company, provided that such officer or employee resides in the United States and is specifically designated as eligible by the Committee. An entity that is directly or indirectly controlled by the Company and employs an individual who is a Participant is hereinafter referred to as a "Participating Affiliate".

4.2 Compensation from Participating Affiliates

With respect to Participants who are employed by Participating Affiliates, "Compensation" as used in this Plan shall include all or part of their salary, bonus and/or shares of Gannett common stock issued pursuant to "SIRs", ordinary income that arises upon the exercise of a stock option as more fully described in Section 2.12, and such other forms of taxable income derived from the performance of services for the Company or any Participating Affiliate (as defined in Section 4.1) as may be designated by the Committee and which may be deferred pursuant to such special terms and conditions as the Committee may establish.

4.3 Rights Subject to Creditors

The right of any Participant who is employed by a Participating Affiliate to receive future payments under the provisions of the Plan shall be a contractual obligation of the Company and the Participating Affiliate at the time the Participant elects to defer compensation. Such a Participant's right to receive future payments is subject to the claims of the creditors of the Company and the Participating Affiliates in the event of the Company's or any Participating Affiliate's insolvency or bankruptcy as provided in the trust agreement. Plan assets may, in the Committee's discretion, be placed in a trust but will nevertheless continue to be subject to the claims of the Company's and the Participating Affiliates' creditors in the event of the Company's or any Participating Affiliate's insolvency or bankruptcy as provided in the trust agreement. In

any event, the Plan is intended to be unfunded under Title I of ERISA. If the Committee so permits, Participating Affiliates may also contribute assets to the Rabbi Trust in connection with their Plan obligations under this Article. If, at the election of the Committee, such contributions are not separately accounted for through subtrusts, segregated accounts, or similar arrangements, Plan assets held by the Rabbi Trust will be subject to the claims of the Participating Affiliates' creditors in the event of any Participating Affiliate's insolvency or bankruptcy as provided in the trust agreement.

4.4 Certain Distributions

Notwithstanding any Payment Commencement Date or Method of Payment selected by a Participant employed by a Participating Affiliate, if such a Participant ceases to be employed by the Company or a Participating Affiliate other than (i) at or after early or normal retirement pursuant to a retirement plan of the Company, (ii) by reason of the Participant's death, or (iii) by reason of the Participant's total disability, the Committee, in its sole discretion, shall determine whether to distribute such Participant's benefits in the form of five annual installment payments, or as a lump sum. In either case, such payment shall begin within a reasonable period of time following the termination of employment.

4.5 Assignability

The benefits payable under this Plan to an employee of a Participating Affiliate shall not revert to the Company or Participating Affiliate or be subject to the Company's or Participating Affiliate's creditors prior to the Company's or Participating Affiliate's insolvency or bankruptcy, nor, except pursuant to will or the laws of descent and distribution, shall they be subject in any way to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution or levy of any kind by the Participant, the Participant's beneficiary or the creditors of either, including such liability as may arise from the Participant's bankruptcy.

DATED: 22nd March 2002
GANNETT U.K. LIMITED
and
BARCLAYS BANK TRUST COMPANY LIMITED
TRUST DEED AND RULES
OF
THE GANNETT U.K. LIMITED
INLAND REVENUE APPROVED
SHARE INCENTIVE PLAN

Approved by a Board resolution on: 21 February 2002

Approved by the Inland Revenue on: 18 April 2002

Amended by a Board Resolution on 4 May 2004 with such amendments being approved
by the Inland Revenue on 25 June 2004

Inland Revenue reference no: A1444/SY & A1444/PC

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Inland Revenue approved Share Incentive Plan

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THIS DEED of TRUST is made on 22nd March 2002

BETWEEN:

- (1) Gannett U.K. Limited (incorporated in England and Wales under company number 3795655) whose registered office is situated at Newspaper House, 34-44 London Road, Morden, Surrey SM4 5BR (“the Company”);
- (2) Barclays Bank Trust Company Limited (incorporated in England and Wales under company number 920880) whose registered office is situated at 54 Lombard Street, London EC3P 3AH (“the Trustee”); and
- (3) the Participating Companies detailed in attached Schedule 2.

PRELIMINARY:

- (A) The Executive Compensation Committee and the Company wish to establish a share incentive plan approved in accordance with the provisions of Schedule 2 and constituting an Employees’ Share Scheme. The Executive Compensation Committee or its delegates will administer the Plan.
- (B) The Plan has been approved by the Board of Directors of Gannett Co., Inc. by a resolution passed at a meeting held on 21 February 2002.
- (C) The Trustee has agreed to act as the first trustee of the Plan.
- (D) The Trustee has received the sum of £50 from the Company as an initial contribution to the trusts established by this Trust Deed.

THE TRUST DEED WITNESSES as follows:

1 INTERPRETATION

In this Trust Deed:

1.1 unless the context otherwise requires the definitions set out in Rule 1.1 of Schedule 1 shall apply and the following words and expressions shall have the following meanings:

| | |
|---|--|
| Beneficiary | a bona fide employee or former employee of the Company, or a Subsidiary company; |
| Charitable | exclusively charitable under English law; The Executive Compensation Committee of |
| Executive Compensation Committee | Gannett Co., Inc. or a committee of persons (delegates) appointed thereby; |
| Trust Deed | this trust deed in its present form or as amended from time to time; |
| Trust Period | the period commencing on the date of this Trust Deed and ending on the expiry of 80 years from the date of this Trust Deed and so that the period of 80 years from the date of this Trust Deed shall be the perpetuity period for the purpose of section 1 of the Perpetuities and Accumulations Act 1964; and |
| Trustee | Barclays Bank Trust Company Limited and any additional or replacement trustee from time to time of the Plan. |

1.2 Unless otherwise specified, the interpretation provisions of Rule 1.2 of Schedule 1 shall apply.

1.3 References to clauses are to clauses of this Trust Deed.

OBJECT OF TRUST

All Plan Shares held by the Trustee will be held UPON TRUST for the Beneficiaries respectively entitled to them under the Plan subject to the provisions set out below and to the power of the Trustee to transfer or cause to be transferred to the person beneficially entitled to them any Plan Shares in accordance with the Plan.

ACHIEVING OBJECT OF TRUST**3.1 Monies received from Participating Companies**

Subject to the provisions set out below the Trustee shall apply monies it receives from the Participating Companies in the acquisition of Shares for Appropriation or for the purposes of clause 4.1 and to hold such Shares once Appropriated and all other trust property deriving from such Shares on trust for the Participants to whom such Shares have been Appropriated and to apply and deal with the same in accordance with the Plan provided always that:

- 3.1.1 the Trustee shall not dispose of a Participant's Free Shares during the Free Shares Holding Period, or Matching Shares during the Matching Shares Holding Period (whether by transfer to the Participant or otherwise) except as provided in the Rules;
- 3.1.2 the Trustee shall not (subject to the Rules) dispose of a Participant's Free Shares after the end of the Free Shares Holding Period or Matching Shares after the end of the Matching Shares Holding Period except pursuant to a direction validly given by or on behalf of the Participant or any person in whom the beneficial interest in those Shares is for the time being vested; and
- 3.1.3 the Trustee shall deal with any right attaching to Free Shares or Matching Shares to be allotted or to acquire other shares, securities or rights of any description only pursuant to a written direction given by or on behalf of the Participant or any person in whom the beneficial interest in such Free Shares or Matching Shares is for the time being vested.

3.2 Partnership Share Monies

Subject to the provisions set out below the Trustee shall apply Partnership Share Money in the acquisition of Partnership Shares and shall hold such shares once acquired on trust for the Participants on whose respective behalf they have been acquired and apply and deal with the same in accordance with the Plan provided always that:

- 3.2.1 the Trustee shall not (subject to the Rules) dispose of a Participant's Partnership Shares (whether by transfer to the Participant or otherwise) except pursuant to a direction validly given by or on behalf of the Participant or any person in whom the beneficial interest in the Shares is for the time being vested; and

3.2.2 the Trustee shall deal with any right attaching to Partnership Shares to acquire other shares, securities or rights of any description only pursuant to a written direction given by or on behalf of the Participant or any person in whom the beneficial interest in the Partnership Shares is for the time being vested.

3.3 Dividend Shares

Subject to the provisions set out below the Trustee shall hold Dividend Shares acquired on trust for the Participants on whose respective behalf they have been acquired and apply and deal with the same in accordance with the Plan provided always that:

3.3.1 the Trustee shall not dispose of a Participant's Dividend Shares during the Dividend Shares Holding Period (whether by transfer to the Participant or otherwise) except as provided by the Rules;

3.3.2 the Trustee shall not (subject to the Rules) dispose of a Participant's Dividend Shares (whether by transfer to the Participant or otherwise) except pursuant to a direction validly given by or on behalf of the Participant or any person in whom the beneficial interest in those Shares is for the time being vested; and

3.3.3 the Trustee shall deal with any right attaching to Dividend Shares to acquire other shares, securities or rights of any description only pursuant to a written direction given by or on behalf of the Participant or any person in whom the beneficial interest in the Dividend Shares is for the time being vested.

4 UNUSED FUNDS

4.1 Trustee to apply unused funds for costs etc

Where pursuant to the Plan the Trustee holds any monies, shares, securities or other assets which represent or represent income derived from:

4.1.1 any monies or assets received from the Participating Companies for the purposes of the Plan but which have not been applied and which are not required to be applied under the Plan in an Appropriation; or

4.1.2 any Capital Receipt of less than £3 which would be distributable to a Participant save for the provisions concerning such sums in the Rules; and

4.1.3 any assets relating to the Plan (including any amounts specifically paid to the Trustee as a contribution to any costs, charges and expenses incurred in connection with the establishment and operation of the Plan) which are not held for the benefit of a

Participant in consequence of an Appropriation to him or any acquisition of Partnership Shares by him and which are not required to be applied under the Plan

then the Trustee may apply such assets or the sale proceeds thereof in or towards any reasonable costs, charges and expenses of the Plan and may during the Trust Period and subject to the law relating to accumulations accumulate any income thereon and hold the same for the general purposes of the Plan. The Trustee shall notify the Company on request of all amounts and assets held for such purposes.

4.2 Trustee to account for monies upon termination of Plan

If at any time the Plan is terminated the Trustee shall account to the Participating Companies for any unused monies then held on the trusts of clause 4.1. Notwithstanding such termination the Trustee shall continue to administer the Plan in accordance with the Trust Deed and the Rules. At the earlier of the expiry of the Trust Period and the third anniversary of the termination of the Plan the Trustee shall convert into money any trust property held subject to the trusts of the Plan declared in the Trust Deed and which are not either Partnership Shares or Dividend Shares nor Appropriated to Participants and shall pay such money to such one or more charitable organisations and if more than one in such proportions as the Trustee shall, in its absolute discretion determine. The receipt of the proper officer of the recipient charitable organisation shall be a valid discharge of the Trustee for the benefit received by it.

5 RIGHT TO DEAL WITH RECONSTRUCTIONS, ETC

5.1 Trustee to act on Participant's directions

The Trustee may at any time on behalf of any Participant who has given a direction to the Trustee under the Rules (but not otherwise) enter into any compromise or arrangement with respect to or may release or forbear to exercise all or any of its rights as shareholder whether in connection with a scheme of reconstruction or amalgamation or otherwise and may accept in or towards satisfaction of all or any of such rights such consideration as such Participant shall direct whether in the form of cash, stock, shares, debentures, debenture stock or obligations or securities without the Trustee being in any way liable or responsible for any loss resulting from complying with any such direction or any liability or increased liability of such Participant to tax or in respect of any inadequacy or alleged inadequacy in the nature or amount of such consideration.

5.2 Trustee to use reasonable endeavours to obtain directions

The Trustee shall use reasonable endeavours to ensure that the directions of Participants are obtained in respect of any matters affecting the rights of holders of Plan Shares.

5.3 No liability for acting on directions

The Trustee shall not be liable or responsible for any loss or any liability or increased liability of a Participant to tax arising out of the failure of such Participant to give a direction to the Trustee or the failure of such Participant to give a direction to the Trustee within a particular time or if the Participant has directed the Trustee to use its discretion in any way arising out of the bona fide exercise by the Trustee of that discretion.

6 **ACCOUNTABILITY FOR PAYE AND OTHER DEDUCTIONS**

The Company, any Participating Company or the Trustee may account to the Inland Revenue or other authority concerned for any amounts deducted from payments made, or assets transferred, pursuant to the Plan in respect of income tax or any other deductions required by statute or regulations made thereunder.

7 **MAINTENANCE OF TRUST RECORDS**

7.1 **Trustee to procure preparation of Trust records**

The Trustee shall maintain all necessary accounts (including the accounts of individual employees) records and other documents necessary to carry out its obligations in connection with:

7.1.1 the proper administration of the Plan; and 7.1.2 the PAYE obligations of the employer company (as that expression is defined in section 510 of ITEPA 2003) so far as they relate to the Plan.

7.2 **Duty to keep records of PAYE deductions**

The Trustee shall keep records of all PAYE deductions, including payments to the Participating Companies in respect of PAYE obligations.

7.3 **Participation in connected Share Incentive Plans**

If, in the same Year of Assessment that a Participant participates in the Plan, that Participant has already participated in one or more Share Incentive Plans (apart from the Plan), the Trustee shall maintain records of such Participants.

