1999 ANNUAL REPORT

GANNETT CO., INC.

ONE

SMART

COOKIE

FINANCIAL SUMMARY • 1999 AT A GLANCE

In thousands, except per share amounts

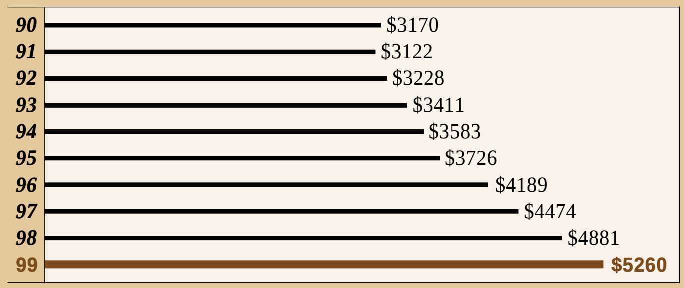
	1999	1998	Change
Operating revenues	**$5,260,190**	$4,880,691	7.8%
Operating income	**1,563,101**	1,385,814	12.8%
Income from continuing operations before non-recurring gains (1)	**886,607**	782,818	13.3%
Net non-operating gains	**32,780**	183,607	—
Income from continuing operations	**919,387**	966,425	(4.9%)
Earnings from discontinued operations, net	**38,541**	33,488	15.1%
Net income	**957,928**	999,913	(4.2%)
Income per share from continuing operations before non-recurring gains – diluted (1)	**3.15**	2.74	14.9%
Income per share from net non-operating gains – diluted	**0.11**	0.64	—
Income per share from continuing operations – diluted	**3.26**	3.38	(3.5%)
Income per share from discontinued operations – diluted	**0.14**	0.12	16.8%
Net income per share – diluted	**3.40**	3.50	(2.8%)
Operating cash flow (2)	**1,843,192**	1,639,277	12.4%

Working capital	**$ 191,444**	$ 178,418	7.3%
Long-term debt	**2,463,250**	1,306,859	88.5%
Total assets	**9,006,446**	6,979,480	29.0%
Capital expenditures (3)	**239,438**	220,449	8.6%
Shareholders' equity	**4,629,646**	3,979,824	16.3%
Dividends per share	**.82**	.78	5.1%
Average common shares outstanding – diluted	**281,608**	285,711	(1.4%)

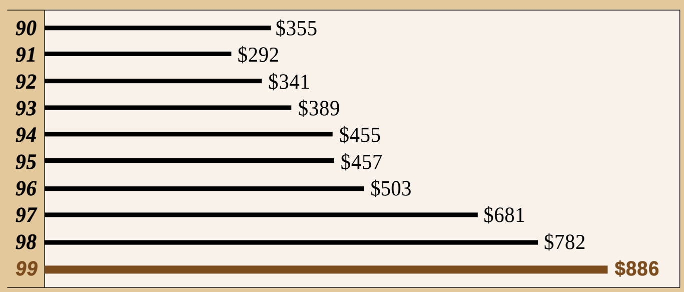
(1) Excluding a 1999 net non-operating gain principally from the exchange of KVUE-TV in Austin, Texas, for KXTV-TV in Sacramento, Calif., totaling $55 million pre-tax and $33 million after tax ($.11 per share-basic and diluted) and a 1998 net non-operating gain principally from the disposition of several businesses, including radio and alarm security, totaling $307 million pre-tax and $184 million after tax ($.65 per share–basic and $.64 per share–diluted).

(2) Represents operating income plus depreciation and amortization of intangible assets.

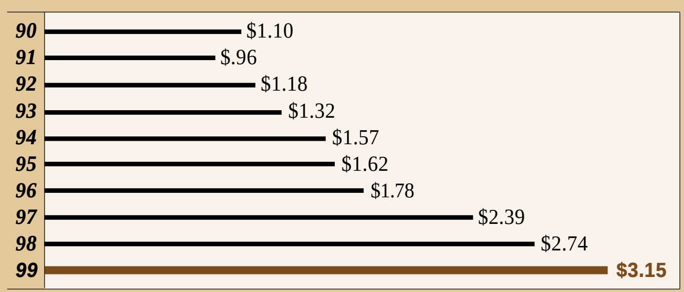
(3) Excluding capitalized interest and discontinued operations.



Operating revenues in millions



Income from continuing operations before net non-operating gains, in millions



Income per share (diluted) from continuing operations before net non-operating gains

COMPANY PROFILE: Gannett Co., Inc. is a diversified news and information company that publishes newspapers, operates broadcasting stations and is engaged in marketing, commercial printing, a newswire service, data services and news programming. Gannett is an international company with headquarters in Arlington, Va., and operations in 45 states, the District of Columbia, Guam, England, Germany and Hong Kong.

Gannett is the USA's largest newspaper group in terms of circulation. The company's 74 U.S. daily newspapers have a combined daily paid circulation of 6.6 million. They include USA TODAY, the nation's largest-selling daily newspaper, with a circulation of approximately 2.3 million. In addition, Gannett owns a variety of non-daily publications, and USA WEEKEND, a weekly newspaper magazine.

Newsquest plc, a wholly owned Gannett subsidiary acquired in mid-1999, is one of the largest regional newspaper publishers in England with a portfolio of 180 titles. Its publications include 11 daily newspapers with a combined circulation of approximately 450,000. Newsquest also publishes a variety of non-daily publications, including Berrow's Worcester Journal, the oldest continuously published newspaper in the world.

The company owns and operates 21 television stations covering 17.4 percent of the USA.

Gannett was founded by Frank E. Gannett and associates in 1906 and incorporated in 1923. The company went public in 1967. Its more than 278 million shares of common stock are held by approximately 14,000 shareholders of record in all 50 states and several foreign countries. The company has approximately 45,800 employees.

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Gannett ended the second millennium with a great performance: 1999 was our eighth consecutive year of record revenues and profits.

Our newspapers led the way, helped by the longest economic expansion in history. Gannett's revenues increased 8 percent to almost $5.3 billion and earnings advanced 13 percent to approximately $886 million. Our operating cash flow increased 12 percent to $1.84 billion, another record level. Behind the success was strong advertising demand at all the papers, a smart acquisition overseas and lower newsprint prices. And USA TODAY had record operating results. Not included is a one-time gain from the exchange of our ABC affiliate in the smaller Austin, Texas, market for the ABC affiliate in Sacramento, Calif., the number 20 television market, and cash.

Also excluded are the contributions of the Cable Division, which was sold on Jan. 31, 2000 to Cox

LETTER TO SHAREHOLDERS

Gannett Chairman and CEO John J. Curley (left) and Vice Chairman and President Douglas H. McCorkindale

Communications for approximately $2.7 billion in cash or about $5,200 per subscriber, the upper end of the price range for cable.

Cable was part of the Multimedia acquisition, a deal that exceeded our expectations over the years. We paid $2.3 billion for all of Multimedia in 1995 and, since then, sold the entertainment, security and cable divisions plus a few small properties for a total of $3 billion. We still own all of the significant newspapers and television stations that were part of the deal – and Multimedia added to our earnings in every quarter we owned it.

Gannett's strategic focus continues to be on using our substantial cash flow to create and expand quality products and to make acquisitions in the news, information and related fields. In 1999, we made a number of smart investments consistent with those goals.

"Our newspapers were record earners in 1999, benefiting from strong advertising demand – particularly in classified and national – and newsprint expenses that declined 6 percent for the year."

In July, we completed the acquisition of Newsquest plc, one of the largest regional newspaper publishers in England. At about $1.7 billion, the deal was Gannett's most significant overseas transaction ever. In Newsquest, under the leadership of Jim Brown, we found a group of high-quality properties, managed by superb people who share our culture of innovation and financial discipline.

Newsquest's focus, like ours, is on providing local news and information through valued, trusted products that satisfy the needs of their communities. Newsquest also was the first regional newspaper group to launch a Web site in the United Kingdom. It has expanded its Internet efforts through a number of individual and industrywide initiatives and is well-positioned to capitalize on these opportunities. Because of the company's good operating performance, and lower-than-anticipated interest rates, Newsquest added to earnings in 1999. We believe it's very unusual for an acquisition of this size to enhance earnings so quickly.

In November, we reached an agreement to purchase a small television station, WJXX in Jacksonville, Fla., where we already own the NBC affiliate, WTLV. A loosening of several broadcast ownership regulations by the Federal Communications Commission, including new duopoly rules, makes it possible for us to acquire that second station. But the cross-ownership rule, left unchanged by the FCC, still bars Gannett from owning newspapers and broadcast properties in the same market. While some members of Congress seem willing to level the playing field, the FCC isn't budging.

The business of the Internet was the business of Gannett in 1999. The number of our domestic newspaper Web sites grew to 60 over the year and we more than doubled the products we offer online to 480-plus. These products include news sites, rich classified verticals, community-oriented sites and numerous specialty sites based on the unique characteristics of the individual markets. In 2000, we intend to add more products and launch the remainder of the small-market newspaper sites.

The Internet is a challenge and an exciting opportunity for our community newspapers to extend their brand, generate revenue and, ultimately, profits. Our newspapers will continue to use the Internet to leverage those important local brands, and enhance the strong relationships we already enjoy with our readers and advertisers in the communities we serve. And our Web sites are attracting visitors who are not readers and are generating subscriptions for our print products.

As the most visited general news site on the Web, USATODAY.com solidified its position in 1999 as an Internet leader. Over the year, content was enhanced and multimedia coverage was added. Advertising revenue and e-commerce sponsorships exploded in 1999 and USATODAY.com made a profit for the entire year – almost unheard of in the dot.com world.

Our broadcast group launched new media activities through Web sites in 13 of our television markets in 1999.

GANNETT'S BASIC GAME PLAN

BUSINESS DEFINITION

Gannett is an international $5.3 billion news, information and communications company.

We operate with the belief that improving products and sound management will lead to higher profits for our shareholders.

The underlying theme in our ads is: "A world of different voices where freedom speaks."

Our assets include:

- **USA TODAY;**
- **Daily and weekly community newspapers and specialty publications;**
- **Television stations in many Top 25 and growth markets;**
- **Online news, information and advertising.**

STRATEGIC VISION

- **Create and expand quality products through innovation;**
- **Make acquisitions in news, information and communications and related fields that make strategic and economic sense.**

OPERATING PRINCIPLES

- **Provide effective leadership and efficient management;**
- **Achieve a positive return on new and acquired products and properties in a reasonable period of time, while recognizing those with high growth potential may take more time;**
- **Increase profitability and increase return on equity and investment over the long term;**
- **Enhance the quality and editorial integrity of our products, recognizing that quality products ultimately lead to higher profits;**
- **Guarantee respect for and fairness in dealing with employees;**
- **Offer a diverse environment where opportunity is based on merit;**
- **Show commitment and service to communities where we do business;**
- **Deliver customer satisfaction;**
- **Dispose of assets that have limited or no potential or where an offer has been made that the Board of Directors believes is in the best interest of the shareholders;**
- **In all activities, we show respect for the First Amendment and our responsibility to it.**

Each of our major stations has made significant progress in creating a new business around its Web activities and we plan to have Web sites in all our TV markets in 2000.

Overall, Gannett generated about $40 million in revenue in 1999 from Internet activities, with a minimal loss.

Gannett stock became one of our smart investments in 1999. In late August, we activated our share repurchase program and bought almost 2.4 million shares at a total cost of about $163 million for the year. Early in 2000, we believed that our stock price did not reflect the underlying value and strength of our businesses and decided to repurchase additional stock. Subsequently, the Board approved another $500 million authorization. On February 23, having used a substantial portion of that authorization, the Board approved an additional $500 million for purchases of Gannett stock.

Even while taking advantage of international expansion opportunities, Gannett's sights in 1999 remained focused on credibility and dedicated to local news and our communities.

The Newspaper Division published the Principles of Ethical Conduct for Newsrooms, continuing Gannett's leadership role in demanding proper press conduct and high ethical standards in news gathering. While the world of news and information explodes, our goal is to stay ahead of the pack while building credibility with readers.

The strategy made for good journalism and good business.

Readership was up in 1999, proving value should be measured by the number of people who read a newspaper, not solely by the number who buy it. Increasingly, the industry and the advertising world are taking notice, and studies of readership are underway, both at Gannett and nationally.

Our newspapers were record earners in 1999, benefiting from strong advertising demand – particularly in classified and national – and newsprint expenses that declined 6 percent for the year. We also enjoyed another year of profit improvement at The Detroit News, our New Jersey properties and USA WEEKEND. And while

Above: Newsquest Executive Chairman James Brown (right) and Douglas McCorkindale, when the acquisition of Newsquest was announced in 1999.

newsprint prices will increase in 2000, we don't expect market conditions to result in substantially higher prices for publishers.

USA TODAY had its best year ever and is the nation's largest selling daily newspaper with readership at 5.4 million and average circulation of approximately 2.3 million copies per day reported by the Audit Bureau of Circulations. Advertising revenues grew 17 percent as several of the paper's largest ad categories experienced double digit growth. Dot.com advertising added to the boom: USA TODAY led all major print publications in the share of paid dot.com advertising pages.

Looking ahead for USA TODAY, 2000 is an election and an Olympics year, promising a boost in ad spending. Internet brand-building will continue as we take advantage of our solid foundation and seek out new opportunities. In 2000, Gannett's Broadcasting Division will join with USA TODAY to bring content from The Nation's Newspaper to our TV stations, and to make use of our stations' resources to bring news and information to the newspaper and USATODAY.com.

Programs expanding readership, such as USA TODAY's innovative plan to attract college students, will continue to broaden its reach with important new audiences. And the new year will bring the first significant redesign in USA TODAY's 17-year history.

1999 was a challenging year for our television stations. The absence of major special events on our stations – the Super Bowl, Winter Olympics and strong election spending, all of which bolstered results in 1998 – made for difficult comparisons in 1999. With the trade of our Austin, Texas, station for one in Sacramento, our 21 stations covered 17.4 percent of U.S. households.

We expect to close on the second Jacksonville station in the first half of 2000. Olympics and election ad spending should improve revenues and earnings in 2000 while our stations take advantage of the opportunities to attract new viewers and grow our core product: local news. And investments in technology will continue as we move deeper into the digital age.

But whether we're talking about core products or technology-driven expansions, our smartest investments are still our employees. That's why 1999 saw us stress, at corporate and in the field, recruiting and retaining talent. "Grow Your Own" is an important objective at Gannett.

As we enter the 21st century, we will continue to expand our traditional businesses, explore new opportunities and enhance our values. And in that process, we will always work to meet the needs of the communities we serve. That's the smart thing to do.