7.4 **Trustee to submit Trust records to Company**

The Trustee shall submit to the Company such reports or other information as it may reasonably require for the purpose of ensuring that the Plan is properly administered and without prejudice to the generality of the foregoing the Trustee shall submit to the Company copies of all documents including the annual returns which have been supplied to the Board of Inland Revenue within twenty-one days of their being so supplied.

7.5 Company's right to inspect Trust records

The Company shall at all times be entitled on service of 3 days written notice or as otherwise agreed between the Company and the Trustee to inspect all accounts, documents and records maintained by the Trustee for the purposes of the Plan and may at any time and at its absolute discretion audit or cause to be audited those accounts, documents and records.

8 SECURITIES AND TITLE

8.1 Securities may be placed in custody

The Trustee may place the documents of title for the time being in its possession in any bank or safe deposit and shall not be responsible for any losses incurred by so doing.

8.2 More than one Trustee may be registered proprietor

At any time when there is more than one Trustee, the Trustee shall be entitled to procure that any one or more of them may be registered as proprietor of any property held by them upon the trusts of the Trust Deed.

9 APPLICATION OF PLAN TO SUBSIDIARIES

9.1 Extension of Plan to Subsidiaries

The Plan may with the consent of the Company be extended to any Subsidiary by a deed of adherence in a form approved by the Executive Compensation Committee executed by that Subsidiary and the Company.

9.2 Circumstances where Plan may cease to apply to Subsidiary

The Plan shall cease to extend to a Participating Company (other than the Company) when:

- 9.2.1 such Participating Company ceases to be a Subsidiary; or
- 9.2.2 a notice is served by the Company upon the Trustee and the Participating Company that the Plan shall cease to apply to that Participating Company; or
- 9.2.3 a Participating Company withdraws from the Plan on such conditions as may be agreed by the Company

but such cessation shall not affect the subsisting rights of Beneficiaries under the Plan which have arisen under the Plan prior to such cessation.

9.3 Trustee not liable to account to former Participating Companies

Where the Plan ceases to extend to a Participating Company in accordance with clause 9.2 then the Trustee shall not be liable to account to such Participating Company for any unused monies then held on the trusts of clause 4.1.

10 DUTIES OF PARTICIPATING COMPANIES

10.1 Duty to contribute sums and provide information

If and so long as any company is a Participating Company it shall:

10.1.1 contribute and pay to the Trustee such sums as are required by the Trustee to purchase or subscribe for Shares to be Appropriated to Participants of that Participating Company together with a fair proportion of the sums required to meet:

10.1.1.1 the reasonable expenses of the Trustee in operating and administering the Plan; and

10.1.1.2 any remuneration payable to the Trustee

to the extent that such expenses and remuneration cannot be met out of such of the assets held by the Trustee as are applicable for that purpose

10.1.2 provide the Trustee with all information reasonably required from it for the purposes of the administration and operation of the Plan in such form as the Trustee may reasonably require.

10.2 Continuing liability of former Participating Companies

Any company that ceases to be a Participating Company shall remain liable to meet its fair proportion of the expenses of the Trustee.

11 PROTECTION OF THE TRUSTEE

11.1 Limited liability for monetary obligations

The Trustee shall not be liable to satisfy any monetary obligations under the Plan (including but without prejudice to the generality of the foregoing any monetary obligations to Eligible Employees) beyond the sums of money (including income) from time to time in its hands or under its control as Trustee of the Plan and properly applicable for that purpose.

11.2 Trustee to comply with Company's directions

The Trustee shall comply with any directions given by the Company (including for the avoidance of doubt any person to whom any delegation under clause 18.1 has been made) under the Rules and shall not be under any liability in respect of such compliance to the Company (or such other person under clause 18.1) or to any Eligible Employee.

11.3 Indemnity

Subject to any agreement to the contrary between the Company or any Participating Company and the Trustee, the Company, shall pay to or reimburse the Trustee all expenses properly incurred by it in connection with the Trust and shall fully indemnify the Trustee against all actions, claims, losses, demands, proceedings, charges, expenses, costs, damages, taxes, duties and other liabilities incurred by it in connection with the Trust or in connection with the proper administration and operation of the Plan provided that a Trustee shall not be paid, reimbursed or indemnified in respect of:

- 11.3.1 any sum which can under clause 4.1 be recovered by the Trustee either out of the assets held subject to the Plan or from other Participating Companies; and
- 11.3.2 any fraud, wilful misconduct, or in the case of a Trustee receiving remuneration for acting as a Trustee, negligence by it or any of its officers or employees.

In addition, the Trustee shall have the benefit of all indemnities conferred on trustees by the Trustee Act 1925 and generally by law.

11.4 No obligation to become involved in management

The Trustee shall not be under any obligation to:

- 11.4.1 become a director or other officer, or interfere in the management or affairs, of any company, any of the shares, debentures, debenture stock or securities which are held on the trusts created by the Trust Deed or of any company associated with any such company, notwithstanding that the Trustee may have (whether directly or indirectly) a substantial holding in, or control of, any such company; or
- 11.4.2 seek information about the affairs of any such company but may leave the conduct of the affairs of any such company to its directors, officers or other persons managing the company provided the Trustee has no actual notice of any act of dishonesty on the part of such persons in connection with the management of the company.

12 **ADDITIONAL POWERS**

12.1 **Additional powers of the Trustee**

In addition and without prejudice to the powers vested in it by the other provisions of the Trust Deed and by law, the Trustee shall have the following powers and discretions:

- 12.1.1 to agree with the Company all matters relating to the operation and administration of the trusts created by the Trust Deed and so that no person claiming an interest under the Trust shall be entitled to question the legality or correctness of any arrangement or agreement made between the Company and the Trustee in relation to such operation and administration;
- 12.1.2 from time to time in writing to authorise such other person or persons whether or not a Trustee, as the Trustee shall think fit to draw and endorse cheques and to give receipts and discharges for any monies or other property payable transferable or deliverable to the Trustee and every such receipt or discharge shall be as valid and effectual as if such receipt or discharge was given by the Trustee and the production of a written authority of the Trustee given under this clause shall be a sufficient protection to any person taking any such receipt or discharge and (unless that person shall have received express notice in writing of the revocation of the authority) he shall be entitled to assume and act upon the assumption that the authority remains unrevoked;
- 12.1.3 at any time, to borrow or raise money only for the purpose of subscribing for or purchasing Shares or any other purpose for which money may be applied under the Trust Deed. Any loan made by a Participating Company to the Trustee shall be on such terms as the Participating Company and the Trustee agree;
- 12.1.4 to make any payment to any Beneficiary into the Beneficiary's bank account and the Trustee shall be discharged from obtaining a receipt or seeing the application of any such payment; and
- 12.1.5 to pay any amount, whether income or capital, intended to be paid to, or applied for the benefit generally of, any minor to his or her parent or guardian, whose receipt shall be a valid discharge of the Trustee.

12.2 **Trustee's power to invest monies etc**

Subject to any provision to the contrary in the Rules the Trustee shall in respect of monies or other assets not held on trust for a Participant have the same full and unrestricted powers of investing and transposing investments and laying out monies in all respects as if it were absolutely entitled to them beneficially and without regard to any requirement as to diversification.

12.3 Trustee's power of sale

Subject to any provision to the contrary in the Rules the Trustee shall in respect of any assets not held on trust for a Participant have all the powers of sale of a beneficial owner in respect of such assets.

13 PROCEEDINGS OF TRUSTEES

13.1 Scope of clause

Unless a corporate trustee is the sole Trustee, the following provisions of this clause 13 shall govern the proceedings of the Trustees.

13.2 Regulations for conduct of business

The Trustees shall meet together and, subject to the following provisions of this clause 13, make such regulations for the conduct of their business as they determine.

13.3 Quorum for meetings of Trustees

The quorum for any meeting of the Trustees shall be two. A meeting of the Trustees at which a quorum is present shall be competent to exercise all the powers and discretions exercisable by the Trustees generally.

13.4 Majority voting of Trustees

At any meeting of the Trustees, all questions shall be decided by a majority of the votes of the Trustees present and voting thereon. In the event of an equality of votes, the chairman of the meeting, if any, shall have a second or casting vote. In the event of an equality of votes on the election of a chairman at any meeting, the chairman shall be chosen by lot.

13.5 Written resolutions of Trustees

A resolution in writing signed by all the Trustees shall be as valid and effective as if it had been passed at a meeting of the Trustees and the same may consist of two or more documents in similar form each signed by one or more of the Trustees.

14 ADMINISTRATION

14.1 Delegation

Where there is more than one Trustee, the Trustees may from time to time delegate any business to any one or more of their number.

14.2 Trustee being a company

A Trustee which is a company may in its capacity as a Trustee act by its officers and may by such officers have and exercise all powers trusts and discretions vested in it under the Trust Deed.

14.3 Minutes of meetings

The Trustee shall cause proper minutes to be kept and entered in a book provided for the purpose of all its resolutions and proceedings and any such minutes of any meeting of the Trustee, if purported to be signed by the chairman of such meeting or by the chairman of a subsequent meeting, shall be admissible as prima facie evidence of the matters stated in such minutes.

14.4 Professional advice

The Trustee may employ and act on the advice or opinion of any solicitor, accountant, or other person engaged in any profession or business whether such advice was obtained by the Trustee or by the Company. The Trustee shall not be responsible for any loss occasioned by its acting on that advice.

14.5 Trustee's agents

The Trustee may employ on such terms as the Company may agree as to remuneration any agent to transact any business in connection with the Plan and the Trustee shall not be liable for any loss arising by reason of the fraud or negligence of such agent.

14.6 Trustee may execute deeds etc

The Trustee may execute or authorise the execution or delivery by any agent of it of any trust, deeds, documents or other instruments by the impression of the Trustees' signatures (where there is more than one Trustee) or (in the case of a sole corporate trustee) by the signature of two or more officers of the corporate trustee, in writing, printing, lithograph, photocopying and other modes of representing or reproducing words in a visible form and may authorise the delivery of such instruments on its behalf.

15 REMUNERATION AND INTERESTS OF THE TRUSTEES

15.1 Individual Trustees

Any individual Trustee shall be entitled to receive and retain as remuneration for his services under the Trust Deed such sum or sums as a Participating Company may from time to time resolve to pay to him notwithstanding that he is also an officer or employee of a Participating Company and he shall not be disqualified from voting or taking part in any decision of the Trustees on any matter by virtue of any personal or beneficial interest (actual or prospective) therein.

15.2 Professional Trustees

Any Trustee who is a solicitor, accountant, or other person engaged in any profession or business shall be entitled to charge and be paid all normal and other charges for business transacted, services rendered or time spent personally or by the Trustee's firm in connection with the Plan, including acts which a Trustee not engaged in any profession or business could have done personally.

15.3 Corporate Trustees

Any Trustee which is a company shall be entitled to charge and be paid such reasonable remuneration or charges as shall from time to time be agreed in writing between the Company and such company and any such company (being a bank) shall be entitled subject to the written consent of the Company, to act as banker and perform any services in relation to the Plan on the same terms as would be made with a customer in the ordinary course of its business as a banker without accounting for any resultant profit including without prejudice to the generality of the foregoing retention of its customary share of brokerage commission.

15.4 Right to be employed by Company

Any Trustee or officer of a corporate trustee may be employed by, or be appointed an officer of, the Company or any Subsidiary and shall be entitled to keep for his benefit such remuneration or any other benefit as he may receive by virtue of such position and shall not be liable to account for any such benefit.

16 PERMITTED DEALINGS OF TRUSTEES

16.1 Trustee permitted to hold shares etc

No Trustee (nor any director or other officer of a company acting as a Trustee) shall be precluded from acquiring, holding or dealing with any shares, debentures, debenture stock or securities of Gannett Co., Inc., the Company or any other Participating Company or any other company in which the Trustee may be interested or from entering into any contract or other transaction with Gannett Co., Inc., the Company or any other Participating Company or any such other company or being interested in any such contract or transaction. No Trustee (nor any director or other officer of a company acting as a Trustee) shall be liable to account to any Beneficiary, Eligible Employee or Participant or, where there is more than one Trustee, to the other Trustees or the Company or any other Participating Company or such other company for any profits so made or benefits so obtained by him.

16.2 No requirement to account for benefits

The Trustee (and any director or other officer of a company acting as a Trustee) who is or

becomes a Beneficiary may retain all benefits to which he becomes entitled under the Plan and shall not be liable to account for any such benefit.

17 NUMBER, APPOINTMENT, RETIREMENT AND REMOVAL OF TRUSTEES

17.1 Minimum number of Trustees

The minimum number of Trustees shall be:

17.1.1 in the case of a Trustee which is a company (whether or not a trust corporation), one; and

17.1.2 in any other case, three.

17.1.3 while the number of Trustees is below the minimum number, a continuing Trustee shall not be entitled to exercise any power or discretion under the Trust Deed.

17.1.4 if, after the removal, retirement or death of a Trustee, there are fewer than the minimum number of Trustees required by clause 17.1.2, the Company shall forthwith appoint a new Trustee in place of the removed, retiring or dead Trustee.

17.2 Statutory power to appoint new and additional Trustees

The statutory power of appointing new and additional Trustees contained in section 36 of the Trustee Act 1925 shall be vested in the Company and may be exercised by a resolution of the Directors or in writing signed by a person duly authorised by a resolution of the Directors.