John J. Curley
Chairman and
Chief Executive Officer

Douglas H. McCorkindale
Vice Chairman and President

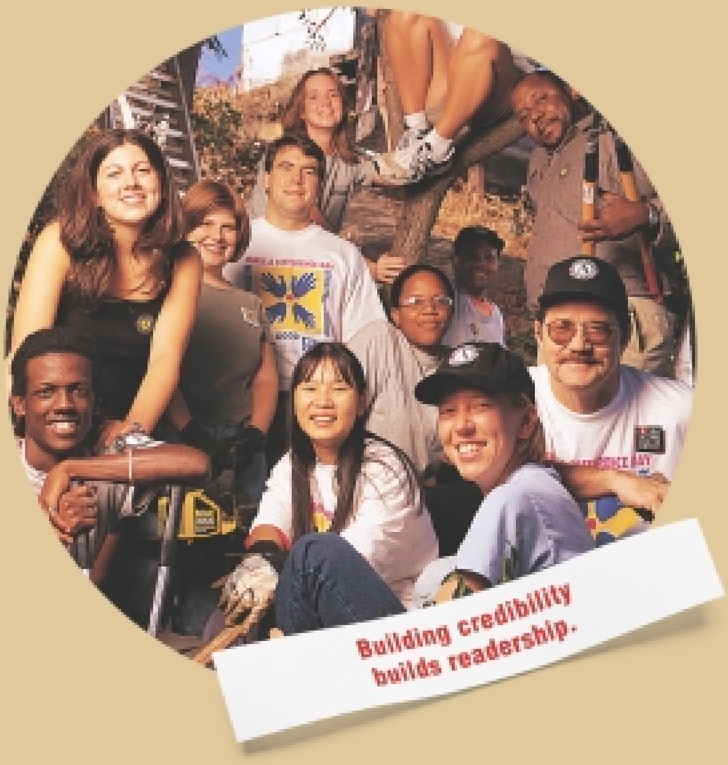
Record revenues and record operating profits spurred by continued growth in classified ads and a strong performance in national advertising marked 1999 for Gannett's U.S. Newspaper Division.

The division's 73 community newspapers sold an average of 1,130 more ads per day in 1999 than in 1998, reflecting the newspapers' successes in selling to a larger number of smaller advertisers. Total pro forma advertising revenues increased more than 4 percent in 1999; run-of-press volume increased almost 5 percent. Operating profits increased at most of the newspapers.

Classified revenues increased 7 percent over 1998. Key growth areas in classified included employment, automotive and real estate.

At USA WEEKEND, strong ad categories included retail and pharmaceuticals.

NEWSPAPERS



For USA WEEKEND's Make A Difference Day, Nashville AmeriCorps volunteers clean up a blighted block where the Salvation Army Adult Rehabilitation Center helps drug addicts.

The weekly newspaper magazine also saw an increase in technology business, including ads for dot.coms, which grew substantially to $3.3 million.

In 1999, USA WEEKEND revamped its design and content with an eye to capturing a larger share of readers ages 25-44. USA WEEKEND remains the nation's fastest growing newspaper magazine. (See story, page 7).

Gannett newspapers' daily and Sunday net paid circulation were down slightly, with circulation revenue closing 1 percent lower. Net paid circulation, however, doesn't tell the whole story. Research indicates overall readership,

(continued on page 8)

Above: As part of its credibility effort, FLORIDA TODAY at Brevard County published a column inviting readers to volunteer as proofreaders. About 100 responded. Periodically, several dozen are invited to come to the newspaper office and proof the paper on deadline. They and others proof from home, sending the newspaper e-mails when they see mistakes. From left, community proofreaders Gene Cate, Sharon Kelly, Bill Powell and Marge Bell look for misspellings and factual errors on proofs.

MAKING A DIFFERENCE

Two million people – more than ever before – participated in USA WEEKEND's annual Make A Difference Day in October 1999, turning the event into the nation's largest day of volunteering.

Celebrities, including Miss America Heather French, country-music superstar Reba McEntire, boxer George Foreman and NASCAR driver Tony Stewart, joined government officials, charitable leaders and citizens of all 50 states in donating time and raising money.

Partnerships with Newman's Own and the Wal-Mart Foundation, along with the Gannett Foundation, contributed to $2.6 million in charitable grants for projects. Since 1992 when USA WEEKEND, in partnership with the Points of Light Foundation, created Make A Difference Day, more than eight million people have participated.

That was just one of many high points for the weekly newspaper magazine in 1999.

Circulation grew for the 13th consecutive year, reaching 21.8 million in 563 newspapers, up from 21.2 million in 541 newspapers in 1998. The addition of the Sunday San Francisco Examiner and Chronicle put USA WEEKEND into another Top 10 market.

Advertising finished the year well ahead of expectations, says USA WEEKEND President, CEO and Editor Marcia Bullard. The retail category grew 87 percent over 1998, with much of that business from Sears, Roebuck and Co. The pharmaceutical category recovered from a severe drop in advertising in 1998, increasing 32 percent.

During the year, USA WEEKEND revamped its look and content, adding more health, technology, personal finance and food stories. Coverage of entertainment and popular culture continued.

More than 500,000 readers responded to USA WEEKEND's polls and quizzes, many via the magazine's online site (www.usaweekend.com). Nearly 200,000 students participated in the 12th Annual Teen Survey, conducted with the in-classroom TV show Channel One. Some 36,000 people voted in a "Stories of the Century" survey, sponsored jointly by USA WEEKEND and the Freedom Forum's Newseum.

Readers reacted to the magazine's reporting efforts, too. The Federal Emergency Management Agency asked to reprint a December story, "Is Your House Killing You?," on the deadly effects of mold. The article will be distributed to relief workers and flood victims. Major newspapers and TV news shows picked up the story. One woman told the editors she felt the article had saved her life.

ETHICS TOPPED NEWSPAPERS' AGENDA

In 1999, Gannett set out detailed guidelines on ethics for its newsrooms. The Newspaper Division's Principles of Ethical Conduct garnered the immediate attention of readers and other members of the media.

Division President Gary Watson says several factors prompted creation of the principles: a desire to support strong but honorable investigative reporting; a deep concern over public distrust of the media; and a need to address the increase in lawsuits focusing on news-gathering

(continued on page 9)

paid circulation plus pass-along readership, has grown industrywide and for Gannett community newspapers in the past decade. In an effort to better reflect the actual number of readers, 12 Gannett newspapers published readership audits in 1999 conducted by the Audit Bureau of Circulations.

On the Internet, 1999 was a year for expansion both of content and product lines for the community newspapers. Revenue from online operations in the fourth quarter of 1999 was more than triple the amount for the first quarter of 1998. Traffic is now in excess of 50 million page views per month. The number of products has doubled to more than 480. The division's goal for 2000 is to launch online sites for the remaining Gannett dailies.

Among the division's smart choices in 1999 was publication by the division of the Principles of Ethical Conduct for Newsrooms, giving reporters and editors a comprehensive guide to ethical and effective methods of news gathering. Training on the guidelines was conducted at Gannett newspapers throughout the year. (See story, page 7.)

Gannett newspapers also began the conversion from a 54-inch web width to a 50-inch web. The narrower page makes newspapers easier to carry, hold and fold – and reduces newsprint expense. Eight daily newspapers switched in 1999. More than 50 newspapers and offset print sites will have converted to the narrower web width by the end of 2000.

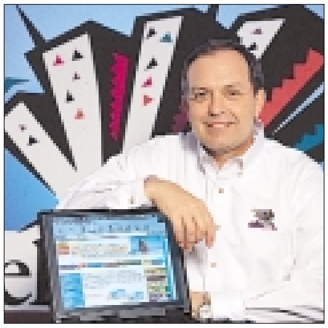
Installation of the Gannett-developed Genesys software, which provides a universal customer database to our newspapers' circulation and advertising departments, was completed, closing out the three-year development and installation period.

Regionally, Gannett papers made smart moves that increased circulation.

The Des Moines Register and the Iowa City Press-Citizen began jointly producing a new Sunday edition. The Johnson County edition of The Sunday Register, which includes a 24-32 page wrap produced by the Press-Citizen, is distributed throughout the Iowa City/Johnson County, Iowa, area. This new product resulted in increased paid circulation for the Sunday Des Moines Register and ad revenues for the Press-Citizen.

And the St. Cloud (Minn.) Times converted its weekday edition to morning publication and introduced a number of content improvements. An immediate circulation gain was the result.

For more on the Newspaper Division's financial performance, see page 25.



methods and not on the truth of stories.

About 5,000 Gannett journalists went through a training program on the principles during the year. The guidelines are being shared with the public through the newspapers and in public presentations:

- The Burlington (Vt.) Free Press engaged readers in a six-week dialogue on ethics in its Sunday Forum section and later on public radio.
- The Montgomery (Ala.) Advertiser now has a telephone hot line and a daily "report card" in coupon form inviting readers to rate it on accuracy and other credibility issues.
- The Herald-Dispatch at Huntington, W. Va., impaneled a reader advisory group to bring issues of accuracy and credibility directly to the editor. Other newspapers appointed reader representatives to help explain their journalistic processes and respond to reader concerns.

TECHNOLOGY ON TARGET

Gannett took advantage of technology and the opportunities offered by the Internet to improve the community newspapers and offer new products and services.

More newspapers switched to an all-digital work flow, allowing for later editorial deadlines and more timely content. The process uses state-of-the-art tools such as digital cameras, remote image scanners, flatbed scanners for camera-ready material, cellular modems, page layout software and direct-to-plate imaging.

Going digital has helped newspapers solidify their position as the repository for local news and information in their communities.

Using the new technologies, newspapers now can use stories, graphics and ads in a variety of ways, including putting them on the Internet.

Most newspapers with Web presences enhanced their on-line classifieds and their reach with links to nationwide services and specialty products. The goal: to give consumers more information online while helping them search for cars, apartments, homes, jobs and more.

Online classified products run the gamut from local community efforts to nationally branded sites such as CareerPath.com and Classified Ventures' Cars.com, Apartments.com and Newhomenetwork.com.

Early in the year, Gannett Media Technologies International launched Celebro CityServer software designed to help newspapers and other media build and maintain online city guides. The software debuted at The Desert Sun at Palm Springs, Calif., FLORIDA TODAY at Brevard County, the Montgomery (Ala.) Advertiser and a non-Gannett newspaper in Pottsville, Pa. Later, Wilmington, Del., Louisville, Ky., Cincinnati, Des Moines, Iowa, Cherry Hill, N.J., and El Paso, Texas, installed the product.

CityServer converts newspaper content into online information and also allows newspapers to easily manage the flow from Web pages into print media. It offers newspapers an easy-to-customize format for producing real estate, automotive, dining, movie and community event guides and directories.

While it has the potential for sales outside of Gannett, its development will save the company the cost of software licensing fees from outside vendors.

Above left: Des Moines Register Publisher Barbara Henry and Iowa City Press-Citizen Publisher Chuck Wanninger hold their jointly produced Sunday edition, the Johnson County edition of The Sunday Register.

Above right: Gannett Media Technologies International President and CEO Dan ZIto demonstrates the effectiveness of Celebro CityServer software.

Gannett made a smart choice in July when it acquired Newsquest plc, says the British company's Executive Chairman James Brown. "It is a fine company and there's no doubt, in my view, that Gannett got a bargain."

Newsquest is one of the largest regional newspaper publishers in England, with 180 publications including 11 dailies. The purchase expands Gannett's international reach, giving the company a major foothold in the United Kingdom.

About one-third of Newsquest's newspapers are more than 100 years old. Berrow's Worcester Journal, established in 1690, is the oldest continuously published newspaper in the world. While maintaining this fine tradition, Newsquest has been a leader in expanding into new lines of Web-based products and technology. In 1995, Newsquest was the first regional newspaper group in the U.K. to launch a Web site. Since then it has continued to build its Web-based strategy, skill base and knowledge, with every Newsquest newspaper having an Internet presence. In 1999, it pioneered a new e-commerce service called Shoppers World. (See story, page 11.)

NEWSQUEST PLC

York town crier John Redpath catches up on what's happening in Britain's Evening Press.

Newsquest also publishes lifestyle and business magazines, local information guides and seasonal publications. In 1999, new launches included Limited Edition, a glossy, high-quality lifestyle magazine, local business news magazines and a guide to local Web sites.

Newspapers and magazines are not the only products offered by Newsquest. In 1999, the company expanded a service that now books more than 100,000 people a year on vacations, trips to the theater and other leisure pursuits. (See story, page 11.) The year also saw an extension of the range of local exhibitions organized by Newsquest, including auto and bridal shows and job and technology fairs.

Meanwhile, quality remains a top priority. Among the honors bestowed in 1999: The Westmorland Gazette was named Weekly Newspaper of the Year by the U.K. Press Gazette, a journalism publication.

For more on Newsquest's financial performance, see page 25.

NEWSQUEST EXPANDS INTERNET PRESENCE

Newsquest has a reputation for being at the forefront of Internet development in the United Kingdom.

In 1999, Newsquest teamed with other leading U.K. publishers and converted its news sites into "digital communities." The network of "This is …" Web sites embraces not only the traditional community within the circulation area of the newspapers but also new forms of community defined by interest group, hobby, sports team affiliation or other means.

A national portal site also was developed with several partners. "This is Britain" brings together news and sports, allowing users to access major national resources as well as specific local information. Through this network of sites, Newsquest has succeeded in covering most of the U.K.

The sites' online classified service, ADHunter U.K., which Newsquest helped found, was relaunched and renamed "Fish4" in September 1999. Several leading regional publishers group their classified advertising on the Internet under the Fish4 banner, bringing together three major online service sites – Fish4homes, Fish4jobs and Fish4cars. The Fish4it! online directory service features 1.9 million businesses. Users can search nationally or narrow down to the most local level.

Newsquest further enhanced the sites by creating community pages which organizations, clubs and associations can manage and update remotely. Using this service, schools are beginning to build their own sites within the local "This is …" site. Sponsors already have committed to the initiative.

To answer local business people's concerns about the threat of e-commerce, Newsquest in 1999 pioneered a new service called Shoppers World. More than 160 shops and businesses – with well over 4,000 items for sale – have jumped onboard, and the number is growing.

The formation in 1999 of a separate division, Newsquest Digital Media, provides additional focus to Internet-related developments.

In early 2000, Newsquest made a strategic investment in Freeserve Auctions. Newsquest acquired 10 percent of the person-to-person and merchant-to-person online auction service in return for advertising in Newsquest's regional newspapers and cash.

VACATION SERVICE A HIT WITH READERS

Newsquest continued expansion of its successful reader vacation service in 1999 by offering an even wider range of packages to different locations around the globe.