17.3 Power to appoint additional Trustees

In addition to the statutory power of appointing new and additional Trustees, the Company shall have the power by a resolution of the Directors or in writing signed by a person duly authorised by a resolution of the Directors to appoint additional Trustees notwithstanding that the effect of such appointment would be to increase the number of Trustees beyond four.

17.4 Company ceasing to exist

If the Company ceases to exist otherwise than in consequence of a reconstruction or amalgamation, all powers of appointing and removing Trustees shall become vested in the Trustee.

17.5 Removal of Trustees

The Company may by a resolution of the Directors or in writing signed by a person duly authorised by a resolution of the Directors, notice of which, in either case, is given to the Trustee, and without assigning any reason therefor, remove a Trustee from office, but not so as to reduce

the number of Trustees below that specified in clause 17.1. If no later date is specified in the notice, such removal shall take place immediately on the receipt of the notice by the Trustee. If a later date is specified in the notice, such removal shall take place on the later of the receipt of the notice by the Trustee and the date specified in the notice.

17.6 Retirement of Trustees

A Trustee may retire by giving the Company written notice of his desire to retire but not so as to reduce the number of Trustees below that specified in clause 17.1.

If the requirements of clause 17.1 will continue to be satisfied such notice shall take effect at the expiry of three months or such other period as may be agreed in writing by the Company after the date of such notice.

If the requirements of clause 17.1 will not continue to be satisfied, the Company shall, within three months after the giving of such notice, appoint an additional Trustee. If the Company fails to do so within such period, the retiring Trustee may by deed appoint an additional Trustee and his retirement shall thereupon become effective.

17.7 Transfer of trust property following removal or retirement

Forthwith following his removal or retirement as a Trustee, the outgoing Trustee shall transfer all property held by him subject to the Plan and deliver all documents in his possession relating to the Plan to the remaining Trustees and shall execute all such documents and do all such things as may be necessary to give effect to his removal or retirement.

17.8 Section 37 of the Trustee Act 1925

Section 37(1)(c) of the Trustee Act 1925 shall apply to the Plan as if all references in that section to a trust corporation were references to any company authorised by its memorandum and articles to undertake trust business.

17.9 Residence of Trustees

The Company shall ensure that all the Trustees or any sole Trustee which is a company shall at all times be resident for tax purposes in the United Kingdom.

18 DELEGATION OF ADMINISTRATION BY THE COMPANY AND OTHER MATTERS

18.1 Delegation of Administration

The Company or the Executive Compensation Committee may at any time delegate in writing to the directors of any other Participating Company or to any Participating Company's duly

authorised officers any of its powers and duties under the Trust Deed or any business including the exercise of any discretion provided always that the Company shall not delegate the duties imposed on it or the rights given to it under clauses 9.1, 11.3, 17.2, 17.3, 17.5 or 22.

18.2 Exercise of powers

Except as otherwise provided in the Trust Deed or in the Rules the powers and discretions exercisable by any Participating Company in relation to the Plan shall be exercisable in the case of the Company by the Executive Compensation Committee and otherwise by resolution of the directors of such Participating Company or by a duly authorised committee thereof and a copy of any resolution signed or purporting to be signed by the secretary or any director of such company shall be sufficient authority to the Trustee to act thereunder.

18.3 Information supplied by Participating Company

The Trustee shall be entitled, in the absence of manifest error, to rely without further enquiry on any information or advice supplied to them by any Participating Company in connection with the trust created by the Trust Deed.

19 DURATION AND WINDING UP OF THE PLAN

19.1 Termination on expiry of the Trust Period

The Plan shall terminate on the earlier of:

- 19.1.1 the expiry of the Trust Period; and
- 19.1.2 a plan termination notice validly issued under Rule 35 of the Plan

and references throughout the Trust Deed to a termination of the Plan shall be taken to be a termination as herein provided.

19.2 Outstanding liabilities

On or after the termination of the Plan no further sums shall be paid to the Trustee by the Participating Companies save that all Participating Companies shall remain liable to pay their just proportion of the costs charges and expenses of the Plan.

19.3 Completion of obligations

Following any termination of the Plan the Trustee shall remain responsible for the completion of its obligations under the Plan.

20 **SUPREMACY OF TRUST DEED OVER RULES OF PLAN**

The Trustee's rights, duties and powers are regulated by the Trust Deed and by the Rules and in the case of inconsistency or conflict between the provisions of the Trust Deed and of the Rules the provisions of the Trust Deed shall prevail.

21 **GOVERNING LAW AND JURISDICTION**

21.1 **Governing Law**

The formation, existence, construction, performance, validity and all aspects whatsoever of the Trust Deed and the Rules or any term of the Trust Deed or any Rules shall be governed by English law.

21.2 **Jurisdiction**

The English courts shall have jurisdiction to settle any dispute which may arise out of, or in connection with, the Trust Deed or the Rules.

21.3 **Jurisdiction agreement for benefit of Company**

The jurisdiction agreement contained in this clause 21 is made for the benefit of the Company only, which accordingly retains the right to bring proceedings in any other court of competent jurisdiction.

21.4 **Participant deemed to submit to such jurisdiction**

By accepting an Award and not renouncing it, a Participant is deemed to have agreed to submit to such jurisdiction.

22 **AMENDMENT OF TRUST DEED AND RULES**

22.1 **Amendment of Deed and Rules**

The Company may at any time and from time to time in the case of the Trust Deed by a supplemental deed and in the case of the Rules by resolution of the Executive Compensation Committee amend, modify, or alter the Plan in any respect (such amendment modification or alteration being referred to in this clause 22.1 as a "modification") provided that:

- 22.1.1** no modification shall be made which would have the effect of conferring any advantage on any Eligible Employee without the approval of the Company in general meeting except for minor amendments to benefit the administration of the Plan to take account of a change in legislation and amendments to obtain or maintain favourable tax, exchange control or regulatory treatment for Eligible Employees or the Participating Companies;

- 22.1.2 no modification shall alter to the disadvantage of any Participant his rights which have accrued to him under the Plan before the date of such modification;
- 22.1.3 no modification shall modify or alter to the disadvantage of the Trustee the provisions for its protection and indemnity contained in the Plan without the written agreement of the Trustee;
- 22.1.4 no modification shall be made which would or might infringe any rule against perpetuities or which could result in the Plan ceasing to be an Employees' Share Scheme; and
- 22.1.5 whilst the Plan is approved by the Board of Inland Revenue, no modification to any key feature (as defined in paragraph 84(1)(b) of Schedule 2) of the Plan shall take effect without the approval of the Board of Inland Revenue.

22.2 Amendments to be binding

Any modification made in accordance with the provisions of this clause 22 shall be binding upon all persons from time to time interested in the Plan including the Company and any other Participating Company.

23 GENERAL PROVISIONS

23.1 Counterparts

The Trust Deed may be executed in any number of counterparts, and by the parties on separate counterparts, each of which when so executed and delivered shall be an original, but all the counterparts will together constitute one and the same Trust Deed.

23.2 Irrevocability

Subject to the provisions of the Trust Deed, the trusts hereby declared are irrevocable.

EXECUTED by the parties as a deed and delivered on the date first mentioned above.

SIGNED as a deed by
Gannett U.K. Limited

acting by a director and its secretary/ two directors:

Paul Davidson Director

Paul Hunter Director/Secretary

The Common Seal of **Barclays Bank** Trust Company was hereunto affixed in execution of this deed in the presence of:

Authorised sealing officer

SIGNED as a deed by
Newsquest (London) Limited

acting by a director and its secretary/ two directors:

Paul Davidson Director

Paul Hunter Director/Secretary

SIGNED as a deed by
Newsquest (Essex) Limited

acting by a director and its secretary/ two directors:

Paul Davidson Director

Paul Hunter Director/Secretary

SIGNED as a deed by
Newsquest (Midlands South) Limited

acting by a director and its secretary/ two directors:

Paul Davidson Director

Paul Hunter Director/Secretary

SIGNED as a deed by
Newsquest (Lancashire) Limited
acting by a director and its secretary/ two directors:

| | |
|---------------|--------------------|
| Paul Davidson | Director |
| Paul Hunter | Director/Secretary |

SIGNED as a deed by
Newsquest (Oxfordshire & Wiltshire) Limited, formerly Newsquest (Oxfordshire)
Limited
acting by a director and its secretary/ two directors:

| | |
|---------------|--------------------|
| Paul Davidson | Director |
| Paul Hunter | Director/Secretary |

SIGNED as a deed by
Newsquest (Bradford) Limited
acting by a director and its secretary/ two directors:

| | |
|---------------|--------------------|
| Paul Davidson | Director |
| Paul Hunter | Director/Secretary |

SIGNED as a deed by
Newsquest (North East) Limited
acting by a director and its secretary/ two directors:

| | |
|---------------|--------------------|
| Paul Davidson | Director |
| Paul Hunter | Director/Secretary |

SIGNED as a deed by
Newsquest (Sussex) Limited
acting by a director and its secretary/ two directors:

| | |
|---------------|--------------------|
| Paul Davidson | Director |
| Paul Hunter | Director/Secretary |

SIGNED as a deed by
Newsquest (Kendal)
acting by a director and its secretary/ two directors:

| | |
|---------------|--------------------|
| Paul Davidson | Director |
| Paul Hunter | Director/Secretary |

SIGNED as a deed by
Newsquest (Wiltshire) Limited
acting by a director and its secretary/ two directors:

| | |
|---------------|--------------------|
| Paul Davidson | Director |
| Paul Hunter | Director/Secretary |

SIGNED as a deed by
Newsquest (York) Limited
acting by a director and its secretary/ two directors:

| | |
|---------------|--------------------|
| Paul Davidson | Director |
| Paul Hunter | Director/Secretary |

SIGNED as a deed by
Newsquest (Cheshire/Merseyside) Limited
acting by a director and its secretary/ two directors:

| | |
|---------------|--------------------|
| Paul Davidson | Director |
| Paul Hunter | Director/Secretary |

SIGNED as a deed by
Newsquest Media Group Limited
acting by a director and its secretary/ two directors:

| | |
|---------------|--------------------|
| Paul Davidson | Director |
| Paul Hunter | Director/Secretary |

SIGNED as a deed by
Newsquest Media (Southern) Ltd
acting by a director and its secretary/ two directors:

| | |
|---------------|--------------------|
| Paul Davidson | Director |
| Paul Hunter | Director/Secretary |

SIGNED as a deed by
Newsquest (Leeds) Limited, formerly Newsquest Printing (Worcester) Limited
acting by a director and its secretary/ two directors:

| | |
|---------------|--------------------|
| Paul Davidson | Director |
| Paul Hunter | Director/Secretary |

SIGNED as a deed by
Newsquest Printing (Lancashire) Limited, formerly Newsquest Printing (Lostock)
Limited
acting by a director and its secretary/ two directors:

| | |
|---------------|--------------------|
| Paul Davidson | Director |
| Paul Hunter | Director/Secretary |

SIGNED as a deed by
Newsquest Printing (Colchester) Limited
acting by a director and its secretary/ two directors:

| | |
|---------------|--------------------|
| Paul Davidson | Director |
| Paul Hunter | Director/Secretary |

SIGNED as a deed by
Southern Binders Limited
acting by a director and its secretary/ two directors:

| | |
|---------------|--------------------|
| Paul Davidson | Director |
| Paul Hunter | Director/Secretary |

SIGNED as a deed by
Southernprint Limited, formerly Southernprint (Web Offset Limited)
acting by a director and its secretary/ two directors:

| | |
|---------------|--------------------|
| Paul Davidson | Director |
| Paul Hunter | Director/Secretary |

SIGNED as a deed by
Southernprint (Web Offset) Limited, formerly Southernprint Limited
acting by a director and its secretary/ two directors:

| | |
|---------------|--------------------|
| Paul Davidson | Director |
| Paul Hunter | Director/Secretary |

SIGNED as a deed by
Newsquest Financial Media Ltd, formerly Southern Magazines Limited
acting by a director and its secretary/ two directors:

| | |
|---------------|--------------------|
| Paul Davidson | Director |
| Paul Hunter | Director/Secretary |

SCHEDULE 1

RULES OF THE GANNETT U.K. LIMITED INLAND REVENUE APPROVED SHARE INCENTIVE PLAN

1 INTERPRETATION

1.1 In this Schedule, unless the context otherwise requires, the following words and expressions have the following meanings:

| | |
|----------------------------|--|
| Accounting Period | an accounting reference period of the Company within the meaning of section 224 of the Companies Act 1985 or a new accounting reference period of the Company within the meaning of section 225 of the Companies Act 1985; |
| Accumulation Period | a period determined at the discretion of the Executive Compensation Committee, not exceeding 12 months which must be the same for all Participants; |
| Appropriate | to confer a beneficial interest in Free Shares or Matching Shares on a Participant, subject to the provisions of the Plan, and the expressions "Appropriation" and "Appropriated" shall be construed accordingly; |
| Associate | the meaning set out in paragraphs 22, 23 and 24 of Schedule 2; |
| Associated Company | the meaning given in paragraph 94 of Schedule 2 as extended by paragraph 91 of Schedule 2; |
| Award | the Appropriation to Participants of Free Shares or Matching Shares or the acquisition of Partnership Shares on behalf of Participants, in accordance with the Plan; |
| Capital Receipt | a receipt by the Trustee of money or money's worth of the type defined in Section 502 of ITEPA 2003; |
| Close Company | the meaning set out in section 414 ICTA 1988; |
| Company | Gannett U.K. Limited incorporated in England & Wales under company number 3795655 or any company which results from the amalgamation or reconstruction of Gannett U.K. Limited (or, if there is more than one such |

company, the company to which the greater part of the undertaking of Gannett U.K. Limited passes as a result of the amalgamation or reconstruction) and this definition shall apply, with appropriate modifications, to any amalgamation or reconstruction of the Company from time to time;