Through Newsquest newspapers, more than 100,000 people in 1999 booked "Reader Holidays" to dozens of local, regional and international destinations, ranging from a Valentine's Weekend in Paris to 11 days of sightseeing in China and Hong Kong.

Also offered: cruises, travel packages to special events and day trips to shows and concerts, usually in the West End of London.

In 1999, many Newsquest newspapers placed links to "Reader Holidays" on their Web sites, which are proving popular. Now those interested in booking a vacation online can learn more about Newsquest's program, access a database of destinations and services and begin booking their vacation without lifting the phone.

Above left: Newsquest's popular "Reader Holidays" service helps customers book vacations to far-flung locations around the world — and to places closer to home, such as to the Aldwych Theatre in London's West End.

Above right: Newsquest partners with other regional publishers to group their online classified advertising under the Fish4 brand.

Advertising success marked 1999 for USA TODAY. From the launch of the front page color ad (see story, page 13) to capitalizing on the economic boom, the nation's newspaper made one smart move after another.

Ad revenues for the year grew 17 percent, the number of ad pages increased 13 percent and the scope of the ads broadened. USA TODAY also led all major publications in paid dot.com advertising and a 38 percent increase in international revenue was logged.

Growth was the word in circulation as well, despite the challenges of stiffer competition, earlier rush hours and heavier traffic. The paper registered its 17th annual increase in average daily circulation. An innovative readership program brought USA TODAY to 160 college campuses in 1999, with more in line for 2000.

Under new Editor Karen Jurgensen, editorial introduced a stock index, the Internet 100, and increased coverage of the "e-world." A "Readers' Bill of Rights," accuracy surveys and stepped-up training of editors and reporters honed skills.

Breaking news remained the biggest driver of traffic on USATODAY.com. Nearly 15 million different people per month

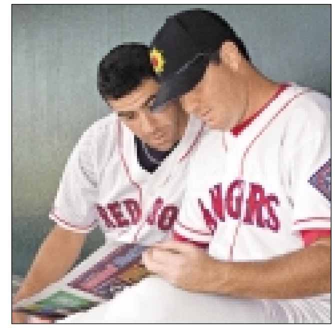
USA TODAY is offered to students in U.S. college and residence halls, such as at George Washington University in Washington, D.C.

were clicking on the site by year's end, a 79 percent increase over 1998. Revenues were up 89 percent, making the site one of the few media money-makers on the Web.

Technological advances in 1999 allowed production of USA TODAY to be totally digital. Installations of a new editing system and a single-copy sales and distribution system were completed successfully. Arriving in the year 2000 will be computer-to-plate technology that will provide newsrooms with later deadlines and readers with earlier delivery times.

Other developments in 2000: Five print sites will be added in Lansing, Mich., Las Vegas, Raleigh, N.C., and in Belgium and Italy. The year also will bring the first significant redesign in USA TODAY's history as the paper moves from a 54-inch to a 50-inch web width. And USATODAY.com will work with Gannett Broadcasting to bring USA TODAY content to Gannett TV station newscasts.

For more on USA TODAY's financial performance, see page 25.



FRONT PAGE OPENS TO ADS

USA TODAY broke away from the U.S. newspaper pack in October when it began publishing display ads along the bottom of Page One.

Five marquee advertisers quickly committed to the nearly one-inch-deep space, says Carolyn Bivens, senior vice president/advertising and associate publisher.

Cost is $1 million a year for a once-a-week placement Monday through Thursday and $1.2 million a year for Friday, when circulation is higher. Each advertiser took one day a week for at least a year.

Editor Karen Jurgensen concurred with the decision. “We’ve run ads on the inside section fronts for years and ads on front pages are standard in other countries.”

The front page ads don’t encroach on editorial space because USA TODAY already had been using that space to promote first its Olympics coverage and later USATODAY.com. Nor are readers apt to confuse the ads with stories. “They can tell the difference between advertising and editorial content,” Jurgensen says.

AT&T, the Tuesday advertiser among the five, is using its front page space to promote its consumer, business and wireless services and products.

“We’re always looking to create unique and unprecedented impact and doing it in new and efficient ways,” says Stephen Graham, AT&T vice president/marketing communications worldwide. “We like USA TODAY. Its target audience is terrific. It’s a national publication providing immediacy and currency.”

BASEBALL FANS GET MORE OF THE GAME

USA TODAY Baseball Weekly had its best year ever, with advertising and circulation revenues at all-time highs. The publication, 9 years old this April, secured new multi-year partnerships with several high-profile advertisers in 1999. Major League Baseball sponsors the color ad located on Page 3, “a key position, comparable to USA TODAY’s ‘window’ ads,” says Publisher Keith Cutler. CBS SportsLine sponsors the Fantasy Insider column.

Another deal with Rawlings Sporting Goods allows Baseball Weekly to make the first exclusive announcement of the Rawlings Gold Glove Awards, given annually for outstanding fielding achievement at each position in the American and National Leagues. For years, The Sporting News had been tied to the event. “To get this deal is a coup for us and a tribute to Baseball Weekly’s presence among baseball fans and within the business of baseball,” Cutler says.

Readers also found important enterprise efforts. The paper was the first to report that St. Louis Cardinals slugger Mark McGwire had stopped taking a muscle enhancer. It followed San Francisco Giants’ Pat Dobson for a week, giving readers a first-hand look at the job of an advance scout. For its “Top 100 Players of the Century” list, it asked the Society for American Baseball Research to poll its 700-plus members, with results exclusively for Baseball Weekly’s use. The list generated the most letters to the editor in Baseball Weekly’s history.

This spring, the publication will beef up its Internet presence with an enhanced and interactive Web site called totalbaseballweekly.com.

Above left: USA TODAY began publishing front-page ads in October. Advertisers jumped at the chance to buy space.

Above right: Top prospects Red Sox catcher Steve Lomasney and Texas Ranger pitcher Matt Miller catch up on the news in USA TODAY Baseball Weekly before a 1999 Arizona Fall League game.

Swapping the Austin, Texas, TV station for cash and KXTV-TV in Sacramento, Calif., a significantly larger market, was just one of the Broadcasting Division's strategic moves in 1999. Another: the agreement to buy WJXX-TV in Jacksonville, Fla. The deal giving the company a second station in the community was announced on the day federal regulations changed to allow such duopolies.

Gannett remained a leader in its core product – local news. Six Gannett stations were consistently No. 1 in news in their markets for viewers between the key ages of 25-54: KARE-TV at Minneapolis-St. Paul, KSDK-TV at St. Louis, WMAZ-TV at Macon, Ga., KUSA-TV at Denver, WBIR-TV at Knoxville and WCSH-TV at Portland, Maine.

Quality local programming at Gannett stations also attracted industrywide recognition in 1999. Jacksonville's WTLV-TV, Washington, D.C.'s WUSA-TV and KARE-TV were winners of four prestigious national 1999 Edward R. Murrow Awards. KARE's "Whatever," a weekly magazine show for teenagers, won the National Association of Broadcasters' first Education Foundation Service to America Award. The station also won two Iris Awards from the National

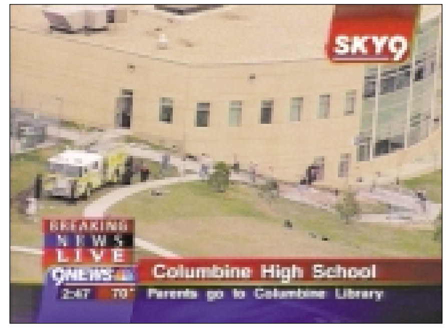
KARE-TV woos young viewers with an award-winning weekly news program about "Whatever." Series producer Erin Zdechlik is pictured on the set with some of the show's teen anchors.

Association of Television Program Executives.

Revenues were up 1 percent in 1999. The absence of the Super Bowl on NBC affiliates, no Winter Olympics on CBS affiliates and lack of significant political advertising, all of which bolstered revenues in 1998, made for a challenging 1999 and shifted the stations' business development efforts into high gear. Dot.coms emerged as a new source of revenue in high Internet penetration areas such as Washington, D.C., Atlanta, Denver, Minneapolis and Sacramento.

Interactive Web sites served 13 markets. The stations used the Internet to enhance their brands, extend their products and create new business around their Web activities. In 2000, Broadcasting will be expanding its Web presence in all the markets and will maximize the opportunities that an election/Olympics year provides.

For more on the Broadcasting Division's financial performance, see page 28.



BUFFALO TV TEAMS UP WITH USA TODAY ON EDUCATION INITIATIVE

Buffalo, N.Y.'s WGRZ-TV went to school this September, joining with USA TODAY, USATODAY.com and local career college Bryant & Stratton in a project designed to educate area children and their parents about news events.

"Experience Today" brings the power of TV, the newspaper and the Internet to middle and high school students in public and private schools in Western New York. The pilot project is named after USA TODAY's educational lesson plan, a program the paper began in schools in 1983. The lesson plan is delivered daily with the newspaper to classrooms.

How adding TV to "Experience Today" works: Every morning the anchors on WGRZ's "Daybreak" show discuss stories that are in that day's USA TODAY. In school, teachers incorporate the stories into the curriculum. Then the students are guided to USATODAY.com and Bryant & Stratton's Web site for additional information.

Every Wednesday, during WGRZ's 6 p.m. newscast, a reporter localizes a national story from "Experience Today." The station's weekly public affairs program, "Common Ground," also discusses the story.

"Kids hear about news in the morning on TV, then in school. They learn what critical information is and how it applies in real life. When they get home and parents ask, 'What did you learn in school today?,' they have something to talk about," says Darryll Green, president and general manager at WGRZ. Not only do kids discover what's going on in the world, he says, but they learn to communicate with their parents – and vice versa.

Before the collaboration, USA TODAY's "Experience Today" was in about 100 classrooms in the region. WGRZ's project added another 80. More are expected.

Says Green: "We're building customer loyalty. We're hoping that watching us and reading USA TODAY will become a habit for kids so that they'll watch and read us as adults, too."

TV STATIONS TAKE THE LEAD ON MAJOR NATIONAL STORIES

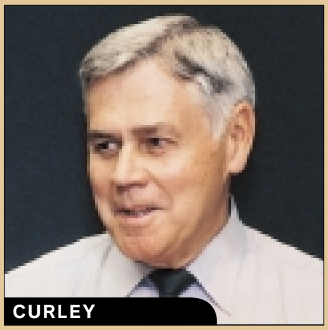
Big local stories became national news events in 1999, and Gannett TV stations were there to cover them for their markets, other Gannett stations, the networks and the world.

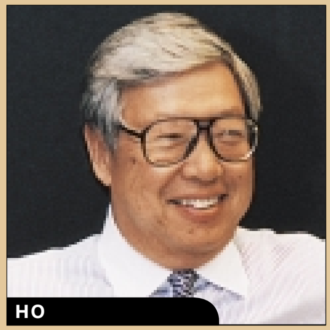
- KARE-TV at Minneapolis-St. Paul was in the forefront of broadcast coverage of Minnesota Gov. Jesse Ventura's first year in office, feeding stories to NBC and to other Gannett stations. "The appetite for Ventura news was insatiable," says News Director Tom Lindner.
- The horror of the Columbine school shootings was captured in April by Denver's KUSA-TV, which led the market in coverage.
- Also in April, Atlanta's WXIA-TV was the first to report that a workman was trapped atop a construction crane above a raging fire. Viewers watched the station's live coverage for two hours until the worker was rescued by a heroic Atlanta firefighter dangling from a helicopter.
- In June, WXIA provided the first video and nearly eight hours of continuous coverage when a day trader, upset over stock market losses, went on a shooting spree, killing nine office workers, his wife and children and then himself.

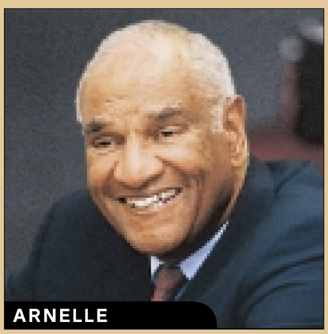
Above left: Every weekday morning WGRZ's "Daybreak" anchors Pete Gallivan and Maryalice Demler tell Buffalo viewers what's in USA TODAY.

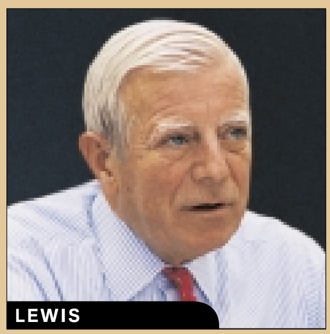
Above right: Gannett TV stations led their markets in broadcasting major news stories. Denver's KUSA provided hours of live, continuous coverage of the Columbine High School shootings.

BOARD OF DIRECTORS









A SPECIAL THANKS

Peter B. Clark, former chairman, president and CEO of The Evening News Association, and Thomas A. Reynolds, chairman emeritus of Chicago law firm Winston & Strawn, retired from the Gannett Board of Directors on May 4, 1999. Clark had served on the board since March 25, 1986; Reynolds, since June 26, 1979.

JOHN J. CURLEY
Chairman and chief executive officer, Gannett Co., Inc. *Formerly:* Chairman, president and chief executive officer, Gannett Co., Inc. (1989-1997). Age 61. (b,d,f,g)

H. JESSE ARNELLE
Of counsel to Winston-Salem, N.C., law firm of Womble, Carlyle, Sandridge & Rice. *Other directorships:* FPL Group, Inc.; Textron Corporation; Eastman Chemical Co.; Armstrong World Industries; Waste Management, Inc.; Union Pacific Resources Group, Inc. Age 66. (d,e)

MEREDITH A. BROKAW
Founder, Penny Whistle Toys, Inc., New York City, and author of children's books. *Other directorships:* Conservation International, Washington, D.C.; Women's First Health Care. Age 59. (b,d,e)

STUART T.K. HO
Chairman of the board and president, Capital Investment of Hawaii, Inc. *Other directorships:* Aloha Airgroup, Inc.; College Retirement Equities Fund; Pacific Century Financial Corporation. Age 64. (a,b,c)

DREW LEWIS
Former chairman and chief executive officer, Union Pacific Corporation. *Other directorships:* American Express Co.; FPL Group, Inc.; Millennium Bank; Union Pacific Resources Group Inc. Age 68. (a,d)

JOSEPHINE P. LOUIS
Chairman and chief executive officer, Eximious Inc., and Eximious Ltd. *Other directorships:* HDO Productions, Inc.; trustee, Chicago Horticultural Society; trustee, Chicago Historical Society. Age 70. (a,b,e)

DOUGLAS H. MCCORKINDALE
Vice chairman and president, Gannett Co., Inc. *Formerly:* Vice chairman and chief financial and administrative officer, Gannett Co., Inc. (1985-1997). *Other directorships:* Continental Airlines, Inc.; Global Crossing Ltd.; and funds which are part of the Prudential group of mutual funds. Age 60. (b,f,g)

SAMUEL J. PALMISANO
Senior vice president and group executive, IBM Enterprise Systems Group. Age 48. (a,c)

KAREN HASTIE WILLIAMS
Partner of Washington, D.C., law firm of Crowell & Moring. *Other directorships:* Crestar Financial Services Corporation; Continental Airlines, Inc.; Fannie Mae; Washington Gas Light Company. Age 55. (a,c)

(a) Member of Audit Committee.