Connected Company

- (a) a company which Controls or is controlled by the Company or which is controlled by a company which also Controls the Company;
- (b) a company which is a member of a consortium owning the Company or which is owned in part by the Company as a member of the consortium;

Control

the meaning set out in section 840 ICTA 1988;

Directors

the board of directors of the Company or a duly authorised committee thereof;

Dividend Shares

Shares acquired with dividends paid in respect of Plan Shares as set out in Part IV;

Dividend Shares Acquisition Date

the date on which the Trustee acquires Dividend Shares pursuant to Rule 19.4;

Dividend Shares Holding Period

the period beginning on the Dividend Shares Acquisition Date and ending on the earlier of the third anniversary of that date and the date on which the Participant ceases to have any Relevant Employment;

Eligible Employee

an individual who in the case of Free Shares at a Free Shares Appropriation Date, and in the case of Partnership Shares or Matching Shares:

- (a) if there is no Accumulation Period, at the time the money for the acquisition of such Partnership Shares is deducted; and
- (b) if there is an Accumulation Period, at the time of the first deduction of money for the acquisition of such Partnership Shares

- (i) is an employee of a Participating Company and is not under notice; and
 - (ii) has been such an employee (or has otherwise been an employee of a Qualifying Company) at all times during any Qualifying Period; and
 - (iii) is a UK resident taxpayer within the meaning of paragraph 8(2) of Schedule 2; and
 - (iv) has not either himself or through any Associate and whether in either case alone or together with one or more Associates has not had within the preceding twelve months, a Material Interest in a Close Company whose shares may be Appropriated or acquired under the Plan or a company which has Control of such a company or is a member of a consortium which owns such a company; and
 - (v) is not ineligible to participate under Rule 3;
- (c) an individual who at the relevant time satisfies the requirements above, excluding (iii), whom the Executive Compensation Committee have, in their absolute discretion determined should be included;

Employees' Share Scheme

the meaning set out in section 743 of the Companies Act 1985;

Executive Compensation

the Executive Compensation Committee of **Committee** Gannett Co., Inc. or a committee of persons (delegates) appointed thereby;

Forfeiture Period

the period(s) determined by the Executive Compensation Committee pursuant to Rules 4.3.7, 15.2.5 or 15.2.6, as appropriate, provided that the period(s) shall not exceed 3 years from the relevant date of Appropriation;

| | |
|---------------------------------------|---|
| Free Shares | Shares entitlement to which is as set out in Part I; |
| Free Shares Agreement | an agreement issued by the Executive Compensation Committee under Rule 4; |
| Free Shares Appropriation Date | the date on which the Trustee Appropriates an Award of Free Shares; |
| Free Shares Closing Date | the date specified in the Free Shares Invitation by which the Free Shares Agreement must be received by the Company; |
| Free Shares Holding Period | the period beginning on the Free Shares Appropriation Date and ending on a date determined from time to time at the discretion of the Executive Compensation Committee, and being not earlier than the third anniversary nor later than the fifth anniversary of the Free Shares Appropriation Date or, if earlier, the date on which the Participant ceases to be in Relevant Employment and which period shall be the same for all Free Shares comprised in the same Award and shall not be increased at any time in respect of Free Shares already Appropriated; |
| Free Shares Invitation | an invitation to participate in an offer for Free Shares issued by the Executive Compensation Committee under Rule 4; |
| ICTA 1988 | the Income and Corporation Taxes Act 1988; |
| Initial Market Value | the Market Value of a Share: <ul style="list-style-type: none"> (i) in the case of Free Shares, on the Free Shares Appropriation Date; (ii) in the case of Matching Shares, on the Matching Shares Appropriation Date; and (iii) in the case of Dividend Shares, on the Dividend Shares Acquisition Date; |
| ITEPA 2003 | the Income Tax (Earnings and Pensions) Act 2003; |

Market Value

- (i) where the Shares are listed on the New York Stock Exchange the middle market quotation of a Share as derived from the Wall Street Journal for the dealing day immediately preceding the day in question (provided that in no case may the market value of a Share be determined by reference to a dealing day which falls within a Proscribed Period);
- (ii) where the shares are not listed on the New York Stock Exchange, the market value of a Share as determined in accordance with the provisions of Part VIII of the Taxation of Chargeable Gains Act 1992 and paragraph 92 of Schedule 2 and agreed for the purposes of the Plan with Inland Revenue Shares Valuation Division on or before that day;

Matching Shares

Shares entitlement to which is as set out in Part III which shall:

- (a) be shares of the same class and carry the same rights as the Partnership Shares to which they relate;
- (b) be Appropriated on the same day as the Partnership Shares to which they relate are Awarded; and
- (c) be Appropriated to all Participants on exactly the same basis;

**Matching Shares
Appropriation Date**

the date on which the Trustee Appropriates an Award of Matching Shares;

Matching Shares Holding

the period beginning on the Matching Shares

Period

Appropriation Date and ending on a date determined from time to time at the discretion of the Executive Compensation Committee, and being not earlier than the third anniversary nor later than the fifth anniversary of the Matching Shares Appropriation Date or, if earlier, the date on which the Participant ceases to be in Relevant Employment, and which period shall be the

same for all Matching Shares comprised in the same Award and shall not be increased at any time in respect of Matching Shares already Appropriated;

Material Interest

the meaning set out in paragraphs 19 to 24 of Schedule 2;

New York Stock Exchange

the New York Stock Exchange or any successor body;

Offer

a general offer which is made to holders of shares of the same class as Plan Shares or of other shares in Gannett Co., Inc. and in either case which is made on condition that if satisfied the person making the offer will have Control of Gannett Co., Inc.;

Participant

an Eligible Employee to whom the Trustee has made an Appropriation or on whose behalf Partnership Shares or Dividend Shares have been acquired or, where the context permits, an Eligible Employee who has submitted a duly completed Free Shares Agreement or Partnership Shares Agreement in accordance with Rule 4.3.5 or 10.3.5 respectively;

Participating Company

the Company or a Subsidiary which is a party to the Trust Deed or has pursuant to clause 9 executed a deed of adherence;

Partnership Shares

Shares entitlement to which is as set out in Part II;

Partnership Shares Acquisition Date

in relation to each acquisition of Partnership Shares, the actual date on which the Trustees acquire such Partnership Shares in accordance with Rule 10.3.4;

Partnership Shares Agreement

an agreement issued by the Executive Compensation Committee under Rule 10.4;

Partnership Shares Closing Date

the date specified in the Partnership Shares Invitation by which the completed Partnership Shares Agreement must be received by the Company in order for the Eligible Employee to commence Salary deductions for the acquisition of Partnership Shares in the following month;

| | |
|--|---|
| Partnership Shares Invitation | an invitation issued by the Executive Compensation Committee under Rule 10; |
| Partnership Shares Market Value | in the case of a Partnership Shares Agreement with: <ul style="list-style-type: none"> (a) an Accumulation Period, the lower of the Market Value of a Share on: <ul style="list-style-type: none"> (i) the first day of the Accumulation Period; and (ii) the Partnership Shares Acquisition Date; (b) no Accumulation Period, the Market Value of a Share on the Partnership Shares Acquisition Date. |
| Partnership Share Money | the meaning given to that term by Rule 10.5.2; |
| Performance Allowance | an Appropriation of Free Shares where: <ul style="list-style-type: none"> (a) whether Free Shares are Appropriated or not; or (b) the number or value of Free Shares Appropriated is subject to the satisfaction of a Performance Target; |
| Performance Target | a performance target imposed by the Executive Compensation Committee under Rule 6; |
| Performance Unit | a group comprising one or more Participants to whom a Performance Target applies; |
| Plan | the Gannett U.K. Limited Inland Revenue Approved Share Incentive Plan as constituted by this Trust Deed and Rules in their present form or as amended from time to time; |
| Plan Shares | Free Shares, Partnership Shares, Matching Shares and Dividend Shares which have been Appropriated to a Participant or are held on his behalf by the Trustee; |
| Proscribed Period | any period during which dealings in Shares is proscribed due to the existence of unpublished price sensitive |

information, whether by the Company's own code on insider dealing, the Criminal Justice Act 1993, corresponding legislation of the United States of America, or otherwise;

Qualifying Company

the same meaning as in paragraph 17 of Schedule 2;

Qualifying Corporate Bond

the meaning set out in section 117 of the Taxation of Chargeable Gains Act 1992;

Qualifying Period

a period determined by the Executive Compensation Committee in relation to any Award of Shares under the Plan which may be different for different Awards provided that:

- (a) in the case of Free Shares it shall not exceed the period of 18 months before the Free Shares Appropriation Date;
- (b) in the case of Partnership Shares and Matching Shares where there is an Accumulation Period it shall not exceed the period of 6 months before the beginning of the Accumulation Period;
- (c) in the case of Partnership Shares and Matching Shares where there is no Accumulation Period it shall not exceed the period of 18 months before the deduction of money for the acquisition of such Partnership Shares.

Relevant Amount

- (a) in respect of Free Shares, £3,000 in any Year of Assessment;
- (b) in respect of Partnership Shares, the lower of:
 - (i) £1,500 in any Year of Assessment; and
 - (ii) 10% of Salary in any Year of Assessment;
- (c) in respect of Dividend Shares, £1,500 in any Year of Assessment;

subject in each case to such amendment as may be made to that limit under Schedule 2 from time to time;

| | |
|-----------------------------|--|
| Relevant Employment | employment by the Company or any Associated Company; |
| Retirement Age | the age of 50; |
| Rules | these rules as from time to time amended; |
| Salary | the meaning in paragraph 43(4) of Schedule 2; |
| Schedule 2 | Schedule 2 to ITEPA 2003; |
| Share Incentive Plan | a share incentive plan approved under Schedule 2 and established by the Company or a Connected Company; |
| Shares | fully paid ordinary shares (and this shall include fractions of a share) in the capital of Gannett Co., Inc. (or any shares representing the same) which satisfy the conditions in Part 4 of Schedule 2; |
| Subsidiary | any company over which the Company has Control; |
| Year of Assessment | a period commencing on 6 April in any year and ending on 5 April in the following year. |

- 1.2 In the Plan, unless otherwise specified:
 - 1.2.1 the contents, clause and Rule headings are inserted for ease of reference only and do not affect their interpretation;
 - 1.2.2 references to clauses, Rules, Parts and Schedules are to clauses, rules, parts of, and schedules to the Plan;
 - 1.2.3 a reference to writing includes any mode of reproducing words in a legible form and reduced to paper;
 - 1.2.4 the singular includes the plural and vice-versa and the masculine includes the feminine;
 - 1.2.5 a reference to a statutory provision includes any statutory modification, amendment or re-enactment thereof; and

1.2.6 the Interpretation Act 1978 applies to the Plan in the same way as it applies to an enactment.

PURPOSE OF THE PLAN

The purpose of the Plan is to enable Eligible Employees of Participating Companies to acquire shares in Gannett Co., Inc. which give them a continuing stake in Gannett Co., Inc..

ELIGIBILITY TO PARTICIPATE / PARTICIPATION ON SAME TERMS

3.1 General

An individual shall not be eligible to receive an Award in any Year of Assessment if the individual is at the same time to participate in an award under another Share Incentive Plan.

3.2 Deemed Participation

For the purposes of Rule 3.1, an individual shall be treated as having participated in a Share Incentive Plan if the individual would have received Free Shares under that plan but for the failure to meet a performance target.

3.3 Successive participation in connected Share Incentive Plans

Where an individual participates in more than one Share Incentive Plan in the same Year of Assessment, the annual limit below applies as if this Plan and the other Share Incentive Plan(s) were a single plan:

3.3.1 the maximum amount permitted to be awarded as Free Shares for a Participant in any Year of Assessment provided from time to time in paragraph 35 of Schedule 2;

3.3.2 the maximum amount of Partnership Share Money (or percentage of Salary) permitted for a Participant that may be deducted from a Participant's Salary in any Year of Assessment provided from time to time in paragraph 46 of Schedule 2; and

3.3.3 the maximum amount to be reinvested as Dividend Shares permitted for a Participant in respect of any Year of Assessment provided from time to time in paragraph 64 of Schedule 2.

3.4 Participation on same terms

On each occasion when an Award is to be made, subject to Rule 5 every Eligible Employee shall be invited to participate in an Award on the same terms and those who do actually participate must do so on the same terms.

PART I – FREE SHARES

4 ISSUE OF INVITATIONS

4.1 **Discretion of the Executive Compensation Committee**

The Executive Compensation Committee may in their absolute discretion determine that an Award of Free Shares may be made and, accordingly, issue Free Shares Invitations.