(b) Member of Executive Committee.

(c) Member of Executive Compensation Committee.

(d) Member of Management Continuity Committee.

(e) Member of Public Responsibility and Personnel Practices Committee.

(f) Member of Gannett Management Committee.

(g) Member of Contributions Committee.


BENTLEY ▪


CLAPP •


COLEMAN ▪


J. CURLEY •


CHAPPLE •


CLARK-JOHNSON ▪


COLLINS ▪


T. CURLEY •

COMPANY AND DIVISIONAL OFFICERS

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

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

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

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

CHRISTOPHER W. BALDWIN,
Vice president, taxes. Age 56.

SARA M. BENTLEY,
President, Gannett Northwest Newspaper Group, and president and publisher, Statesman Journal, Salem, Ore. Age 48.▪

JAMES T. BROWN,
Executive chairman, Newsquest. Age 64.

THOMAS L. CHAPPLE,
Senior vice president, general counsel and secretary. *Formerly:* Vice president, general counsel and secretary (1991-1995). Age 52.•

RICHARD L. CLAPP,
Senior vice president/human resources. *Formerly:* Vice president, compensation and benefits (1983-1995). Age 59.•

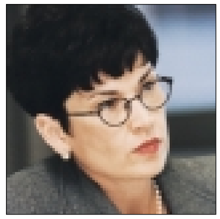
SUSAN CLARK-JOHNSON,
Senior group president, Gannett Pacific Newspaper Group, and president and publisher, Reno (Nev.) Gazette-Journal. Age 53.▪

MICHAEL J. COLEMAN,
Senior group president, Gannett South Newspaper Group, and president and publisher, FLORIDA TODAY at Brevard County. Age 56.▪

ROBERT T. COLLINS,
President, New Jersey Newspaper Group, and president and publisher, Asbury Park Press, Home News Tribune, East Brunswick, N.J., and Ocean County Newspapers. *Formerly:* President and publisher, Asbury Park Press and Home News Tribune (1997-1998); president and publisher, Courier-Post, Cherry Hill, N.J. (1993-1997). Age 56.▪


CURRIE ■

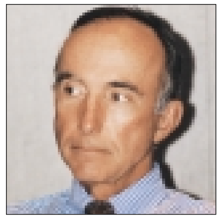

DUBOW ◆

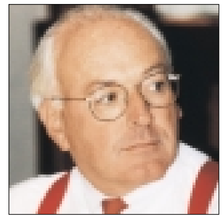

IVEY ■


MALLARY ◆


DIERCKS ◆


FELLER •


JASKE •


McCORKINDALE •

THOMAS CURLEY,
Senior vice president, administration, and president and publisher, USA TODAY. *Formerly:* President and publisher, USA TODAY (1991-1998). Thomas Curley is the brother of John J. Curley. Age 51. •

PHILIP R. CURRIE,
Senior vice president, news, Newspaper Division. *Formerly:* Vice president, news, Newspaper Division (1982-1995). Age 58. ■

ARDYTH R. DIERCKS,
Senior vice president, Gannett Television. *Formerly:* President and general manager, KSDK-TV, St. Louis (1996-1998); president and general manager, KVUE-TV, Austin, Texas (1994-1996). Age 45. ◆

CRAIG A. DUBOW,
Executive vice president, Gannett Television. *Formerly:* President and general manager, WXIA-TV, Atlanta (1992-1996). Age 45. ◆

DANIEL S. EHRMAN JR.,
Vice president, planning and development. *Formerly:* Senior vice president, Gannett Broadcasting (1995-1997); vice president, finance and business affairs, Gannett Broadcasting (1984-1995). Age 53.

MILLICENT A. FELLER,
Senior vice president, public affairs and government relations. Age 52. •

LAWRENCE P. GASHO,
Vice president, financial analysis. Age 57.

GEORGE R. GAVAGAN,
Vice president and controller. *Formerly:* Vice president, corporate accounting services (1993-1997). Age 53.

DENISE H. IVEY,
President, Gannett Gulf Coast Newspaper Group, and president and publisher, Pensacola (Fla.) News Journal. Age 49. ■

JOHN B. JASKE,
Senior vice president, labor relations and assistant general counsel. Age 55. •

RICHARD A. MALLARY,
Senior vice president, Gannett Broadcasting. *Formerly:* Vice president, news, Gannett Broadcasting (1989-1995). Age 57. ◆

continued on next page

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

- • **Member of the Gannett Management Committee.**
- ■ **Member of the Gannett Newspaper Operating Committee.**
- ◆ **Member of the Gannett Broadcasting Operating Committee.**


MILLER •


OGDEN ◆


ROSENBURGH ■


STIER ■


WALKER •◆


MOON ■


RIDDLE ■


SHERLOCK ■


VEGA ■


WATSON •■

COMPANY AND DIVISIONAL OFFICERS

GRACIA C. MARTORE,
Treasurer and vice president, investor relations. *Formerly:* Vice president, treasury services and investor relations (1996-1998); vice president, treasury services (1993-1996). Age 47.

MYRON MASLOWSKY,
Vice president, internal audit. *Formerly:* Director, internal audit (1989-1995). Age 45.

LARRY F. MILLER,
Executive vice president and chief financial officer. *Formerly:* Senior vice president, financial planning and controller (1991-1997). Age 61. •

CRAIG A. MOON,
President, Piedmont Newspaper Group, and president and publisher, The Tennessean, Nashville. *Formerly:* Vice president, Gannett South Newspaper Group, and president and publisher, The Tennessean (1991-1999). Age 50.■

ROGER OGDEN,
Vice president, Gannett Television, and president and general manager, KUSA-TV, Denver, Colo. Age 54.◆

W. CURTIS RIDDLE,
Senior group president, Gannett East Newspaper Group, and president and publisher, The News Journal, Wilmington, Del. Age 48.■

CARLETON F. ROSENBURGH,
Senior vice president, Gannett Newspaper Division. Age 60.■

GARY F. SHERLOCK,
President, Gannett Atlantic Newspaper Group, and president and publisher, The Journal News, Westchester County, N.Y. Age 54.■

MARY P. STIER,
President, Gannett Midwest Newspaper Group, and president and publisher, Rockford (Ill.) Register Star. Age 42.■

WENDELL J. VAN LARE,
Vice president, senior labor counsel. Age 54.

FRANK J. VEGA,
President and CEO, Detroit Newspapers. Age 51.■

CECIL L. WALKER,
President, Gannett Broadcasting Division. Age 63. •◆

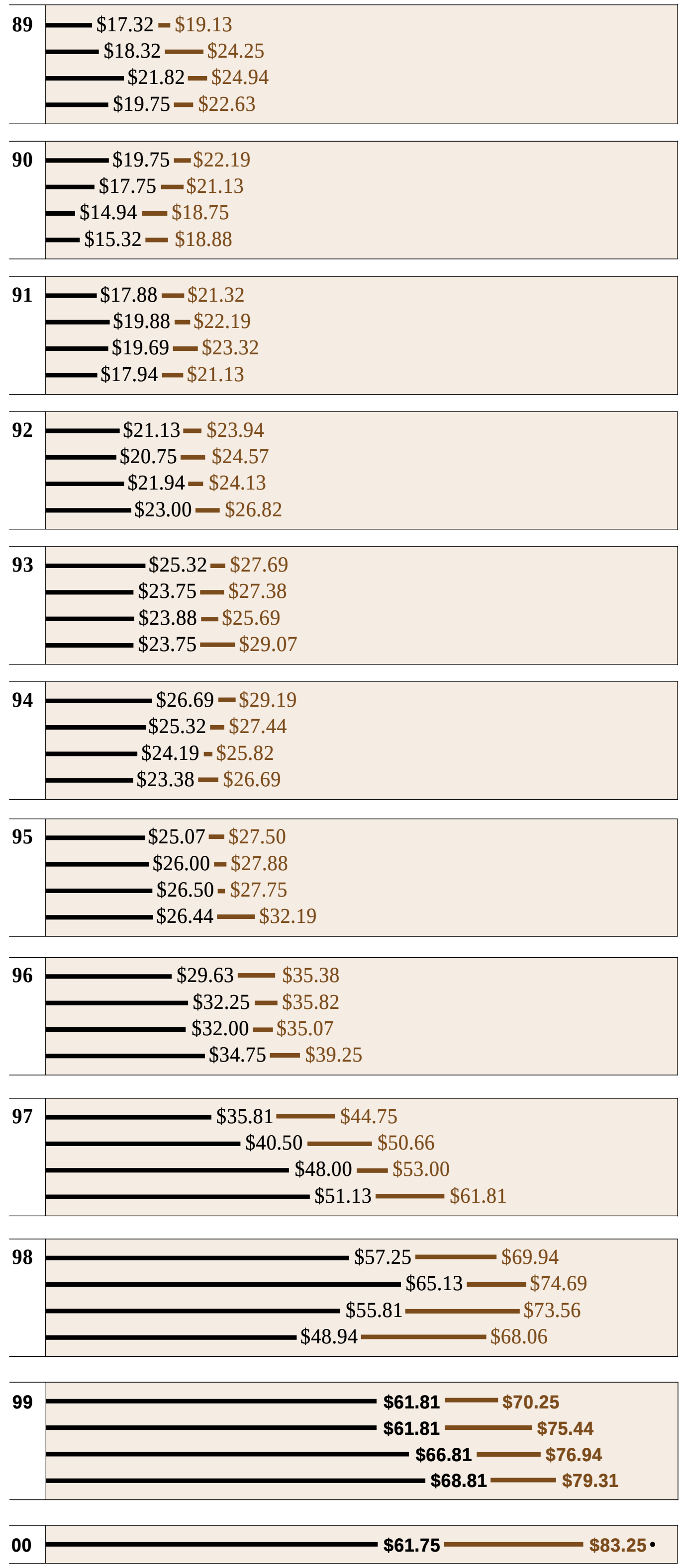
BARBARA W. WALL,
Vice president, senior legal counsel. Age 45.

GARY L. WATSON,
President, Gannett Newspaper Division. Age 54. •■


Financials table of contents

GANNETT COMMON STOCK PRICES

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



• Through Feb. 25, 2000

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

The company's independent accountants, PricewaterhouseCoopers LLP, provide an independent assessment of the degree to which management meets its responsibility for fairness in financial reporting. They regularly evaluate the company's system of internal accounting controls and perform such tests and other procedures as they deem necessary to reach and express an opinion on the financial statements. The PricewaterhouseCoopers LLP report appears on page 51.

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

Douglas H. McCorkindale
Vice Chairman and President

Larry F. Miller
Executive Vice President
and Chief Financial Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Basis of reporting

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

The company's fiscal year ends on the last Sunday of the calendar year. The company's 1999 fiscal year ended on Dec. 26, 1999, and encompassed a 52-week period. The company's 1998 and 1997 fiscal years also encompassed 52-week periods.

Business acquisitions, exchanges and dispositions

1999

On June 24, 1999, Gannett made a cash offer to acquire the stock of Newsquest plc ("Newsquest"). Newsquest's principal activities are publishing and printing regional and local newspapers in England with a portfolio of 180 titles that include paid-for daily and weekly newspapers, and free weekly newspapers.

The offer was for 460 pence (U.S. $7.26) in cash or loan notes for each of 200.4 million fully diluted shares, for a total price of approximately 922 million pounds sterling (U.S. $1.5 billion). Gannett also financed the repayment of Newsquest's existing debt. Share purchases commenced in the third quarter of 1999 and were financed principally by commercial paper borrowings and operating cash flow. On July 26, 1999, Gannett declared the offer unconditional in all respects and shortly thereafter, Gannett effectively owned 100% of Newsquest shares. The acquisition was recorded under the purchase method of accounting and Newsquest's results of operations are included in the company's financial statements from July 26, 1999 forward.

On June 1, 1999, the company completed a broadcast station transaction under which it exchanged its ABC affiliate KVUE-TV in Austin, Texas, and received KXTV-TV, the ABC affiliate in Sacramento, Calif., plus cash consideration. For financial reporting purposes, the company recorded the exchange as two simultaneous but separate events; that is, a sale of its Austin TV station for which a non-operating gain was recognized and the acquisition of the Sacramento station accounted for under the purchase method. In its second quarter, the company reported a net non-operating gain of $55 million ($33 million after tax) principally as a result of this transaction.

In March 1999, the company contributed The San Bernardino County Sun to a partnership that includes 21 daily California newspapers in exchange for a partnership interest.

The aggregate purchase price, including liabilities assumed, for businesses and assets acquired in 1999 including Newsquest, the Sacramento television station and certain smaller non-daily newspaper publishing operations, totaled approximately $1.8 billion.

Subsequent event – January 31, 2000

On January 31, 2000, the previously announced sale of the assets of the company's subsidiary, Multimedia Cablevision, Inc., to Cox Communications, Inc. of Atlanta, Ga., was completed.

The sale price for the cable business was approximately $2.7 billion in cash, which resulted in an after-tax gain of approximately $740 million or $2.64 per diluted share. The gain will be reported in Gannett's first quarter of 2000. The proceeds from the sale were used to pay down commercial paper obligations.

Although the cable sale was finalized in the year 2000, for financial reporting purposes, the cable operating results for 1999 and all prior years for which it was owned by the company have been reclassified in the statements of income and related discussions as discontinued operations. Likewise for the year 2000, cable operating results for the period up to the sale date, along with the gain on the sale, will be reported as discontinued operations. The cable business (along with the alarm security business sold in 1998) was previously reported as a separate segment by the company.

1998

In the first quarter of 1998, the company sold its five remaining radio stations, its alarm security business and its newspaper in St. Thomas, Virgin Islands. The company also contributed its newspaper in Saratoga Springs, N.Y., to the Gannett Foundation. The company recorded a net non-operating gain of $307 million ($184 million after tax), principally as a result of these transactions.

The company purchased television stations WCSH-TV (NBC) in Portland, Maine, and WLBZ-TV (NBC) in Bangor, Maine, early in the first quarter and WLTX-TV (CBS) in Columbia, S.C., in April 1998.