4.2 **Limit on individual participation**

In any Year of Assessment, the Initial Market Value of Free Shares Appropriated to a Participant shall not exceed the Relevant Amount.

4.3 **Contents of Free Shares Invitations**

Free Shares Invitations shall be in such form as the Executive Compensation Committee determine from time to time and shall state:

- 4.3.1 the Free Shares Closing Date;
- 4.3.2 the expected Free Shares Appropriation Date;
- 4.3.3 the Free Shares Holding Period;
- 4.3.4 that, by accepting the Free Shares Invitation, the Eligible Employee becomes bound in contract with the Company to observe the restrictions set out in the Free Shares Agreement;
- 4.3.5 that an Eligible Employee who wishes to accept the Free Shares under the Award shall submit to the Company, prior to the Free Shares Closing Date, a duly completed Free Shares Agreement;
- 4.3.6 that the individual shall only be entitled to an Appropriation of Free Shares if he remains an Eligible Employee at the Free Shares Appropriation Date;
- 4.3.7 that (as determined at the discretion of the Executive Compensation Committee) the provisions of either Rules 9.2 or 9.3 shall apply to the Award and, if Rule 9.3 applies, shall state what the applicable Forfeiture Period shall be; and
- 4.3.8 such additional information, not inconsistent with the Rules and the Trust Deed as the Executive Compensation Committee may from time to time determine.

4.4 Free Shares Agreement and Free Shares Invitations

Each Eligible Employee shall be sent a Free Shares Invitation and a Free Shares Agreement which shall be in such form as the Executive Compensation Committee may determine from time to time and shall require the Eligible Employee to contract with the Company as set out in Rule 8.

4.5 Election to participate in any Award of Free Shares

A Free Shares Agreement may include an election by a Participant to participate in any Award of Free Shares until such time as he notifies the Company that he no longer wishes to so participate. Where a Participant makes such an election he shall be deemed to have complied with Rule 4.3.5 in relation to each Award of Free Shares until the election is withdrawn.

5 ALLOCATION OF FREE SHARES BY REFERENCE TO PERFORMANCE

5.1 Free shares may be allocated by reference to performance

The Company may stipulate that the number of Free Shares (if any) to be Appropriated to each Participant on a given occasion shall be determined by reference to Performance Allowances.

5.2 Performance Allowances to apply to all

If Performance Allowances are used, they shall apply to all Participants.

5.3 Executive Compensation Committee to provide information

If Performance Allowances are used the Executive Compensation Committee shall, as soon as reasonably practicable:

5.3.1 notify each Participant participating in the Award of the Performance Targets to be used to determine the number or value of Free Shares Appropriated to him; and

5.3.2 notify all Eligible Employees of any Participating Company, in general terms, of the Performance Targets to be used to determine the number or value of Free Shares to be Appropriated to each Participant under the Award (provided that the Executive Compensation Committee may exclude any information the disclosure of which, they reasonably consider would prejudice commercial confidentiality).

5.4 Use of method 1 or method 2

The Company shall determine the number of Free Shares (if any) to be Appropriated to each Participant by reference to performance using method 1 or method 2. The same method shall be used for all Participants for each Award.

5.5 Performance Allowances: method 1

By this method:

- 5.5.1 at least 20% of Free Shares Appropriated under any Award shall be Appropriated without reference to a Performance Target;
- 5.5.2 the remaining Free Shares shall be Appropriated by reference to a Performance Target; and
- 5.5.3 the highest Appropriation made to a Participant by reference to performance in any period shall be not more than four times the number of Free Shares Appropriated to an individual without reference to a Performance Target at the same time.

If this method is used:

- 5.5.4 the Free Shares Appropriated without reference to a Performance Target shall be Appropriated on the same terms as provided in Rule 5.7; and
- 5.5.5 the Free Shares Appropriated by reference to a Performance Target need not be Appropriated on the same terms as provided in Rule 5.7.

5.6 Performance Allowances: method 2

By this method:

- 5.6.1 some or all Free Shares shall be Appropriated by reference to performance;
- 5.6.2 the Appropriation of Free Shares to Participants who are members of the same Performance Unit shall be made on the same terms, as provided in Rule 5.7; and

Free Shares Appropriated for each Performance Unit shall be treated as separate Awards for the purposes of Rule 5.7 only.

5.7 Same terms basis for Free Shares Awards

An Award of Free Shares on the same terms shall be on terms determined by the Executive Compensation Committee which may be directly proportional to any one or more separately of a Participant's:

- 5.7.1 remuneration from;
- 5.7.2 length of service with;

5.7.3 number of hours worked for;

any Qualifying Companies.

6 PERFORMANCE TARGETS

6.1 Imposition of Performance Targets

The Executive Compensation Committee may impose one or more Performance Targets in order to determine the number of Shares (if any) subject to a Performance Allowance.

6.2 Nature of Performance Targets

Any Performance Target imposed shall be:

6.2.1 based on business results or other objective criteria; and

6.2.2 a fair and objective measure of the performance of the Performance Unit(s) to which it applies.

6.3 Membership of Performance Unit

No Participant shall be a member of more than one Performance Unit.

6.4 Substitution, variation or waiver of Performance Targets

6.4.1 If an event occurs which causes the Executive Compensation Committee to consider that a Performance Target is no longer appropriate, the Executive Compensation Committee may substitute, vary or waive such Performance Target in such manner (and make such consequential amendments to the Rules) as:

6.4.1.1 is reasonable in the circumstances;

6.4.1.2 produces a fairer measure of performance and is neither materially more nor less difficult to satisfy; and

6.4.1.3 continues to comply with Rule 6.2.

6.4.2 The Executive Compensation Committee shall, as soon as reasonably practicable, notify each Participant affected of any such substitution, variation or waiver of the Performance Target.

7 **APPROPRIATION OF FREE SHARES**

7.1 **Provision of information by the Company to the Trustees**

As soon as practicable after the end of the period to which the Performance Target relates (in the case of Performance Allowances) or the Free Shares Closing Date the Company shall inform the Trustee of:

7.1.1 the name and address of each Participant to whom Free Shares are to be Appropriated, together with details of the Participating Company which employs the Participant;

7.1.2 the number of Free Shares to be Appropriated to each Participant on this occasion.

7.2 **Appropriation**

On the expected Free Shares Appropriation Date, the Trustee shall appropriate to each Participant the number of Free Shares notified to the Trustee under Rule 7.1.

7.3 **Notification of Appropriation to Participants**

As soon as practicable after the Free Shares Appropriation Date, the Trustee shall notify each Participant to whom Free Shares have been Appropriated of:

7.3.1 the number and description of Free Shares Appropriated to him;

7.3.2 the Free Shares Appropriation Date;

7.3.3 their Initial Market Value; and

7.3.4 the applicable Free Shares Holding Period.

8 **RESTRICTIONS ON DEALINGS IN, AND PERMITTED TRANSFERS OF FREE SHARES**

8.1 **Restrictions on disposals by Participants**

Subject to Rules 27 and 29 during the Free Shares Holding Period a Participant shall:

8.1.1 permit the Trustee to hold his Free Shares; and

8.1.2 not assign, charge or otherwise dispose of his beneficial interest in his Free Shares.

8.2 Restrictions on disposals by the Trustee

Subject to Rules 9, 27 and 31 the Trustee:

- 8.2.1 shall not dispose of any Free Shares, whether by transfer to the Participant or otherwise, during the Free Shares Holding Period;
- 8.2.2 shall not dispose of any Free Shares after the Free Shares Holding Period except in accordance with a direction given by or on behalf of the Participant; and
- 8.2.3 shall not deal with any right conferred in respect of a Participant's Free Shares to be allotted other shares, securities or other rights except pursuant to a direction given by or on behalf of the Participant or any person in whom the beneficial interest in his Free Shares is for the time being vested.

8.3 Transfer of Free Shares after the Free Shares Holding Period

- 8.3.1 A Participant may, at any time after the Free Shares Holding Period direct the Trustee by notice in writing to:
 - 8.3.1.1 transfer the Participant's Free Shares to the Participant; or
 - 8.3.1.2 transfer the Free Shares to some other person named by the Participant; or
 - 8.3.1.3 dispose of the Free Shares by way of sale for the best consideration in money that can reasonably be obtained at the time of sale and to account for the proceeds to the Participant or some other person named by the Participant.
- 8.3.2 Within 30 days after receipt of a notice referred to in Rule 8.3.1 the Trustee shall comply with the instructions set out in such notice.

9 CESSATION OF RELEVANT EMPLOYMENT AND EARLY TRANSFER OF FREE SHARES

9.1 Trustee to be notified of cessation of Relevant Employment

If a Participant ceases to be in Relevant Employment then the Company shall within 14 days inform the Trustee of such cessation and whether the provisions of Rule 9.2 or 9.3 apply.

9.2 Early transfer of Free Shares

Where the Trustee has been notified by the Executive Compensation Committee in accordance with Rule 9.1 that this Rule 9.2 applies then as soon as reasonably practicable after the receipt of such notification and in any event within 30 days after the cessation of the Relevant Employment

the Trustee shall transfer the Free Shares to the Participant or as directed by him prior to the transfer, in accordance with Rules 8.3.1.2 or 8.3.1.3 provided always that the Trustee shall first comply with Rule 33.

9.3 Forfeiture of Free Shares

Where the Trustee has been notified by the Executive Compensation Committee in accordance with Rule 9.1 that this Rule 9.3 applies then, subject to Rules 9.4 and 9.5 the Participant's beneficial entitlement to his Free Shares shall lapse immediately on his ceasing to be in Relevant Employment before the end of the Forfeiture Period and he shall cease to have any rights to such Free Shares.

9.4 Injury, disability, redundancy, retirement etc

Notwithstanding Rule 9.3 if a Participant ceases to be in Relevant Employment by reason of:

- 9.4.1 injury or disability;
- 9.4.2 redundancy within the meaning of the Employment Rights Act 1996 or the Employment Rights (Northern Ireland) Order 1996;
- 9.4.3 a transfer of employment which is subject to the Transfer of Undertakings (Protection of Employment) Regulations 1981;
- 9.4.4 a change of Control or other circumstances giving rise to the Participant's employing company ceasing to be an Associated Company of any Participating Company;
- 9.4.5 retirement on or after reaching Retirement Age;

then the Trustee shall act in accordance with Rule 9.2.

9.5 Death

If a Participant ceases to be in Relevant Employment by reason of his death then the Trustee shall act in accordance with Rule 24.5.

PART II – PARTNERSHIP SHARES

10 PARTNERSHIP SHARES INVITATIONS

10.1 Issue of Partnership Shares Invitations

The Executive Compensation Committee may in their absolute discretion determine that an Award of Partnership Shares may be made and, accordingly, issue Partnership Shares Invitations.

10.2 Timing of Partnership Shares Invitations

Partnership Shares Invitations must be issued before the commencement of any relevant Accumulation Period.

10.3 Contents of Partnership Shares Invitations

Partnership Shares Invitations shall be in such form as the Executive Compensation Committee may determine from time to time and shall state:

10.3.1 the Partnership Shares Closing Date;

10.3.2 the maximum salary deduction permitted under the Partnership Shares Agreement (being the lesser of the Relevant Amount and such other amount (being a multiple of £1) as the Executive Compensation Committee may determine and specify);

10.3.3 the minimum salary deduction permitted on any occasion determined by the Executive Compensation Committee which sum must be no greater than £10 per month (or such other amount as may be permitted from time to time under paragraph 47(2) of Schedule 2);

10.3.4 the expected Partnership Shares Acquisition Date being a date determined by the Trustee which:

10.3.4.1 where there is no Accumulation Period, shall be within 30 days after the last deduction from salary referred to in Rule 10.5.2 is made;

10.3.4.2 where there is an Accumulation Period shall be not more than 30 days after the end of the Accumulation Period.

10.3.5 that an Eligible Employee who wishes to accept Partnership Shares under the Award shall submit to the Company, prior to the Partnership Shares Closing Date, a duly completed Partnership Shares Agreement;

- 10.3.6 if applicable, the maximum number of Partnership Shares to be made subject to the Award on this occasion;
- 10.3.7 if appropriate, the commencement date (which may not commence later than the date of the first salary deduction to be made under the Participant's Partnership Shares Agreement) and length of the Accumulation Period.

The Executive Compensation Committee may specify that a particular description of earnings is not to be regarded as forming part of a Participant's Salary. If it does so, the same treatment shall apply to all Partnership Shares Agreements entered into in response to Partnership Shares Invitations issued on the same occasion.

10.4 Partnership Shares Agreement and Partnership Shares Invitations

Each Eligible Employee shall be sent a Partnership Shares Agreement and a Partnership Shares Invitation.

10.5 Contents of Partnership Shares Agreement

A Partnership Shares Agreement shall be in such form as the Executive Compensation Committee may determine from time to time and shall:

- 10.5.1 set out a notice in the form prescribed by regulations and pursuant to paragraph 48 of Schedule 2;
- 10.5.2 require the Eligible Employee to state the amount of salary deduction(s) being a multiple of £1 and not exceeding the maximum permitted under Rule 10.3.2 which he wishes to allocate for the purchase of Partnership Shares under the Partnership Shares Agreement ("Partnership Share Money"); and
- 10.5.3 state the intervals at which such amounts should be deducted; and
- 10.5.5 state the commencement date (which may not commence later than the date of the first salary deduction to be made under the Participant's Partnership Shares Agreement) and length of the Accumulation Period, if applicable; and
- 10.5.6 if applicable, state the maximum number of Partnership Shares to be included in the Award on this occasion.

10.6 Partnership Shares Agreement may be withdrawn

A Partnership Shares Agreement shall take effect in relation to any Award of Partnership Shares until such time as a Participant notifies the Company that he no longer wishes to participate.

10.7 Excess salary deductions

Any amounts deducted in excess of the amounts permitted must be paid over to the Participant as soon as practicable.

10.8 Scaling down

If the Company receives applications for Partnership Shares in excess of any maximum specified in accordance with Rule 10.3.6 the amount of deduction of Partnership Share Money specified by each Participant shall be reduced pro rata.

10.9 Partnership Share Money held for Eligible Employee

Partnership Share Money must subject to rules 11.4 and 14.1 be:

10.9.1 paid to the Trustee as soon as practicable; and

10.9.2 held by the Trustee on behalf of a Participant (in an interest bearing account or otherwise) with:

10.9.2.1 a person falling within section 840A(1)(b) of ICTA 1988;

10.9.2.2 a building society; or

10.9.2.3 a firm falling within 840A(1)(c) of ICTA 1988

until it is used to acquire Partnership Shares on a Participant's behalf.

10.10 Interest on Partnership Share Money

The Trustee must account to a Participant for any interest received on Partnership Share Money held on his behalf.

11 INSTRUCTIONS GIVEN DURING ACCUMULATION PERIOD

11.1 Variation of salary deductions and intervals

Subject to Rules 10.3.2, 10.3.3, 10.3.7, and notwithstanding Rule 10.5.5 a Participant may, with the prior agreement of the Company, vary the amount and or the intervals of the salary deduction authorised under his Partnership Shares Agreement.

11.2 Notice to suspend salary deductions

A Participant may, at any time direct the Company by notice in writing to:

11.2.1 suspend the making of Salary deductions; or

11.2.2 recommence the making of Salary deductions

under his Partnership Shares Agreement provided always that:

11.2.3 the Participant may not permit the Company to make additional Salary deductions to make up for any Salary deductions which were missed; and

11.2.4 the Participant may only make a direction under Rule 11.2.2 once in any one Accumulation Period.

11.3 Notice to terminate Partnership Shares Agreement

A Participant may, at any time notify the Company in writing that he wishes to terminate his Partnership Shares Agreement.

11.4 Company to give effect to notices

11.4.1 Where the Company receives a notice to suspend or terminate deductions under Rule 11.2 or 11.3, it shall (unless a later date is specified in the notice) within 30 days of receipt of the notice give effect to the same, and shall:

11.4.1.1 cease all further deductions of Partnership Share Money under the Participant's Partnership Shares Agreement;

11.4.1.2 in the case of a notice under Rule 11.3 subject to first complying with Rule 32 pay over to that Participant as soon as practicable all Salary deductions that have been made under his Partnership Shares Agreement.

11.4.2 When the Company receives a notice to recommence salary deductions under Rule 11.2 it shall (unless a later date is specified in the notice) recommence deductions on the date of the first deduction due under the Partnership Shares Agreement following 30 days after receipt of the notice.

11.5 Partnership Shares Agreement to apply to new holding

Where during an Accumulation Period a transaction occurs in relation to any of the shares to be acquired under a Partnership Shares Agreement which results in a new holding of Shares being equated with the original holding for the purposes of capital gains tax and the Participant gives his consent, the Partnership Shares Agreement shall have effect following that transaction as if it were an agreement for the purchase of Shares comprised in the new holding.

12 **ACQUISITION OF PARTNERSHIP SHARES**

12.1 **Acquisition of Shares by Trustees (no Accumulation Period)**

After the deduction of Partnership Share Money the Company shall calculate the number of Partnership Shares to be acquired on behalf of each Participant by dividing each Participant's Partnership Share Money deducted under his Partnership Shares Agreement by the Partnership Shares Market Value, and notify the Trustee who shall acquire such shares on behalf of Participants within 30 days of such deduction.

12.2 **Acquisition of Shares by Trustees (with Accumulation Period)**

12.2.1 After the expiry of the Accumulation Period the Company shall calculate the number of Partnership Shares to be acquired on behalf of each Participant by dividing each Participant's aggregate Partnership Share Money being Salary deducted under his Partnership Shares Agreement during the Accumulation Period by the Partnership Shares Market Value and notify the Trustee who shall acquire such Shares on behalf of Participants accordingly.

12.2.2 The Trustee shall within 30 days of the end of the Accumulation Period acquire the number of Shares notified to it in accordance with Rule 12.2.1 which shall be held on behalf of the respective Participant as Partnership Shares.

12.3 **Notification of acquisition to Participants**

As soon as practicable after the Partnership Shares Acquisition Date, the Trustee shall notify each Participant on whose behalf Partnership Shares have been acquired of:

12.3.1 the number and description of Partnership Shares acquired on his behalf;

12.3.2 the Partnership Shares Acquisition Date;

12.3.3 the aggregate amount of the Participant's Partnership Share Money applied by the Trustee in acquiring the Partnership Shares; and

12.3.4 the Partnership Shares Market Value.

13 **TRANSFER OF PARTNERSHIP SHARES BY PARTICIPANT**

13.1 **Participants may request transfer of Partnership Shares**

A Participant may, at any time after the Partnership Shares Acquisition Date direct the Trustee by notice in writing to:

- 13.1.1 transfer his Partnership Shares to the Participant; or
- 13.1.2 transfer his Partnership Shares to some other person named by the Participant; or
- 13.1.3 dispose of those Partnership Shares by way of sale and to account for the proceeds to the Participant or some other person named by the Participant.

13.2 Trustee to comply with request

As soon as reasonably practicable, and in any event within 30 days after receipt of the notice, the Trustee shall comply with the instructions set out in such notice provided always that it shall first comply with Rules 32 and 33.

14 CESSATION OF RELEVANT EMPLOYMENT

14.1 Cessation of Relevant Employment prior to the Partnership Shares Acquisition Date

- 14.1.1 Where there is no Accumulation Period and a Participant ceases to be in Relevant Employment before the Partnership Shares Acquisition Date but after the deduction of Partnership Share Money he shall be treated as ceasing to be in Relevant Employment immediately after his Partnership Shares are Awarded to him.
- 14.1.2 Where there is an Accumulation Period and a Participant ceases to be in Relevant Employment during the Accumulation Period the Company shall, subject to first complying with Rule 32, pay over to that Participant as soon as reasonably practicable all Salary deductions that have been made under his Partnership Shares Agreement.
- 14.1.3 Where there is an Accumulation Period and a Participant ceases to be in Relevant Employment after the final deduction of Partnership Share Money and before the Partnership Shares Acquisition Date he shall be treated as ceasing to be in Relevant Employment immediately after his Partnership Shares are Awarded to him.

14.2 Trustee to be notified of cessation of Relevant Employment following the Partnership Shares Acquisition Date

If a Participant ceases to be in Relevant Employment following the Partnership Shares Acquisition Date then the Company shall within 14 days inform the Trustee of such cessation.

14.3 Transfer of Partnership Shares on cessation of Relevant Employment

Where the Trustee receives a notification under Rule 14.2 then as soon as reasonably practicable after the receipt of such notification and in any event within 30 days after the cessation of the Relevant Employment the Trustee shall transfer the Partnership Shares to the Participant or as directed by him in writing prior to the transfer provided always that the Trustee shall first comply with Rule 33.

PART III – MATCHING SHARES

15 NOTIFICATION OF MATCHING SHARES

15.1 Relationship to Partnership Shares

Where the Executive Compensation Committee have exercised their discretion under Rule 10.1 they may in their absolute discretion also determine that an Award of Matching Shares shall be made to those Eligible Employees who enter into a Partnership Shares Agreement.

15.2 Additional contents of Partnership Shares Agreement

Where the Executive Compensation Committee exercise their discretion under Rule 15.1 then in addition to the requirements set out in Rule 10.5 each Partnership Shares Agreement shall state:

- 15.2.1 the Matching Shares Appropriation Date (which shall be the same as the Partnership Shares Acquisition Date);
- 15.2.2 the ratio of Matching Shares to Partnership Shares for this Award of Partnership Shares which:
 - 15.2.2.1 shall not exceed a maximum of two Matching Shares for every Partnership Share acquired on behalf of the Participant; and
 - 15.2.2.2 shall be the same ratio for all Participants;
- 15.2.3 the circumstances and manner in which the ratio may be changed by the Company, and if the Company decides to alter the ratio of Matching Shares to Partnership Shares prior to the Partnership Share Acquisition Date they shall notify each Participant affected prior to the Partnership Shares Acquisition Date;
- 15.2.4 the Matching Shares Holding Period;
- 15.2.5 the Forfeiture Period applicable ;
- 15.2.6 that (as determined at the discretion of the Executive Compensation Committee) the provisions of either Rules 18.3 or 18.4 shall apply to the Award;
- 15.2.7 that the individual shall only be entitled to Matching Shares if he remains an Eligible Employee at the Matching Shares Appropriation Date; and
- 15.2.8 such additional information not inconsistent with the Rules and the Trust Deed as the Executive Compensation Committee may from time to time determine.

16 APPROPRIATION OF MATCHING SHARES

16.1 Provision of information by the Company to Trustee

At the same time as the Company notifies the Trustee pursuant to Rule 12.1 or 12.2 it shall additionally notify the Trustee of the number of Matching Shares to be Appropriated to each Participant.

16.2 Appropriation of Matching Shares

Subject to Rule 24.12 on the Matching Shares Appropriation Date the Trustee shall appropriate to each Participant the number of Matching Shares notified to it under Rule 16.1.

16.3 Notification of Appropriation to Participants

At the same time as making a notification pursuant to Rule 12.3 the Trustee shall notify each Participant to whom Matching Shares have been Appropriated of:

16.3.1 the number and description of the Matching Shares Appropriated to him;

16.3.2 the Matching Shares Appropriation Date;

16.3.3 their Initial Market Value; and

16.3.4 the Matching Shares Holding Period.

17 RESTRICTIONS ON DEALINGS IN, AND PERMITTED TRANSFERS OF MATCHING SHARES

The provisions of Rule 8 shall apply mutatis mutandis to Matching Shares during the Matching Shares Holding Period as they apply to Free Shares during the Free Shares Holding Period.

18 CESSATION OF RELEVANT EMPLOYMENT AND EARLY WITHDRAWAL OF PARTNERSHIP SHARES

18.1 Trustee to be notified of cessation of Relevant Employment

If a Participant ceases to be in Relevant Employment then the Company shall within 14 days inform the Trustee of such cessation and whether the provisions of Rule 18.3 or 18.4 apply.

18.2 Early withdrawal of Partnership Shares

Where the Trustee receives a notice under Rule 13.1 before the expiry of the applicable Forfeiture Period and it has been notified by the Company that this Rule 18.2 applies, the Trustee shall act in accordance with Rule 18.4.

18.3 Early transfer of Matching Shares

Where the Trustee has been notified by the Executive Compensation Committee that this Rule 18.3 applies then as soon as reasonably practicable after the receipt of such notification and in any event within 30 days after the cessation of the Relevant Employment the Trustee shall transfer the Matching Shares to the Participant or as directed by him in writing prior to the transfer provided always that the Trustee shall first comply with Rule 33.

18.4 Forfeiture of Matching Shares

Where the Trustee has been notified by the Executive Compensation Committee that this Rule 18.4 applies then subject to Rules 18.5 and 18.6 the Participant's beneficial entitlement to his Matching Shares shall lapse immediately on his ceasing to be in Relevant Employment before the end of the Forfeiture Period and he shall cease to have any rights to such Matching Shares.

18.5 Injury, disability, redundancy, retirement etc

Notwithstanding Rule 18.4 if a Participant ceases to be in Relevant Employment for a reason set out in Rule 9.4, the Trustee shall act in accordance with Rule 18.3.

18.6 Death

If a Participant ceases to be in Relevant Employment by reason of his death, the Trustee shall act in accordance with Rule 24.5.

PART IV – DIVIDEND SHARES

19 **PROVISION OF DIVIDEND SHARES**

19.1 **Relationship to Plan Shares**

The Executive Compensation Committee may in their absolute discretion direct that:

19.1.1 all cash dividends paid in respect of Plan Shares held on behalf of Participants must be used to acquire further shares on their behalf; or

19.1.2 all cash dividends paid in respect of Plan Shares held on behalf of Participants may at the election of Participants be used to acquire further shares on their behalf referred to as Dividend Shares.

19.2 **Direction revocable**

The Executive Compensation Committee may at any time revoke any direction made pursuant to Rule 19.1.

19.3 **Dividend not invested in Dividend Shares**

Where dividends paid in respect of Plan Shares are not required to be reinvested in Dividend Shares they must be paid over to Participants as soon as practicable.

19.4 **Timing of acquisition of Dividend Shares**

The Trustee must use any dividends to be used to acquire Dividend Shares on behalf of Participants within 30 days of the date when they receive such dividend.

19.5 **Participants to be treated equally**

In exercising its powers in relation to the acquisition of Dividend Shares the Trustee shall treat all Participants fairly and equally.