In the third quarter of 1998, the company sold five small-market daily newspapers in Ohio, Illinois and West Virginia and completed the acquisition of several newspapers in New Jersey, including The Daily Record in Morristown and the Ocean County Observer in Toms River. Also in the third quarter of 1998, the company completed a transaction with TCI Communications, Inc., under which it exchanged its subscribers and certain cable system assets in the suburban Chicago area (93,000 subscribers) for subscribers and certain cable system assets of TCI in Kansas (128,000 subscribers).

The aggregate purchase price for businesses and assets acquired in 1998 was approximately $370 million in cash. These acquisitions were accounted for under the purchase method of accounting.

1997

In January 1997, the company exchanged WLWT-TV (NBC) in Cincinnati and KOCO-TV (ABC) in Oklahoma City for WZZM-TV (ABC) in Grand Rapids and WGRZ-TV (NBC) in Buffalo. This exchange was necessary to comply with Federal Communications Commission (FCC) cross-ownership rules.

In May 1997, the company acquired KNAZ-TV (NBC) in Flagstaff, Ariz., KMOH-TV (WB, now NBC) in Kingman, Ariz., and Printed Media Companies in Minneapolis, Minn. In July 1997, Mary Morgan, Inc., a printing business in Green Bay, Wis., was purchased, and in August 1997, the company acquired Army Times Publishing Company in Springfield, Va., which produces military newspapers and a monthly defense publication.

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

The aggregate purchase price for businesses acquired in 1997 was approximately $445 million in cash and liabilities assumed. These acquisitions were accounted for under the purchase method of accounting.

In January 1997, the company contributed the Niagara Gazette newspaper to the Gannett Foundation. In April 1997, the company sold its newspaper in Moultrie, Ga., and in November 1997, the company sold its newspapers in Tarentum and North Hills, Pa.

RESULTS OF CONTINUING OPERATIONS

Note that the company's results of continuing operations discussed below do not include results from the cable business which was sold in January 2000. All cable operating results have been reclassified in the statements of income and related discussions as discontinued operations.

Consolidated summary

Operating earnings reached another record level in 1999. A consolidated summary of the company's results is presented below. Note that this summary separates from ongoing results the second quarter 1999 net non-operating gain of $55 million ($33 million after tax) principally from the exchange of the Austin television station for the Sacramento television station, and the first quarter 1998 net non-operating gain of $307 million ($184 million after tax) principally from the sale of radio and alarm security businesses.

In millions of dollars, except per share amounts

	1999	Change	1998	Change	1997	Change
Operating revenues	$ 5,260	8%	$4,881	9%	$4,474	7%
Operating expenses	$ 3,697	6%	$3,495	9%	$3,212	1%
Operating income	$1,563	13%	$1,386	10%	$1,262	24%
Income from continuing operations, excluding gains on sale/exchange of properties	$ 886	13%	$ 782	15%	$ 681	35%
After-tax gains on sale/exchange of properties	$ 33		$ 184			
Income from continuing operations, as reported	$ 919	(5%)	$ 966	42%	$ 681	14%
Earnings per share from continuing operations, excluding gains on sale/exchange of properties						
Basic	$ 3.18	15%	$ 2.76	15%	$ 2.41	35%
Diluted	$ 3.15	15%	$ 2.74	15%	$ 2.39	34%
Earnings per share from gains on sale/exchange of properties						
Basic	$ .11		$ .65			
Diluted	$ .11		$ .64			
Earnings per share from continuing operations, as reported						
Basic	$ 3.29	(4%)	$ 3.41	42%	$ 2.41	14%
Diluted	$ 3.26	(4%)	$ 3.38	42%	$ 2.39	13%

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

Newspapers

In addition to its domestic local newspapers, the company's newspaper publishing operations include USA TODAY, USA WEEKEND, Newsquest, purchased in 1999, which publishes daily and non-daily newspapers in England, and Gannett Offset commercial printing. The newspaper segment in 1999 contributed 86% of the company's revenues and 83% of its operating income. Record earnings were achieved by the newspaper segment in 1999, reflecting the results from newly acquired Newsquest operations but also gains at most U.S. local newspapers, and significant revenue and earnings growth at USA TODAY and USA WEEKEND. Ad revenues at USA TODAY rose 17%, and earnings were up dramatically.

Newspaper earnings also were aided by lower newsprint prices which, on average, were 12% lower than in 1998.

Newspaper operating results were as follows:

In millions of dollars

	1999	Change	1998	Change	1997	Change
Revenues	$4,532	9%	$4,159	10%	$3,771	8%
Expenses	$3,240	6%	$3,050	10%	$2,769	2%
Operating income	$1,292	16%	$1,109	11%	$ 1,002	27%
Operating cash flow	$1,499	16%	$1,294	11%	$ 1,170	23%

Newspaper operating revenues: Newspaper operating revenues are derived principally from advertising and circulation sales, which accounted for 73% and 23%, respectively, of total newspaper revenues in 1999. Ad revenues include those derived from advertising placed with newspaper Internet products. Other newspaper publishing revenues are mainly from commercial printing businesses. The table below presents these components of reported revenues for the last three years.

Newspaper publishing revenues, in millions of dollars

	1999	Change	1998	Change	1997	Change
Advertising	$3,293	12%	$2,943	12%	$2,634	9%
Circulation	$1,023	1%	$1,010	7%	$ 948	3%
Commercial printing and other	$ 216	5%	$ 206	9%	$ 189	13%
Total	$4,532	9%	$4,159	10%	$3,771	8%

In the tables that follow, newspaper advertising linage, circulation volume statistics and related revenue results are presented on a pro forma basis for newspapers owned at the end of 1999.

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

Advertising revenues, in millions of dollars (pro forma)

	1999	**Change**	**1998**	**Change**	**1997**	**Change**
Local	**$1,007**	**(1%)**	$1,012	4%	$ 975	5%
National	**$ 647**	**15%**	$ 565	9%	$ 516	10%
Classified	**$1,397**	**6%**	$1,314	9%	$1,203	11%
Total Run-of-Press	**$3,051**	**6%**	$2,891	7%	$2,694	8%
Preprint and other advertising	**$ 483**	**6%**	$ 456	2%	$ 446	6%
Total ad revenue	**$3,534**	**6%**	$3,347	7%	$3,140	8%

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

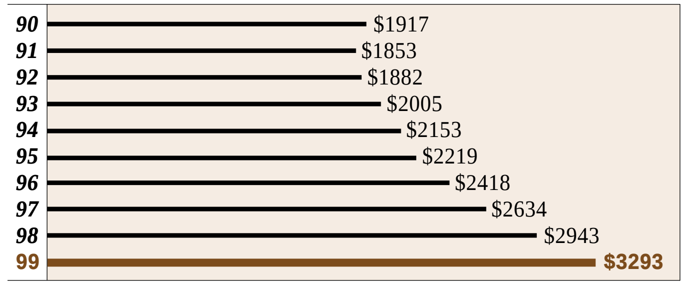
	1999	**Change**	**1998**	**Change**	**1997**	**Change**
Local	**34.8**	**0%**	34.9	3%	33.8	5%
National	**3.5**	**15%**	3.0	7%	2.8	13%
Classified	**45.0**	**9%**	41.5	9%	38.0	8%
Total Run-of-Press	**83.3**	**5%**	79.4	6%	74.6	7%
Preprint distribution (millions)	**7,515**	**3%**	7,287	7%	6,812	3%

Reported newspaper advertising revenues for 1999 were $350 million greater than in 1998, a 12% increase, while pro forma revenues presented above reflect a 6% increase. The variance in these two comparisons relates principally to the Newsquest properties acquired in July 1999.

Pro forma local ad revenues and linage were down slightly (less than 1%) for the full year. Ad spending by the larger retailers in our markets declined for the year, reflecting closings and consolidations, but this was mostly offset by greater revenue from expanded sales and marketing efforts directed toward small and medium sized advertisers.

Pro forma national ad revenues and linage rose 15%, driven principally by USA TODAY, which reported a 19% gain in revenues on a 14% linage gain. National ad revenue growth also was strong at USA WEEKEND and at several large daily newspaper properties.

Pro forma classified revenue in 1999 rose 6% on a 9% linage gain. Employment ad revenue gains were the strongest, followed by automotive and then real estate. The continued strong economy and the tight labor market were key factors in these revenue gains, along with added marketing and sales resources.



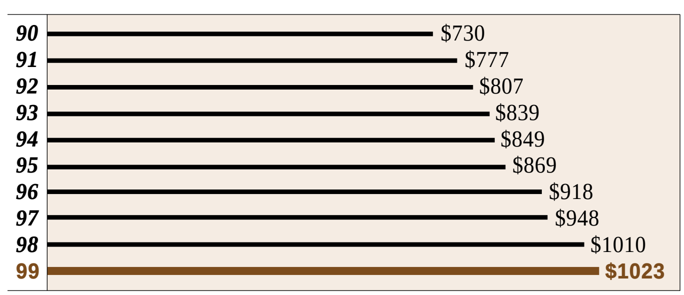
Newspaper advertising revenues in millions, as reported

Looking to the year 2000, further ad revenue and volume growth is anticipated in all categories. Generally modest price increases are planned at most properties, and the company will continue to expand and refine sales and marketing efforts. Changes in national economic factors such as interest rates, employment levels and the rate of general economic growth will impact revenues at all of the company's newspapers.

Newspaper circulation revenues rose $12 million or slightly more than 1% in 1999. Incremental circulation revenues from Newsquest offset declines in domestic circulation revenue. On a pro forma basis, circulation revenues declined slightly less than 1%.

For local newspapers, morning circulation accounts for approximately 80% of total daily volume, while evening circulation accounts for 20%. On a pro forma basis, local morning circulation declined 1%, evening circulation declined 2% and Sunday circulation declined 2%. Selected circulation price increases were implemented in 1999 at certain newspapers. During 1999, the St. Cloud (Minn.) Times and the Vineland (N.J.) Daily Journal were converted from evening to morning publications.

USA TODAY's average daily circulation for 1999 rose .1% to 2,274,621. USA TODAY reported an average daily paid circulation of 2,235,808 in the ABC Publisher's Statement for the six months ended Sept. 26, 1999, a 1% increase over the comparable period a year ago.



Newspaper circulation revenues in millions, as reported

The company expects modest circulation revenue growth at most of its newspaper properties in 2000. Circulation price increases are planned at certain newspapers, along with overall slightly higher volume.

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

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

	1999	Change	1998	Change	1997	Change
Local Newspapers						
Morning	**3,828**	**(1%)**	3,875	1%	3,823	1%
Evening	**960**	**(2%)**	979	—	983	(2%)
Total daily	**4,788**	**(1%)**	4,854	1%	4,806	1%
Sunday	**5,813**	**(2%)**	5,942	(1%)	6,022	(1%)

Reported newspaper advertising revenues for 1998 were $309 million greater than in 1997, a 12% increase, while pro forma revenues presented above reflect a 7% increase. This reported/pro forma variance relates principally to newspaper acquisitions in 1998 and 1997.

Pro forma local ad revenues and linage in 1998 rose 4% and 3%, respectively. Most local newspapers achieved gains in this category, particularly from medium and smaller accounts. Ad spending by major retailers was slightly lower in 1998. The overall gains in local revenues were spurred by enhanced sales and marketing efforts and by the strong economy.

Pro forma national ad revenues and linage rose 9% and 7%, respectively, in 1998 fueled principally by USA TODAY, which reported a 12% gain in total ad revenues and a 9% linage gain. Ad revenue growth at USA TODAY in 1998 followed a 12% gain in 1997 and a 30% gain in 1996.

Pro forma classified revenues in 1998 rose 9% on a 9% linage gain. Employment advertising revenue gains were the strongest, followed by real estate and automotive.

Newspaper circulation revenues rose $62 million or 7% in 1998. Incremental revenue from the newspaper businesses acquired in 1997 and 1998 contributed significantly to the gains, although most of the company's local newspapers, along with USA TODAY and USA WEEKEND, reported higher circulation revenue as well. On a pro forma basis, local morning circulation rose 1%. Average evening circulation was less than 1% lower, continuing the national trend. Average Sunday circulation was 1% lower in 1998.

During 1998, the Battle Creek (Mich.) Enquirer was converted from an evening to a morning publication, and the 10 daily Gannett Suburban Newspapers were consolidated into one morning and Sunday publication, The Journal News, based in Westchester County, N.Y.

Selected circulation price increases were implemented in 1998 at certain newspapers.

USA TODAY's average daily paid circulation for 1998 rose 2% to 2,271,767. USA TODAY reported an average daily paid circulation of 2,213,255 in the ABC Publisher's Statement for the six months ended Sept. 27, 1998, a 2% increase over the comparable period a year ago.

Reported newspaper ad revenues for 1997 were $216 million greater than in 1996, a 9% increase, while pro forma revenues reflect an 8% increase. This reported/pro forma variance relates to the 1997 acquisitions of Army Times Publishing Company and New Jersey Press, Inc.

Pro forma local ad revenues and linage rose 5%. Most of the company's local newspapers achieved gains in this category.

Pro forma national ad revenues and linage rose 10% and 13% in 1997, respectively. USA TODAY reported a 12% gain in total ad revenues and a 7% linage gain. USA WEEKEND's national revenues rose 16%, and local newspaper national revenues were up 13%.

Pro forma classified revenues rose 11% in 1997 on an 8% linage gain. Employment advertising revenue gains were strongest, followed by real estate and automotive. Ad rates were higher at most newspapers for most key classified categories.

Newspaper circulation revenues rose $30 million or 3% in 1997. Most local newspapers, along with USA TODAY and USA WEEKEND, contributed to the gain.

On a pro forma basis, local morning circulation rose 1% in 1997 while average evening circulation was 2% lower. Average Sunday circulation was 1% lower. At The Detroit News, daily and Sunday circulation rose for the year, reversing the effects of the strike initiated in 1995.

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

Selected price increases were implemented in 1997 at certain newspapers.

USA TODAY's average daily paid circulation in 1997 rose 3% to 2,234,474. USA TODAY reported an average daily paid circulation of 2,169,860 in the ABC Publisher's Statement for the six months ended Sept. 28, 1997, a 2% increase over the comparable period in 1996.

Newspaper operating expense: Newspaper operating expenses rose $190 million, or 6%, in 1999. The increase was caused principally by incremental costs from Newsquest properties acquired in July 1999. Newsprint expense for the year, including the effect of acquisitions, was 6% lower than in 1998. While consumption rose nearly 7% (due principally to Newsquest), average newsprint prices declined 12%.

For 2000, newsprint consumption and prices are expected to be slightly higher than in 1999. The increase in consumption in 2000 will be tempered by web width reductions to 50 inches at most of the company's U.S. newspapers, including USA TODAY.

Payroll costs for newspaper operations rose 10% in 1999, in part because of the Newsquest acquisition but also because of staffing increases in marketing and ad sales and modest pay increases.

For 2000, moderate pay increases are planned and staffing levels are expected to be up slightly.

Newspaper operating expenses rose $281 million or 10% in 1998. The increase was caused principally by incremental costs from newspaper properties acquired in 1997 and 1998. Newsprint expense for the year, including the effect of acquisitions, was 18% higher than in 1997. Both consumption and average prices were higher by approximately 9%.

Payroll costs for newspaper operations rose 9% in 1998, in part because of acquired properties but also because of increases in headcount, particularly in marketing and ad sales, and pay increases.

Newspaper operating expenses rose $53 million or 2% in 1997. The company benefited from lower average newsprint costs for the year. Newsprint expense for the year, including the effect of acquisitions, was 15% lower than in 1996. Consumption was higher by 8%, but average prices were down 21%.

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

Newspaper operating income: The company's newspapers produced record earnings in 1999. Operating profit rose $182 million or 16%. The Newsquest properties acquired in July 1999 contributed to the profit gain. Earnings were strong at Detroit, the company's New Jersey Group and at USA WEEKEND. Most of the company's local U.S. newspapers reported earnings gains. For USA TODAY, 1999 was another record year as operating profit rose dramatically.

Newsquest financial results were translated from British pounds to U.S. dollars using a weighted average rate of $1.62 for the period it was owned in 1999.

For 2000, newspaper operating profits are expected to show continued growth, reflecting full-year results at Newsquest, generally higher profits at most local domestic newspapers and further earnings gains at USA TODAY.

Newspapers operating profit rose $107 million or 11% in 1998. While newspaper properties acquired in 1997 and 1998 contributed significant earnings, most of the company's local newspapers also reported higher profits. Earnings gains at Detroit and at USA TODAY were among the strongest.

Newspapers earnings were sharply higher in 1997; operating profit rose $216 million or 27%. Nearly all local newspapers reported higher profits and significant gains were achieved in Detroit and other large-city markets, as well as at USA WEEKEND. At USA TODAY, operating results were sharply higher.

Broadcasting

The company's broadcasting operations at the end of 1999 included 21 television stations in markets reaching 17.4 percent of U.S. television homes.

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

In millions of dollars

	1999	Change	1998	Change	1997	Change
Revenues	$729	1%	$721	3%	$704	2%
Expenses	$391	4%	$377	1%	$376	(4%)
Operating income	$338	(2%)	$344	5%	$328	10%
Operating cash flow	$400	(1%)	$404	5%	$385	10%

Reported broadcast results are affected by the station exchange on June 1, 1999 of KVUE-TV in Austin for KXTV-TV in Sacramento. (Refer to page 23 for details of the transaction.) Total broadcast reported revenues rose $7 million or 1% for 1999. However, on a pro forma basis, giving effect to the Austin/Sacramento station exchange, total station revenues were slightly less than 1% lower for the full year. Pro forma local revenues rose 5% for the year, while national revenues were down 7%. The decline in national ad revenue in comparison with 1998 reflects in part revenue spikes in 1998 on CBS stations for the Winter Olympics and on NBC affiliates for the Super Bowl and the Seinfeld program, and from generally strong political/issue advertising.

Reported operating expenses for broadcast were up 4%, reflecting the impact of the Austin/Sacramento station exchange. On a pro forma basis, operating costs were down slightly. Pro forma payroll was up 1%.

For 2000, television revenues and earnings are expected to improve considerably, buoyed by incremental ad revenues from the Olympics and political campaigns.

In November 1999, the company announced an agreement to acquire WJXX-TV, the ABC affiliate in Jacksonville, Fla. Closing is expected to occur as soon as regulatory approvals are obtained. The company also will continue to own WTLV-TV, the NBC affiliate in Jacksonville.

A summary of pro forma revenues for television stations owned at the end of 1999 follows:

Pro forma broadcast revenues, in millions of dollars

	1999	Change	1998	Change	1997	Change
Revenues	$732	(1%)	$736	6%	$692	2%

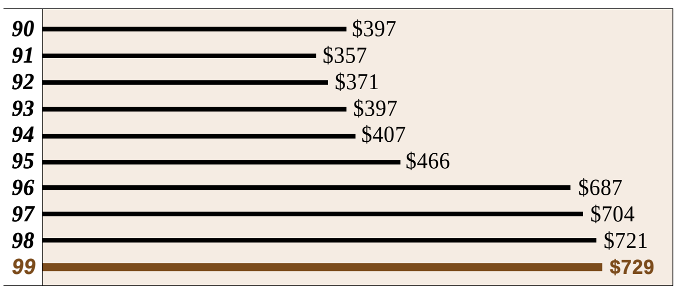
Total reported broadcasting revenues rose $18 million or 3% in 1998. On a pro forma basis, broadcasting revenues rose 6% for the year. Pro forma local and national advertising revenues increased 6% and 9%, respectively, over 1997, reflecting strong advertising demand for NBC programming (12 company stations were NBC affiliates) and overall growth in the economy. Advertising revenues benefited from the Super Bowl broadcast on the company's NBC stations and the Winter Olympics airing on its CBS stations. Strong political advertising contributed to the overall revenue growth as well.

Reported operating expenses for broadcast were up 1% for 1998. On a pro forma basis, operating expenses increased 2%, with payroll costs up 4% and program costs up 1% over 1997.

Operating income in 1998 from broadcasting reached a record high, climbing $15 million to $344 million. The 5% increase was the result of continued strong demand for television advertising in most markets throughout the year and cost controls.

Reported broadcasting revenues rose $17 million or 2% in 1997. On a pro forma basis, broadcasting revenues rose 2% with local advertising revenues up 5% and national advertising revenues even with 1996.

Reported operating expenses for broadcast in 1997 declined $14 million or 4%, mainly because of Olympics-related costs in 1996. On a pro forma basis, operating expenses declined 2%. Pro forma payroll increased 4%, while program expenses decreased 9%.



Broadcasting revenues in millions, as reported

Consolidated operating expenses

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

Consolidated operating expenses, in millions of dollars

	1999	Change	1998	Change	1997	Change
Cost of sales	**$2,608**	**4%**	$2,499	10%	$2,272	—
Selling, general and admin. expenses	**$ 809**	**9%**	$ 743	5%	$ 706	6%
Depreciation	**$ 169**	**3%**	$ 164	7%	$ 153	3%
Amortization of intangible assets	**$ 111**	**23%**	$ 90	11%	$ 81	8%

Cost of sales for 1999 were up $110 million or 4%, reflecting increased costs from businesses acquired in 1998 and 1999, particularly Newsquest. Newsprint expense decreased 6% despite a 7% increase in consumption (including acquisitions). Average newsprint prices dropped 12% as compared to 1998.

Selling, general and administrative costs (SG&A) were up 9% for the year due primarily to the Newsquest acquisition and generally higher newspaper advertising expenses.

Depreciation expense increased 3% during the year as a result of the Newsquest acquisition. Amortization of intangibles rose $21 million or 23% due to 1998 and 1999 acquisitions, principally Newsquest.

Cost of sales for 1998 increased $227 million or 10%. Newsprint expense rose 18% for the year because of a 9% increase in consumption (including acquisitions) and 9% higher average newsprint prices. Other costs from businesses acquired in 1997 and 1998 also contributed to this increase.

SG&A rose 5% for 1998, mainly because of incremental newspaper advertising expenses from properties acquired in 1997 and 1998.

Depreciation expense in 1998 was up 7% from the prior year due to increased depreciation expense from capital additions and newly acquired properties. Amortization of intangibles rose $9 million or 11% because of costs associated with 1997 and 1998 acquisitions.

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

SG&A rose $42 million or 6% for 1997, primarily because of the effect of properties acquired in that year.

Depreciation expense rose $5 million or 3% in 1997, while amortization of intangibles increased $6 million or 8%. Both increases were attributable to newly acquired properties.

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

	1999	1998	1997
Payroll and employee benefits	45.7%	44.7%	44.1%
Newsprint and other production material	19.5%	21.4%	20.1%

Non-operating income and expense

Interest expense for 1999 increased $15 million or 19%, reflecting significantly increased commercial paper borrowings in the second half of 1999 as a result of the Newsquest acquisition. Interest expense in 2000 is expected to decline significantly due to repayment of commercial paper borrowings from proceeds from the sale of the company's cable division on Jan. 31, 2000. The company's financing activities are discussed further in the financial position section of this report.

Other non-operating income for 1999 includes the second quarter net non-operating gain of $55 million principally from the exchange of the television stations discussed above.

Interest expense for 1998 decreased $19 million or 19%, reflecting the paydown of fixed-rate debt and commercial paper borrowings from operating cash flow and the proceeds from the sale of certain businesses.

Other non-operating income for 1998 includes the first quarter net non-operating gain of $307 million principally from the sale of radio and alarm security businesses.

Interest expense for 1997 decreased $37 million or 28%, reflecting the paydown of commercial paper borrowings from operating cash flow and the proceeds from the sale of the outdoor and entertainment businesses in 1996.

Provision for income taxes

The company's effective income tax rate for continuing operations was 39.8% in 1999, 40.0% in 1998 and 41.0% in 1997. The decrease in the effective tax rate in 1999 and 1998 reflects lower state taxes and the diminished impact of the amortization of non-deductible intangible assets.

Income from continuing operations

In 1999, the company reported income from continuing operations of $919 million or $3.26 per diluted share. However, this reflects the net non-operating gain principally from the television station exchange transaction discussed on page 23. This net gain totaled $55 million pre-tax ($33 million after tax or $.11 per diluted share).

For 1998, the company reported income from continuing operations of $966 million or $3.38 per diluted share. This amount reflects the net non-operating gain principally from the sale of radio and alarm security businesses in the first quarter of the year. This net gain totaled $307 million pre-tax ($184 million after tax or $.64 per diluted share).

For purposes of evaluating the company's earnings progress from ongoing operations, the earnings summary below excludes the effect of these non-operating gains in 1999 and 1998.

In millions of dollars, except per share amounts

Earnings summary excluding 1999 and 1998 net non-operating gains

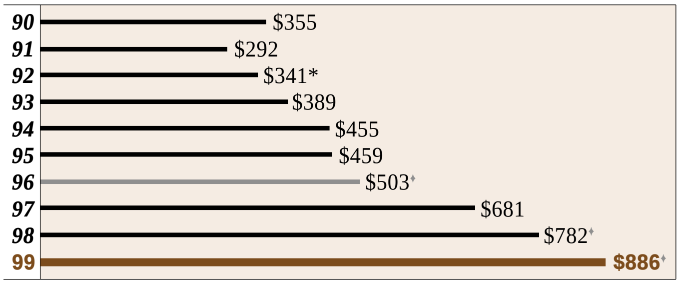
	1999	Change	1998	Change	1997	Change
Operating income	$1,563	13%	$1,386	10%	$1,262	24%
Non-operating expense						
Interest expense	(95)	19%	(80)	(19%)	(98)	(28%)
Other	4	—	(1)	(87%)	(9)	241%
Total	(91)	12%	(81)	(25%)	(107)	(22%)
Income before income taxes	1,472	13%	1,305	13%	1,155	31%
Provision for income taxes	586	12%	523	10%	474	25%
Income from continuing operations	$ 886	13%	$ 782	15%	$ 681	35%
Earnings per share from continuing operations – diluted	$ 3.15	15%	$ 2.74	15%	$ 2.39	34%

Excluding non-recurring items, the company's reported earnings from continuing operations in 1999 were $886 million, a 13% increase with diluted earnings per share at $3.15, up 15%; operating income reached $1.563 billion, an increase of $177 million or 13%.

The strong, record showing in operating income and after-tax results for 1999 came from newspapers. Broadcast earnings were down 2%. Interest expense was 19% higher.

Excluding non-recurring items, 1998 income from continuing operations was $782 million or $2.74 per diluted share, both up 15%. Operating income reached $1.386 billion, an increase of $124 million or 10%. Both the newspaper and broadcasting segments reported higher earnings for the year, with record results at USA TODAY and strong improvement at The Detroit News. Lower interest costs and a lower effective tax rate also contributed.

For 1997, the company reported earnings from continuing operations of $681 million or $2.39 per diluted share, both record highs, up 35% and 34%, respectively, from record results in 1996. The company's operating income reached $1.262 billion in 1997, an increase of $243 million or 24%. Both of the company's business segments reported higher earnings for the year, with record operating results at USA TODAY, a favorable year-to-year comparison at The Detroit News, lower interest costs and a lower effective tax rate.



Income from continuing operations in millions
† Before net non-recurring gains from sale/exchange of businesses
** Before effect of accounting principle changes*

Discontinued operations

As part of the Multimedia purchase in 1995, the company acquired cable television and alarm security operations. In 1998, the company sold its alarm security business, which had been reported within the cable segment. In July 1999, the company announced it had agreed to sell its cable business to Cox Communications, Inc., and on Jan. 31, 2000, the sale of cable was completed. Sale proceeds were approximately $2.7 billion and the company will recognize an after-tax gain in its 2000 financial statements of approximately $740 million or $2.64 per diluted share.

In connection with the cable sale, the company has reclassified cable segment operating results for 1999 and for all prior periods owned as discontinued operations in its statements of income and related discussions. The gain upon sale in 2000 will likewise be reported as an element of discontinued operations. At the end of 1999, the cable television business served 523,000 subscribers in three states. Reported operating results for the cable and security segment over the last three years were as follows:

In millions of dollars

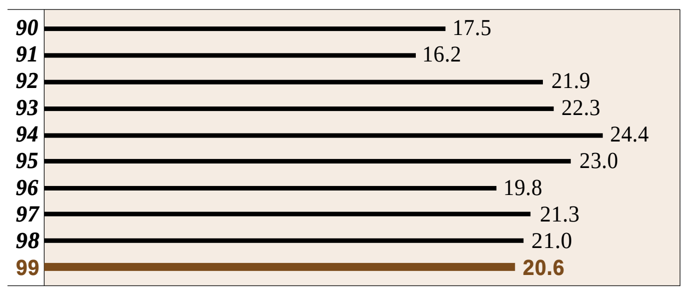
	1999	Change	1998	Change	1997
Revenues	$ 258	7%	$241	(6%)	$255
Expenses	$ 192	4%	$183	(9%)	$201
Operating income	$ 66	14%	$ 58	7%	$ 54
Operating cash flow	$ 118	4%	$114	(6%)	$121
After tax earnings	$ 39	18%	$ 33	6%	$ 31

Net Income

The company reported net income of $958 million or $3.40 per diluted share in 1999 which includes after-tax earnings from discontinued operations of $39 million or $0.14 per share, and a net non-operating after-tax gain of $33 million or $0.11 per share from the company's exchange of television stations previously discussed.