20 **AMOUNT AND TYPE OF DIVIDEND SHARES**

20.1 **Type of Shares to be used as Dividend Shares**

Dividend Shares shall be of the same class, and carry the same rights as the Participant's Plan Shares in respect of which the relevant dividends were paid and must not be subject to any provision for forfeiture.

20.2 Calculation of number of Dividend Shares

- 20.2.1 Subject to Rule 20.2.3, the number of Shares to be acquired as Dividend Shares on behalf of each Participant on each occasion shall be calculated by taking the aggregate amount of the cash dividends paid on the Participant's Plan Shares and dividing this amount by the Market Value of the Shares on the Dividend Shares Acquisition Date.
- 20.2.2 The basis for the calculation carried out under this Rule 20.2 shall be the same for all Participants who are to receive Dividend Shares on that occasion.
- 20.2.3 The maximum amount of Dividend Shares acquired pursuant to the Plan or any other share incentive plans established by the Company or a Connected Company and approved by the Inland Revenue under Schedule 2 may not exceed the Relevant Amount.

21 NOTIFICATION OF ACQUISITION OF DIVIDEND SHARES

- 21.1 As soon as practicable after the Dividend Shares Acquisition Date, the Trustee shall notify each Participant for whom Dividend Shares have been acquired of:
 - 21.1.1 the Dividend Shares Acquisition Date;
 - 21.1.2 the number and description of Dividend Shares acquired on his behalf;
 - 21.1.3 their Initial Market Value;
 - 21.1.4 the Dividend Shares Holding Period; and
 - 21.1.5 the amount, if any, of any dividend carried forward.

22 RESTRICTIONS ON DEALINGS IN AND PERMITTED TRANSFERS OF DIVIDEND SHARES

The provisions of Rule 8 shall apply mutatis mutandis to Dividend Shares during the Dividend Shares Holding Period as they apply to Free Shares during the Free Shares Holding Period.

23 **CESSATION OF RELEVANT EMPLOYMENT**

23.1 **Trustee to be notified of cessation of Relevant Employment**

If a Participant ceases to be in Relevant Employment then the Company shall within 14 days inform the Trustee of such cessation.

23.2 **Early transfer of Dividend Shares (except on death)**

When the Trustee receives a notification under Rule 23.1 (other than on death), and in any event within 30 days after the cessation of the Relevant Employment, the Trustee shall transfer the Dividend Shares to the Participant, or as the Participant has directed the Trustee in writing, received prior to the transfer.

23.3 **Early Transfer of Dividend Shares (on death)**

If a Participant ceases to be in Relevant Employment by reason of his death then the Trustee shall act in accordance with Rule 24.5.

PART V – GENERAL REQUIREMENTS

24 REQUIREMENTS GENERALLY APPLICABLE TO PLAN SHARES

24.1 **Participants may elect not to participate**

Notwithstanding any other Rule, a Participant may direct that Shares are not to be Appropriated to him or acquired on his behalf, by giving written notice to the Company before the relevant Appropriation date or acquisition date.

24.2 **Individuals eligible for Appropriation**

No Appropriation or acquisition shall be made to or on behalf of an individual who has ceased to be an Eligible Employee.

24.3 **Shares not Appropriated or forfeited**

Shares which are not Appropriated nor acquired on behalf of the Participant or Free Shares or Matching Shares which have been forfeited under the Rules shall be retained by the Trustee for use under the Plan on future occasions.

24.4 **Shares ceasing to qualify**

If shares which are held by the Trustee for the purposes of the Plan cease to be Shares, they shall not be used for the purposes of the Plan.

24.5 **Death of Participant**

24.5.1 Following the death of a Participant, the Trustee shall, as soon as practicable, transfer the Participant's Plan Shares to or to the order of his legal personal representatives.

24.5.2 All references in the Plan to a Participant shall, where the context requires, be references to the legal personal representative of the Participant.

24.6 **Funds to be provided by Participating Companies**

24.6.1 The Trustee shall acquire by subscription or purchase using monies paid to it by each relevant Participating Company as soon as practicable after receiving such monies, the number of Shares to be Appropriated to that Participating Company's Participants as Free Shares or Matching Shares; and

24.6.2 the Trustee shall, if so directed by the Executive Compensation Committee, acquire by subscription or purchase Shares at any time using monies paid to it by Participating

Companies for future Appropriations of Shares to, or acquisitions of Shares on behalf of, Eligible Employees.

24.7 Shares purchased off market by the Trustee

Where the Trustee proposes to purchase Shares otherwise than through the New York Stock Exchange, the Trustee shall not purchase the Shares for a price in excess of that for which, in the opinion of the Company's brokers, it could purchase those Shares through the New York Stock Exchange.

24.8 Subscription price

Where Shares are subscribed for by the Trustee then the subscription price for each Share shall be determined by the Executive Compensation Committee but shall not be less than the higher of:

24.8.1 the Market Value of a Share on the day on which the Shares are allotted to the Trustee; and

24.8.2 the nominal value of a Share.

24.9 Rights attaching to subscribed Shares

Shares acquired by the Trustee by subscription shall, as to voting, dividend, transfer and other rights, including those arising on a liquidation of the Company, rank equally in all respects and as one class with other issued shares of the same class at the date of subscription save as regards any rights attaching to such Shares by reference to a record date prior to the date of such subscription.

24.10 Shares with different rights

If the Shares to be Appropriated to, or acquired on behalf of each Participant, do not carry the same rights as to dividends or otherwise, the shares appropriated to or acquired on behalf of each Participant shall (as nearly as possible) contain the same proportions of Shares with different rights.

24.11 Foreign Dividends

Where any foreign cash dividend is received in respect of Plan Shares held on behalf of a Participant, the Trustee shall give him notice of the amount of any foreign tax deducted from the dividend before it was paid.

24.12 Timing of contributions to Trustee

Monies to be paid by the Participating Companies to the Trustee for the purchase or subscription of Shares in respect of an Appropriation shall be paid not later than two dealing days immediately prior to such relevant Appropriation date.

25 LIMIT ON NUMBER OF SHARES AVAILABLE UNDER THE PLAN

25.1 General

The number of Shares which are to be available under the Plan shall be limited as set out in this Rule 25.

25.2 Limits

The number of shares in Gannett Co., Inc. that may be issued, and shall be reserved for issuance pursuant to rights granted under the Plan is up to 1,000,000 shares of Gannett Co., Inc., which may be authorised and unissued or treasury shares. The number of shares of stock of Gannett Co., Inc. subject to the Plan may be adjusted by the Executive Compensation Committee for stock splits, consolidation and the like.

25.3 Computation

For the purpose of the limit contained in Rule 25.2:

25.3.1 no account shall be taken of shares which are not new issue shares;

25.3.2 there shall be disregarded any shares subject to rights which have lapsed, been renounced or otherwise become incapable of being exercised; and

25.3.3 any shares issued on the exercise or vesting of rights shall be taken into account once only (when the rights are granted) and shall not fall out of account when the rights are exercised.]

26 LIMIT ON FUNDING OF PLAN

The maximum amount of funds which may be made available under the Plan in respect of any Accounting Period shall be determined by the Executive Compensation Committee taking into account any factors which the Executive Compensation Committee consider relevant.

27 PERMITTED DEALINGS IN PLAN SHARES

27.1 A Participant shall be entitled at any time to direct the Trustee:

27.1.1 to accept an offer for any of his Plan Shares if the acceptance will result in a new holding being equated with the original shares for the purposes of capital gains tax; or

- 27.1.2 to accept an offer of a Qualifying Corporate Bond, whether alone or with cash or other assets or both, for his Plan Shares if the offer forms part of a general offer as referred in Rule 27.1.3; or
- 27.1.3 to accept an offer of cash, with or without other assets, for his Plan Shares if the offer forms part of a general offer which is made to holders of shares of the same class as his Plan Shares or of shares in Gannett Co., Inc. and which is made in the first instance on a condition such that if it is satisfied the person making the offer will have control of Gannett Co., Inc. within the meaning of section 416 of ICTA 1988; or
- 27.1.4 to agree a transaction affecting his Plan Shares, or such of them as are of a particular class, if the transaction would be entered into pursuant to a compromise, arrangement or scheme applicable to or affecting:
- 27.1.4.1 all the ordinary share capital of Gannett Co., Inc. or, as the case may be, all the shares of the class in question; or
 - 27.1.4.2 all the shares, or all the shares of the class in question, which are held by a class of shareholder identified otherwise than by reference to their employment or their participation in the Plan or any other approved share incentive plan.

28 RECEIPTS BY THE TRUSTEE

Subject to Rule 32, the Trustee shall pay or transfer to a Participant any money or money's worth it receives in respect of, or by reference to, the Participant's Plan Shares unless it is a Capital Receipt which forms part of a new holding referred to in Rule 30, provided that the Trustee shall not distribute any Capital Receipt to a Participant if the amount payable to that Participant would be less than £3.

29 EXERCISE OF VOTING RIGHTS ATTACHING TO PLAN SHARES

29.1 Trustee to notify Participants of resolutions

While Plan Shares are registered in the name of the Trustee, the Trustee may, in respect of any matter upon which, at a general meeting of Gannett Co., Inc. or at a meeting of the holders of any class of shares of that company, it is entitled to exercise any voting rights attaching to those Plan Shares, invite the Participants on whose behalf those Plan Shares are held to direct it as to such exercise. The Trustee shall not be entitled in respect of Plan Shares held on behalf of Participants to vote on a show of hands unless all directions received from Participants who have given directions in respect of the particular resolution are identical. The Trustee shall not in any circumstances be under an obligation to call for a poll. If there is a poll, the Trustee shall vote only in accordance with the directions of Participants who have given directions and shall not vote in respect of Plan Shares where no directions have been received.

29.2 Notification of Participants' directions to Trustee to be in writing

Any direction given by a Participant to the Trustee pursuant to Rule 29.1 shall be in writing under the hand of the Participant and shall not be binding upon the Trustee unless it has been deposited at the registered office of the Company not less than 96 hours before the time for the holding of the meeting.

30 COMPANY RECONSTRUCTIONS

30.1 New holdings of Shares

Subject to Rule 30.2, where there occurs in relation to a Participant's Plan Shares a company reconstruction which results in a new holding, or would result in a new holding were it not for the fact that the new holding consists of or includes a Qualifying Corporate Bond:

- 30.1.1 the company reconstruction shall be treated as not involving a disposal of the Plan Shares comprised in the original holding;
- 30.1.2 references in the Rules to a Participant's Plan Shares shall be construed, after the date of the company reconstruction, as being references to the shares comprised in the new holding;
- 30.1.3 such new holding shall be deemed to have been Appropriated to or acquired on behalf of the Participant on the date the original holding was Appropriated to or acquired by him and shall be held by the Trustee on the same terms.

30.2 Meaning of "new holding"

For the purpose of Rule 30.1:

- 30.2.1 in the context of a new holding, any reference in this Rule 30 to shares includes a reference to securities and rights of any description which form part of the new holding for the purpose of Chapter II of Part IV to Taxation of Chargeable Gains Act 1992; and
- 30.2.2 an issue of shares of any of the following descriptions (in respect of which a charge to income tax arises) made as part of a company reconstruction shall not be treated as forming part of a new holding:
 - 30.2.2.1 redeemable shares or securities issued as mentioned in section 209(2)(c) ICTA 1988;
 - 30.2.2.2 share capital issued in circumstances such that section 210(1) ICTA 1988 applies;

30.2.2.3 share capital to which section 249 ICTA 1988 applies.

31 **RIGHTS ISSUES**

31.1 **Application of rule**

This Rule 31 applies to rights attaching to a Participant's Plan Shares to be allotted, on payment, other shares, securities or rights of any description (together referred to as "Rights").

31.2 **Trustee to provide information to Participants**

The Trustee shall, inform each Participant of any Rights arising in respect of Plan Shares and shall either send the Participant a copy of the document relating to the Rights or sufficient details to enable the Participant to act in accordance with Rule 31.3.

31.3 **Participants to give written directions to Trustee**

The Trustee shall deal with the Rights only pursuant to a written direction given by, or on behalf of, the Participant or any person in whom the beneficial interest in the Plan Shares is for the time being vested. Such written direction must be received by the Trustee before the expiry of four days before the closing date for acceptance of the Rights offer or within such other time limit set at the absolute discretion of the Trustee, and may direct the Trustee:

31.3.1 to take up all or part of the Rights provided that such instruction is accompanied by payment in cash of the amount necessary to exercise such rights; or

31.3.2 to sell all of the Rights; or

31.3.3 to sell such part of the Rights as enables the Trustee to use the proceeds of sale to exercise entitlement to the remaining Rights of the Participant.

31.4 **Cash amounts arising to be dealt with by Trustee**

Any cash arising from the disposal of the Rights (except insofar as it is used to exercise such Rights in accordance with Rule 31.3.3) shall be dealt with by the Trustee in accordance with Rule 28.

31.5 **Failure by Participant to give any direction**

If a Participant fails to give any direction under Rule 31.3, or has not otherwise authorised the Trustee, or fails to pay any appropriate amount of cash, then the Trustee shall take no action in respect of the Rights associated with that Participant's Plan Shares.