Average diluted shares outstanding for 1999 totaled 281,608,000, compared to 285,711,000 in 1998. Basic shares totaled 279,048,000 for 1999 and 283,097,000 for 1998.

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



Return on shareholders' equity (before non-recurring gains and accounting principle changes) in percentages

The percentage return on equity for 1999 and 1998 declined from the prior years because non-recurring gains from the sale/exchange of businesses are included in shareholders' equity, but are excluded from the amount of earnings from continuing operations used in the calculation.

FINANCIAL POSITION

Liquidity and capital resources

The principal changes in the company's financial position for 1999 relate to the Newsquest acquisition, with an aggregate cost of approximately $1.5 billion which was funded principally by commercial paper borrowings.

Changes in property, plant and equipment in 1999 reflect capital spending of $258 million plus amounts recorded in connection with newly acquired properties, principally Newsquest. The increase in intangible assets is primarily due to amounts recorded in connection with the Newsquest acquisition, and the increases in working capital balances are likewise due to Newsquest. The increase in investments and other assets in 1999 is primarily the result of the company's contribution of The San Bernardino County Sun to a partnership that includes a number of daily California newspapers in exchange for a partnership interest.

The company purchased $163 million in treasury shares in the second half of 1999. The company's foreign currency translation adjustment, related to Newsquest and reported as part of shareholders' equity, totaled $14.3 million, net of tax, at Dec. 26, 1999. This reflects the strengthening of the pound against the U.S. dollar since the Newsquest acquisition date. Newsquest's assets and liabilities were translated from British pounds to U.S. dollars at the Dec. 26, 1999 exchange rate of $1.62.

The company's consolidated operating cash flow (defined as operating income plus depreciation and amortization of intangible assets) totaled $1.843 billion in 1999 compared to $1.639 billion in 1998 and $1.496 billion in 1997. The cash flow increase of $204 million or 12% in 1999 reflects significant operating income growth for the company's newspaper segment. The table below presents operating cash flow as a percent of revenue over the last 10 years.

Operating cash flow, as a percent of revenue

Working capital, or the excess of current assets over current liabilities, totaled $191 million at the end of 1999 and $178 million at the end of 1998. Certain key measurements of the elements of working capital for the last three years are presented in the following chart:

Working capital measurements

	1999	1998	1997
Current ratio	**1.2-to-1**	1.2-to-1	1.2-to-1
Accounts receivable turnover	**7.4**	7.9	7.8
Newsprint inventory turnover	**7.3**	7.5	7.3

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 a revolving credit agreement equal to or in excess of any commercial paper outstanding. The company's commercial paper has been rated A-1+ and P-1 by Standard & Poor's and Moody's Investors Service, respectively. The company's senior unsecured long-term debt is rated AA- by Standard & Poor's and A1 by Moody's Investors Service. The company has a shelf registration statement with the Securities and Exchange Commission under which up to $1.5 billion of additional debt securities may be issued. The company's Board of Directors has established a maximum aggregate level of $3.5 billion for amounts which may be raised through borrowings or the issuance of equity securities.

The company repaid its commercial paper obligations from the pre-tax proceeds from the sale of the company's cable division on Jan. 31, 2000. Commercial paper borrowings are expected to be made later in 2000 for income tax requirements on the cable sale and also may be necessary for acquisitions or additional share repurchases.

Note 4 to the company's financial statements on page 42 of this report provides further information concerning commercial paper transactions and the company's $3.0 billion revolving credit agreement.

The company has a capital expenditure program (not including business acquisitions) of approximately $325 million planned for 2000, including approximately $144 million for land and buildings or renovation of existing facilities, including costs associated with the new USA TODAY and corporate headquarters facility, $162 million for machinery and equipment, and $19 million for vehicles and other assets. Management reviews the capital expenditure program periodically and modifies it as required to meet current business needs. It is expected that the 2000 capital program will be funded from operating cash flow.

Capital stock

In 1998, the company announced authorizations to repurchase up to $750 million of its company stock. During 1998, the company repurchased a total of approximately 6 million shares of common stock at a cost of $329 million and in 1999, the company purchased approximately 2.4 million shares of its common stock at a cost of $163 million. In early 2000, the Board authorized the repurchase of an additional $500 million of company stock. Certain of the shares previously acquired by the company have been reissued in settlement of employee stock awards.

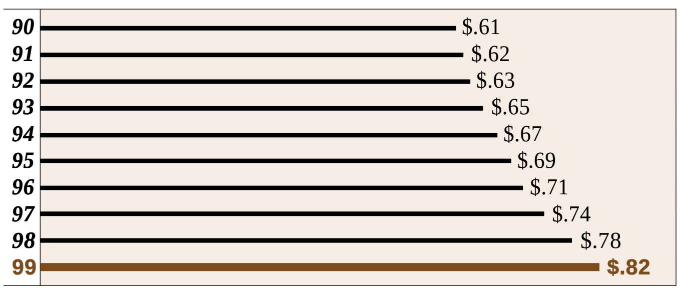
In 1997, the company's Board of Directors approved a two-for-one stock split effective on Oct. 6, 1997. In this report, all share and per-common-share amounts have been adjusted to reflect this stock split. In connection with the split, $162.2 million was transferred from retained earnings to common stock to reflect the par value of additional shares issued.

An employee 401(k) Savings Plan was established in 1990 which includes a company matching contribution in the form of Gannett stock. To fund the company's matching contribution, an Employee Stock Ownership Plan (ESOP) was formed which acquired 2,500,000 shares of Gannett stock from the company for $50 million. The stock purchase was financed with a loan from the company.

The company's common stock outstanding at Dec. 26, 1999, totaled 277,926,431 shares, compared with 279,001,295 shares at Dec. 27, 1998.

Dividends

Dividends declared on common stock amounted to $229 million in 1999, compared with $221 million in 1998, reflecting an increase in the dividend rate.



Dividends declared per share

In October 1999, the quarterly dividend was increased from $.20 to $.21 per share.

Cash dividends		Payment date	Per share
1999	**4th Quarter**	**Jan. 3, 2000**	**$.21**
	3rd Quarter	**Oct. 1, 1999**	**$.21**
	2nd Quarter	**July 1, 1999**	**$.20**
	1st Quarter	**April 1, 1999**	**$.20**
1998	4th Quarter	Jan. 2, 1999	$.20
	3rd Quarter	Oct. 1, 1998	$.20
	2nd Quarter	July 1, 1998	$.19
	1st Quarter	April 1, 1998	$.19

Effects of inflation and changing prices and other matters

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

The company is exposed to foreign exchange rate risk primarily due to its acquisition of Newsquest, which uses the British pound as its functional currency which is then translated into U.S. dollars.

In June 1998, SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" was issued. This standard is effective for fiscal periods beginning after June 15, 2000. The adoption of this standard is not expected to have a material effect on the company's results of operations or financial position.

Year 2000

The company's efforts to address potential Year 2000 problems began in 1995 and resulted in the development of a plan to ensure all of the company's key computer and telecommunications systems were Year 2000 compliant. The company's plan was successful; no significant Year 2000 problems were encountered. Costs associated with efforts to achieve Year 2000 compliance were not material to the company's financial position or to operating results for any of the years involved.

Certain factors affecting forward-looking statements

Certain statements in the company's 1999 Annual Report to Shareholders and its Annual Report on Form 10-K contain forward-looking information. The words "expect," "intend," "believe," "anticipate," "likely," "will" and similar expressions generally identify forward-looking statements. These forward-looking statements are subject to certain risks and uncertainties which could cause actual results and events to differ materially from those anticipated in the forward-looking statements.

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

CONSOLIDATED BALANCE SHEETS

In thousands of dollars

Assets	***Dec. 26, 1999***	***Dec. 27, 1998***
Current assets		
Cash	**$ 46,148**	$ 60,103
Marketable securities, at cost, which approximates market	**12**	6,084
Trade receivables (less allowance for doubtful receivables of $30,694 and $19,143, respectively)	**800,682**	664,540
Other receivables	**80,753**	52,619
Inventories	**95,014**	87,176
Prepaid expenses	**52,613**	35,863
Total current assets	**1,075,222**	906,385
Property, plant and equipment		
Land	**182,138**	180,786
Buildings and improvements	**886,655**	839,210
Cable systems (Note 2)	**424,907**	413,059
Machinery, equipment and fixtures	**2,259,362**	2,123,468
Construction in progress	**130,850**	110,220
Total	**3,883,912**	3,666,743
Less accumulated depreciation	**(1,660,060)**	(1,602,960)
Net property, plant and equipment	**2,223,852**	2,063,783
Intangible and other assets		
Excess of acquisition cost over the value of assets acquired (less accumulated amortization of $867,606 and $749,680, respectively)	**5,398,227**	3,794,601
Investments and other assets (Note 5)	**309,145**	214,711
Total intangible and other assets	**5,707,372**	4,009,312
Total assets	**$ 9,006,446**	$ 6,979,480

CONSOLIDATED BALANCE SHEETS

In thousands of dollars

Liabilities and shareholders' equity	**Dec. 26, 1999**	***Dec. 27, 1998***
Current liabilities		
Current maturities of long-term debt (Note 4)		$ 7,812
Accounts payable		
Trade	**$ 312,277**	282,798
Other	**36,312**	29,485
Accrued liabilities		
Compensation	**120,581**	108,301
Interest	**5,230**	5,213
Other	**145,684**	114,708
Dividend payable	**58,297**	55,790
Income taxes (Note 7)	**77,553**	6,395
Deferred income	**127,844**	117,465
Total current liabilities	**883,778**	727,967
Deferred income taxes (Note 7)	**479,547**	442,359
Long-term debt (Note 4)	**2,463,250**	1,306,859
Postretirement medical and life insurance liabilities (Note 6)	**304,400**	308,145
Other long-term liabilities	**245,825**	214,326
Total liabilities	**4,376,800**	2,999,656
Shareholders' equity (Notes 4 and 8)		
Preferred stock, par value $1: Authorized, 2,000,000 shares: Issued, none		
Common stock, par value $1: Authorized, 400,000,000 shares: Issued, 324,420,732 shares, as to both years	**324,421**	324,421
Additional paid-in capital	**153,267**	126,045
Retained earnings	**5,504,810**	4,775,313
Accumulated other comprehensive income	**25,377**	
	6,007,875	5,225,779
Less Treasury stock, 46,494,301 shares and 45,419,437 shares, respectively, at cost	**(1,359,263)**	(1,223,077)
Deferred compensation related to ESOP (Note 8)	**(18,966)**	(22,878)
Total shareholders' equity	**4,629,646**	3,979,824
Commitments and contingent liabilities (Note 9)		
Total liabilities and shareholders' equity	**$ 9,006,446**	$ 6,979,480

CONSOLIDATED STATEMENTS OF INCOME

In thousands of dollars

Fiscal year ended	*Dec. 26, 1999*	*Dec. 27, 1998*	*Dec. 28, 1997*
Net operating revenues			
Newspaper advertising	$3,292,894	$ 2,942,995	$ 2,634,334
Newspaper circulation	1,022,520	1,010,238	948,141
Broadcasting	728,642	721,298	703,558
All other	216,134	206,160	188,195
Total	5,260,190	4,880,691	4,474,228
Operating expenses			
Cost of sales and operating expenses, exclusive of depreciation	2,608,469	2,498,876	2,272,080
Selling, general and administrative expenses, exclusive of depreciation	808,529	742,538	706,201
Depreciation	169,460	163,776	152,964
Amortization of intangible assets	110,631	89,687	80,741
Total	3,697,089	3,494,877	3,211,986
Operating income	1,563,101	1,385,814	1,262,242
Non-operating income (expense)			
Interest expense	(94,619)	(79,412)	(98,242)
Interest income	5,739	19,318	6,517
Other (Note 2)	52,966	286,005	(15,564)
Total	(35,914)	225,911	(107,289)
Income before income taxes	1,527,187	1,611,725	1,154,953
Provision for income taxes	607,800	645,300	473,600
Income from continuing operations	919,387	966,425	681,353
Income from the operation of discontinued operations, net of income taxes of $27,700, $24,200 and $22,700, respectively	38,541	33,488	31,326
Net income	$ 957,928	$ 999,913	$ 712,679
Earnings per share – basic			
Earnings from continuing operations	$3.29	$3.41	$2.41
Earnings from discontinued operations, net of tax	.14	.12	.11
Net income per share – basic	$3.43	$3.53	$2.52
Earnings per share – diluted			
Earnings from continuing operations	$3.26	$3.38	$2.39
Earnings from discontinued operations, net of tax	.14	.12	.11
Net income per share – diluted	$3.40	$3.50	$2.50

CONSOLIDATED STATEMENTS OF CASH FLOWS

In thousands of dollars

Fiscal year ended	***Dec. 26, 1999***	***Dec. 27, 1998***	***Dec. 28, 1997***
Cash flows from operating activities			
Net income	**$ 957,928**	$ 999,913	$ 712,679
Adjustments to reconcile net income to operating cash flows			
Discontinued operations, net of tax	**(38,541)**	(33,488)	(31,326)
Depreciation	**169,460**	163,776	152,964
Amortization of intangibles	**110,631**	89,687	80,741
Deferred income taxes	**21,983**	40,105	(14,244)
Other, net, including gains on sales	**(49,269)**	(360,944)	(20,166)
Increase in receivables	**(70,014)**	(29,732)	(41,684)
(Increase) decrease in inventories	**(7,624)**	11,054	(6,336)
Decrease (increase) in film broadcast rights	**3,359**	62	(644)
Decrease in accounts payable	**(34,805)**	(14,777)	(40,487)
Increase (decrease) in interest and taxes payable	**11,555**	7,951	(26,336)
Change in other assets and liabilities, net	**72,223**	96,928	115,896
Net cash flow from operating activities	**1,146,886**	970,535	881,057
Cash flows from investing activities			
Purchase of property, plant and equipment	**(258,443)**	(244,425)	(221,251)
Payments for acquisitions, net of cash acquired	**(1,496,649)**	(369,804)	(355,343)
Change in other investments	**(18,561)**	(16,244)	(8,099)
Proceeds from sale of certain assets	**38,450**	665,001	40,859
Collection of long-term receivables	**8,178**	2,409	5,388
Net cash (used for) provided by investing activities	**(1,727,025)**	36,937	(538,446)
Cash flows from financing activities			
Proceeds from (payments of) long-term debt	**915,865**	(470,207)	(144,903)
Dividends paid	**(226,274)**	(218,853)	(206,557)
Cost of common shares repurchased	**(163,228)**	(328,956)	
Proceeds from issuance of common stock	**33,681**	23,953	30,425
Net cash provided by (used for) financing activities	**560,044**	(994,063)	(321,035)
Effect of currency exchange rate change	**68**		
(Decrease) increase in cash and cash equivalents	**(20,027)**	13,409	21,576
Balance of cash and cash equivalents at beginning of year	**66,187**	52,778	31,202
Balance of cash and cash equivalents at end of year	**$ 46,160**	$ 66,187	$ 52,778