32 **DUTY TO ACCOUNT FOR PAYE ON CASH AMOUNTS**

32.1 **Trustee to make payments**

The Trustee shall withhold from:

- 32.1.1 a Capital Receipt ;
- 32.1.2 any monies returned to individuals under Rules 10, 11 and 12; and
- 32.1.3 the proceeds of a disposal of Plan Shares by the Trustee in accordance with a direction from a Participant (except in so far as the proceeds are used to take up Rights in accordance with Rule 31.3.3)

an amount equal to any income tax and employee's national insurance contributions chargeable on such sum.

32.2 **Trustee to deal with PAYE deductions**

- 32.2.1 The Trustee shall if it is responsible for operating PAYE and deducting national insurance contributions in relation to such sum as is referred to in Rule 32.1, retain it, or if it is not so responsible pay such sum to one or more Participating Companies in proportion to their respective obligations to operate PAYE in relation to such sum.
- 32.2.2 If there is no Participating Company for the purposes of Rule 32.2.1 the Trustee shall deduct income tax at the basic rate for the time being in force and employees' national insurance contributions as if the Participant were a former employee of the Trustee.

33 **DUTY TO ACCOUNT FOR PAYE ON TRANSFERS OF ASSETS**

33.1 **Trustee to make PAYE deductions**

Where under any Rule the Trustee is to transfer to a Participant:

- 33.1.1 Free Shares prior to the fifth anniversary of the Free Shares Appropriation Date;
- 33.1.2 Partnership Shares prior to the fifth anniversary of the Partnership Shares Appropriation Date; or
- 33.1.3 Matching Shares prior to the fifth anniversary of the Matching Shares Appropriation Date

the Trustee shall unless otherwise provided with funds from the Participant to meet any liability for income tax and/or employee's national insurance contributions, dispose of a sufficient number of the Participant's Plan Shares (for the best consideration in money that can reasonably be

obtained at the time of sale), the proceeds of which shall (as far as possible) be equal to any income tax and/or employees' national insurance contributions chargeable on the Plan Shares to be transferred and for which the Trustee or a Participating Company is required to make a PAYE deduction.

33.2 Trustee to deal with PAYE deductions

The Trustee and/or a Participating Company shall account to the Board of Inland Revenue for any income tax and/or employees' national insurance contributions referred to in Rule 33.1 and shall pay over to the Participant the difference (if any) between the proceeds from the disposal of his Plan Shares under Rule 33.1 and the amount due.

34 APPORTIONMENT OF CAPITAL RECEIPTS

34.1 Treatment of Capital Receipts

If the Trustee receives any Capital Receipt in respect of, or by reference to, any Plan Shares held on behalf of more than one Participant, then, if and to the extent that such Capital Receipt cannot be precisely divided between such Participants in the appropriate proportions:

34.1.1 to the extent that it is money's worth, the Trustee shall sell it for the best possible consideration in money that can reasonably be obtained and shall divide the proceeds of sale (after deducting any expenses of sale and any taxation which may be payable by the Trustee) among the Participants in question; and

34.1.2 to the extent that it is money the Trustee's obligations under this Rule 34 shall be deemed to be discharged if the Trustee pays to each Participant the appropriate amount, rounded down to the nearest penny.

34.2 Trustee to inform Participants

The Trustee shall inform each Participant in respect of whose Plan Shares the Capital Receipt was received of the treatment thereof for income tax purposes.

35 TERMINATION OF PLAN

35.1 Company may terminate Plan

The Company (with approval by the Executive Compensation Committee) may at any time decide to terminate the Plan and if it does so must issue a plan termination notice in accordance with paragraph 89(1) of Schedule 2 copies of which shall be given without delay to:

35.1.1 the Inland Revenue;

35.1.2 the Trustee; and

35.1.3 each Participant.

35.2 Consequences of termination of Plan

If the Company issues a plan termination notice in accordance with Rule 35.1:

35.2.1 no further Awards may be made under the Plan;

35.2.2 the Trustees shall remove any Plan Shares from the Plan in accordance with paragraph 90 of Schedule 2; and

35.2.3 any Partnership Share Money held on behalf of a Participant must be paid to him as soon as practicable thereafter.

35.3 Inland Revenue withdrawal of Plan approval

If Inland Revenue approval of the Plan is withdrawn any Partnership Share Money held on behalf of an Participant must be paid to him as soon as practicable thereafter.

36 SHARES FROM QUALIFYING SHARE OWNERSHIP TRUSTS

Where Shares are transferred to the Trustee in accordance with paragraph 78 of Schedule 2, they shall award such Shares only as Free and Matching Shares, and in priority to other available Shares.

37 NOTICES

37.1 Notice by Company, a Participating Company or the Trustee

Any notice, document or other communication given by, or on behalf of the Company, a Participating Company or the Trustee to any person in connection with the Plan shall be deemed to have been duly given if delivered to him at his place of work, if he is employed by a Participating Company, or sent through the post in a pre paid envelope to the address last known to the Company to be his address and, if so sent, shall be deemed to have been duly given on the date of posting.

37.2 Deceased Participant

Any notice, document or other communication given to a Participant shall be deemed to have been duly given notwithstanding that such person is then deceased (and whether or not the Company or Trustee has notice of his death) except where his personal representatives have established their title to the satisfaction of the Company or Trustee as appropriate and supplied to

the Company and the Trustee an address to which notices, documents and other communications are to be sent.

37.3 Notice to Company or Trustee

Any notice, document or other communication given to the Company, a Participating Company or the Trustee in connection with the Plan shall be delivered or sent through the post to the Company secretary at the Company's registered office or such other address as may from time to time be notified to Eligible Employees or Participants but shall not in any event be deemed to be duly given unless it is actually received at such address.

37.4 Trustee to distribute Company documentation

If the Trustee receives any annual or interim report, notice of meeting, circular, letter of offer or other documentation (excepting a dividend warrant or a document of title to shares, securities or rights) relating to any Plan Shares, the Trustee may, as soon as reasonably practicable, send, or procure the sending of, a copy of such document to each Participant on behalf of whom such Plan Shares are held.

37.5 Notification of liability to income tax

Where a Participant has become liable to income tax in relation to the Plan under any relevant provision of ICTA 1988 or ITEPA 2003 the Trustee shall inform the Participant of any fact material to determining that liability as soon as reasonably practicable.

38 PROTECTION OF THE TRUSTEE

Any sale by the Trustee of shares, securities or rights which is effected through a member of the London Stock Exchange acting in the ordinary course of his business shall be presumed to have been made for the best consideration that could reasonably be obtained at the time of the sale.

39 APPLICATION FOR LISTING OR ADMISSION TO TRADING OF PLAN SHARES

While Shares are listed on the New York Stock Exchange Gannett Co., Inc. shall, at its expense, make application for, and use its reasonable endeavours to obtain listing on the New York Stock Exchange for Plan Shares.

40 RELATIONSHIP OF PLAN TO CONTRACT OF EMPLOYMENT

40.1 Notwithstanding any other provision of this Plan:

- 40.1.1 the Plan or benefits available under the Plan shall not form part of any contract of employment between any Participating Company and an Eligible Employee;
- 40.1.2 unless expressly so provided in his contract of employment, an Eligible Employee has no right to an Appropriation;
- 40.1.3 the benefit to an Eligible Employee of participation in the Plan shall not form any part of his remuneration or count as his remuneration for any purpose and shall not be pensionable; and
- 40.1.4 if an Eligible Employee ceases to have a Relevant Employment, he shall not be entitled to compensation for the loss of any right or benefit or prospective right or benefit under the Plan whether by way of damages for unfair dismissal, wrongful dismissal, breach of contract or otherwise.

41 ALTERATIONS

No modification, alteration, or amendment to these Rules shall be made except in accordance with clause 22 of the Trust Deed.

SCHEDULE 2
LIST OF PARTICIPATING COMPANIES

| Name | Registered Office | Company Number |
|--|---|-----------------------|
| Newsquest Media (Southern) Limited, formerly Newsquest Media (Southern) plc | 58 Church Street, Weybridge, Surrey KT13 8DP | 1350 |
| Newsquest (London) Limited | 58 Church Street, Weybridge, Surrey KT13 8DP | 3105111 |
| Newsquest (Essex) Limited | 58 Church Street, Weybridge, Surrey KT13 8DP | 3102787 |
| Newsquest (Midlands South) Limited | 58 Church Street, Weybridge, Surrey KT13 8DP | 3104052 |
| Newsquest (Lancashire) Limited | 58 Church Street, Weybridge, Surrey KT13 8DP | 3102566 |
| Newsquest (Oxfordshire & Wiltshire) Limited, formerly Newsquest (Oxfordshire) Limited | 58 Church Street, Weybridge, Surrey KT13 8DP | 3223511 |
| Newsquest (Bradford) Limited | 58 Church Street, Weybridge, Surrey KT13 8DP | 3223515 |
| Newsquest (North East) Limited | 58 Church Street, Weybridge, Surrey KT13 8DP | 3223496 |
| Newsquest (Sussex) Limited | 58 Church Street, Weybridge, Surrey KT13 8DP | 3223499 |
| Newsquest (Kendal) | 58 Church Street, Weybridge, Surrey KT13 8DP | 3223761 |
| Newsquest (Wiltshire) Limited | 58 Church Street, Weybridge, Surrey KT13 8DP | 3223507 |
| Newsquest (York) Limited | 58 Church Street, Weybridge, Surrey KT13 8DP | 3223271 |
| Newsquest (Cheshire/Merseyside) Limited | 58 Church Street, Weybridge, Surrey KT13 8DP | 3103884 |
| Newsquest Media Group Limited | 58 Church Street, Weybridge, Surrey KT13 8DP | 1676637 |
| Newsquest (Leeds) Limited, formerly Newsquest Printing (Worcester) Limited | 58 Church Street, Weybridge, Surrey KT13 8DP | 3104055 |
| Newsquest Printing (Lancashire) Limited, formerly Newsquest Printing (Lostock) Limited | 58 Church Street, Weybridge, Surrey KT13 8DP | 3104061 |
| Newsquest Printing (Colchester) Limited | 58 Church Street, Weybridge, Surrey KT13 8DP | 3104066 |
| Southern Binders Limited | 58 Church Street, Weybridge, Surrey KT13 8DP | 01334245 |

| | | |
|--|---|----------|
| Southernprint Limited, formerly Southernprint (Web Offset) Limited | 58 Church Street, Weybridge, Surrey KT13 8DP | 01085192 |
| Southernprint (Web Offset) Limited, formerly Southernprint Limited | 58 Church Street, Weybridge, Surrey KT13 8DP | 894964 |
| Newsquest Financial Media Limited, formerly Southern Magazines Limited | 58 Church Street, Weybridge, Surrey KT13 8DP | 2231405 |

CALCULATION OF EARNINGS PER SHARE
Gannett Co., Inc. and Subsidiaries
Unaudited, in thousands of dollars (except per share amounts)

| | Thirteen weeks ended | |
|---|------------------------|---------------|
| | June 27, 2004 | June 29, 2003 |
| <i>Basic earnings:</i> | | |
| Net income | \$354,432 | \$324,307 |
| Weighted average number of common shares outstanding | 270,227 | 268,847 |
| Earnings per share — basic | \$ 1.31 | \$ 1.21 |
| <i>Diluted earnings:</i> | | |
| Net income | \$354,432 | \$324,307 |
| Weighted average number of common shares outstanding | 270,227 | 268,847 |
| Dilutive effect of outstanding stock options and stock incentive rights | 3,314 | 2,434 |
| Weighted average number of shares outstanding, as adjusted | 273,541 | 271,281 |
| Earnings per share — diluted | \$ 1.30 | \$ 1.20 |
| | Twenty-six weeks ended | |
| | June 27, 2004 | June 29, 2003 |
| <i>Basic earnings:</i> | | |
| Net income | \$628,840 | \$574,143 |
| Weighted average number of common shares outstanding | 271,274 | 268,513 |
| Earnings per share — basic | \$ 2.32 | \$ 2.14 |
| <i>Diluted earnings:</i> | | |
| Net income | \$628,840 | \$574,143 |
| Weighted average number of common shares outstanding | 271,274 | 268,513 |
| Dilutive effect of outstanding stock options and stock incentive rights | 3,158 | 2,069 |
| Weighted average number of shares outstanding, as adjusted | 274,432 | 270,582 |
| Earnings per share — diluted | \$ 2.29 | \$ 2.12 |

CERTIFICATIONS

I, Douglas H. McCorkindale, 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)) 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) 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
 - c) 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 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 registrant's board of directors:
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2004

/s/ Douglas H. McCorkindale

Douglas H. McCorkindale
Chairman, President and
Chief Executive Officer

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)) 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) 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
 - a) 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 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 registrant's board of directors:
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2004

/s/ Gracia C. Martore

Gracia C. Martore
Senior Vice President and
Chief Financial Officer

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

In connection with the Quarterly Report of Gannett Co., Inc. ("Gannett") on Form 10-Q for the quarter ended June 27, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Douglas H. McCorkindale, chairman, president and chief executive officer of Gannett, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/Douglas H. McCorkindale

Douglas H. McCorkindale
Chairman, President and
Chief Executive Officer

August 4, 2004

**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 June 27, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gracia C. Martore, senior vice president and chief financial officer of Gannett, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/Gracia C. Martore
Gracia C. Martore
Senior Vice President and
Chief Financial Officer

August 4, 2004