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

In thousands of dollars

Fiscal years ended December 28, 1997, December 27, 1998 and December 26, 1999	*Common stock $1 par value*	*Additional paid-in capital*	*Retained earnings*	*Accumulated other comprehensive income*	*Treasury stock*	*Deferred compensation related to ESOP*	*Total*
Balance: Dec. 29, 1996	***$162,210***	***$ 86,126***	***$3,654,681***		***$ (942,609)***	***$(29,590)***	***$2,930,818***
Net income, 1997			712,679				712,679
Dividends declared, 1997: $.74 per share			(209,867)				(209,867)
Stock options exercised		4,152			25,781		29,933
Stock issued under incentive plan		114			120		234
Tax benefit derived from stock incentive plans		13,974					13,974
Compensation expense related to ESOP						1,535	1,535
Tax benefit from ESOP			430				430
Par value of shares issued in 2-for-1 stock split effective Oct. 6, 1997	162,211		(162,211)				
Balance: Dec. 28, 1997	***$324,421***	***$104,366***	***$3,995,712***		***$ (916,708)***	***$(28,055)***	***$3,479,736***
Net income, 1998			999,913				999,913
Dividends declared, 1998: $.78 per share			(220,718)				(220,718)
Treasury stock acquired					(328,956)		(328,956)
Stock options exercised		4,870			19,285		24,155
Stock issued under incentive plan		(1,255)			3,302		2,047
Tax benefit derived from stock incentive plans		18,064					18,064
Compensation expense related to ESOP						5,177	5,177
Tax benefit from ESOP			406				406
Balance: Dec. 27, 1998	***$324,421***	***$126,045***	***$4,775,313***		***$(1,223,077)***	***$(22,878)***	***$3,979,824***
Net income, 1999			**957,928**				**957,928**
Foreign currency translation adjustment, net of taxes of $9,130				**$ 14,280**			**14,280**
Unrealized gain on securities, net of taxes of $7,095				**11,097**			**11,097**
Total comprehensive income							***983,305***
Dividends declared, 1999: $.82 per share			**(228,781)**				**(228,781)**
Treasury stock acquired					**(163,228)**		**(163,228)**
Stock options exercised		**7,916**			**23,490**		**31,406**
Stock issued under incentive plan		**(2,154)**			**3,552**		**1,398**
Tax benefit derived from stock incentive plans		**21,460**					**21,460**
Compensation expense related to ESOP						**3,912**	**3,912**
Tax benefit from ESOP			**350**				**350**
Balance: Dec. 26, 1999	**$324,421**	**$ 153,267**	**$ 5,504,810**	**$25,377**	**$ (1,359,263)**	**$ (18,966)**	**$ 4,629,646**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1

Summary of significant accounting policies

Fiscal year: The company's fiscal year ends on the last Sunday of the calendar year. The company's 1999 fiscal year ended on Dec. 26, 1999, and encompassed a 52-week period. The company's 1998 and 1997 fiscal years also encompassed 52-week periods.

Consolidation: The consolidated financial statements include the accounts of the company and its subsidiaries after elimination of all significant intercompany transactions and profits. Certain prior-year information has been reclassified to conform with the current year presentation.

Operating agencies: Four of the company's newspaper subsidiaries were participants in joint operating agencies. Each joint operating agency performs the production, sales and distribution functions for the subsidiary and another newspaper publishing company under a joint operating agreement. The company includes its appropriate portion of the revenues and expenses generated by the operation of the agencies on a line-by-line basis in its statement of income.

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

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

Excess of acquisition cost over fair value of assets acquired: The excess of acquisition cost over the fair value of assets acquired represents the cost of intangible assets at the time the subsidiaries were purchased. In accordance with Opinion 17 of the Accounting Principles Board of the American Institute of Certified Public Accountants, the excess acquisition cost of subsidiaries arising from acquisitions accounted for as purchases since Oct. 31, 1970, ($6.14 billion at Dec. 26, 1999) is being amortized generally over 40 years on a straight-line basis.

Valuation of Long-Lived Assets: The company evaluates the carrying value of long-lived assets to be held and used, including the excess of acquisition cost over fair value of assets acquired, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying value of a long-lived asset, including the excess of acquisition cost over fair value of assets acquired, is considered impaired when the projected undiscounted future cash flows from the related business unit are less than its carrying value. The company measures impairment based on the amount by which the carrying value exceeds the fair market value. Fair market value is determined primarily using the projected future cash flows discounted at a rate commensurate with the risk involved. Losses on long-lived assets to be disposed of are determined in a similar manner, except that fair market values are reduced for the cost to dispose.

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

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

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

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

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

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

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

Discontinued operations: In connection with the sale of the cable business, the cable operating results have been reclassified in the statements of income and related discussions as discontinued operations. The cable business (along with the alarm security business sold in 1998) was previously reported as a separate segment by the company. Assets and liabilities from the cable business have not been separately presented in the balance sheet.

New accounting pronouncements: In June 1998, SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" was issued. This standard is effective for fiscal periods beginning after June 15, 2000. The adoption of this standard is not expected to have a material effect on the company's results of operations or financial position.

NOTE 2

Acquisitions, exchanges and dispositions

1999: On June 24, 1999, Gannett made a cash offer to acquire the stock of Newsquest plc ("Newsquest"). Newsquest's principal activities are publishing and printing regional and local newspapers in England with a portfolio of 180 titles that include paid-for daily and weekly newspapers, and free weekly newspapers.

The offer was for 460 pence (U.S. $7.26) in cash or loan notes for each of 200.4 million fully diluted shares, for a total price of approximately 922 million pounds sterling (U.S. $1.5 billion). Gannett also financed the repayment of Newsquest's existing debt. Share purchases commenced in the third quarter of 1999 and were financed principally by commercial paper borrowings and operating cash flow. On July 26, 1999, Gannett declared the offer unconditional in all respects and shortly thereafter, Gannett effectively owned 100% of Newsquest shares. The acquisition was recorded under the purchase method of accounting and Newsquest's results of operations are included in the company's financial statements from July 26, 1999 forward.

On June 1, 1999, the company completed a broadcast station transaction under which it exchanged its ABC affiliate KVUE-TV in Austin, Texas, and received KXTV-TV, the ABC affiliate in Sacramento, Calif., plus cash consideration. For financial reporting purposes, the company recorded the exchange as two simultaneous but separate events; that is, a sale of its Austin TV station for which a non-operating gain was recognized, and the acquisition of the Sacramento station accounted for under the purchase method. In its second quarter, the company reported a net non-operating gain of $55 million ($33 million after tax) principally as a result of this transaction.

In March 1999, the company contributed The San Bernardino County Sun to a partnership that includes 21 daily California newspapers in exchange for a partnership interest.

The aggregate purchase price, including liabilities assumed, for businesses and assets acquired in 1999 including Newsquest, the Sacramento television station and certain smaller non-daily newspaper publishing operations, totaled approximately $1.8 billion.

Subsequent event – January 31, 2000: On Jan. 31, 2000, the previously announced sale of the assets of the company's subsidiary, Multimedia Cablevision, Inc., to Cox Communications, Inc. of Atlanta, Ga., was completed.

The sale price for the cable business was approximately $2.7 billion in cash, which resulted in an after-tax gain of approximately $740 million or $2.64 per diluted share. The gain will be reported in Gannett's first quarter of 2000. The proceeds from the sale were used to pay down commercial paper obligations.

Although the cable sale was finalized in the year 2000, for financial reporting purposes, the cable operating results for 1999 and all prior years for which it was owned by the company have been reclassified in the statements of income and related discussions as discontinued operations. Likewise for the year 2000, cable operating results for the period up to the sale date, along with the gain on the sale, will be reported as discontinued operations. The cable business (along with the alarm security business sold in 1998) was previously reported as a separate segment by the company (refer to page 31 for additional information).

1998: In the first quarter of 1998, the company sold its five remaining radio stations, its alarm security business and its newspaper in St. Thomas, Virgin Islands. It also contributed its newspaper in Saratoga Springs, N.Y., to the Gannett Foundation. The company recorded a net non-operating gain of $307 million ($184 million after tax), principally as a result of these transactions.

The company purchased television stations WCSH-TV (NBC) in Portland, Maine, and WLBZ-TV (NBC) in Bangor, Maine, early in the first quarter and WLTX-TV (CBS) in Columbia, S.C., in April 1998.

In the third quarter of 1998, the company sold five small-market daily newspapers in Ohio, Illinois and West Virginia and completed the acquisition of several newspapers in New Jersey, including The Daily Record in Morristown and the Ocean County Observer in Toms River. Also in the third quarter of 1998, the company completed a transaction with TCI Communications, Inc., under which it exchanged its subscribers and certain cable system assets in the suburban Chicago area (93,000 subscribers) for subscribers and certain cable system assets of TCI in Kansas (128,000 subscribers).

The aggregate purchase price for businesses and assets acquired in 1998 was approximately $370 million in cash. The acquisitions, which were accounted for under the purchase method of accounting, did not materially affect reported results of operations for the year.

1997: In January 1997, the company exchanged WLWT-TV (NBC) in Cincinnati and KOCO-TV (ABC) in Oklahoma City for WZZM-TV (ABC) in Grand Rapids and WGRZ-TV (NBC) in Buffalo. This exchange was necessary to comply with FCC cross-ownership rules and did not materially affect broadcast operating results.

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

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

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

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

An unaudited earnings summary of the company's income from continuing operations, excluding the net non-operating gains in 1999 and 1998 discussed above, is as follows:

In millions of dollars, except per share amounts (unaudited)

	1999	Change	1998	Change	1997	Change
Income from continuing operations	**$ 886**	**13%**	$ 782	15%	$ 681	35%
Earnings per share from continuing operations						
– Basic	**$3.18**	**15%**	$2.76	15%	$2.41	35%
– Diluted	**$3.15**	**15%**	$2.74	15%	$2.39	34%

The following table summarizes, on an unaudited, pro forma basis, the estimated combined results of operations of the company and its subsidiaries as though the acquisitions, exchanges and dispositions noted above (including the pro forma effects of the cable division sale completed in January 2000) were made at the beginning of 1998. On this basis, these transactions would have resulted in a pro-forma increase in income per share (diluted) from continuing operations (excluding the 1999 and 1998 net non-operating gains previously discussed) of $.21. However, this pro forma combined statement does not necessarily reflect the results of operations as they would have been if the combined companies had constituted a single entity during those years.

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

Fiscal year	1999	1998
Operating revenues*	**$5,544**	$5,358
Income before taxes*	**$1,571**	$1,393
Income*	**$ 946**	$ 836
Income per share* – Basic	**$3.39**	$2.95
Income per share* – Diluted	**$3.36**	$2.93

**from continuing operations*

NOTE 3

Statement of cash flows

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

Cash paid in 1999, 1998 and 1997 for income taxes and for interest (net of amounts capitalized) was as follows:

In thousands of dollars

	1999	1998	1997
Income taxes	**$596,873**	$626,409	$506,209
Interest	**$100,547**	$ 84,808	$102,228

Liabilities assumed in connection with 1999 acquisitions totaled approximately $365 million, with $181 million related to Newsquest's outstanding debt obligations.

Liabilities assumed in connection with 1998 and 1997 acquisitions totaled approximately $17 million and $56 million, respectively.

In each January following the years ended 1999, 1998 and 1997, the company issued 137,168, 161,646 and 149,148 shares of common stock, respectively, in settlement of stock incentive rights whose four-year grant periods ended in December of those years. As a result of issuing those shares, the compensation liabilities for those rights, which equaled $6.3 million, $5.5 million and $6.0 million, respectively, were transferred to shareholders' equity.

NOTE 4

Long-term debt

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

In thousands of dollars

	Dec. 26, 1999	Dec. 27, 1998
Unsecured promissory notes	**$2,113,763**	$1,003,328
Notes due 5/1/00, interest at 5.85%	**249,982**	249,884
Other indebtedness	**99,505**	61,459
	2,463,250	1,314,671
Less amount included in current liabilities	**—**	(7,812)
Total long-term debt	**$2,463,250**	$1,306,859

The unsecured promissory notes at Dec. 26, 1999, were due from Dec. 27, 1999, to Jan. 31, 2000, with rates varying from 5.50% to 6.03%.

The unsecured promissory notes at Dec. 27, 1998, were due from Dec. 28, 1998, to Jan. 19, 1999, with rates varying from 4.82% to 5.21%.

The maximum amount of such promissory notes outstanding at the end of any period during 1999 and 1998 was $2.2 billion and $1.2 billion, respectively. The daily average outstanding balance was $1.3 billion during 1999 and $1 billion during 1998. The weighted average interest rate was 5.2% for 1999 and 5.5% for 1998.

Other indebtedness includes the loan notes issued by the company to the former shareholders of Newsquest plc in connection with its acquisition as more fully discussed in Note 2. The notes bear interest at .5% below the London Interbank Offered Rate subject to a cap of 6.5%. Interest is payable semiannually. The notes are due on Dec. 31, 2006, but may be redeemed by the company on June 30, 2000, and on each interest payment date thereafter. The remaining other indebtedness at Dec. 26, 1999, has maturities ranging from 2000 to 2013 at interest rates ranging from 3.7% to 10%.

At Dec. 26, 1999, the company had $3.0 billion of credit available under a revolving credit agreement. The agreement provides for a revolving credit period which permits borrowing from time to time up to the maximum commitment. The revolving credit period extends to July 1, 2003.

The commitment fee rate may range from .07% to .175%, depending on Standard & Poor's or Moody's credit rating of the company's senior unsecured long-term debt. The rate in effect at Dec. 26, 1999, was .07%. At the option of the company, the interest rate on borrowings under the agreement may be at the prime rate, at rates ranging from .13% to .35% above the London Interbank Offered Rate or at rates ranging from .255% to .50% above a certificate of deposit-based rate. The prime rate was 8.5% at the end of 1999 and 7.75% at the end of 1998. The percentages that will apply will be dependent on Standard & Poor's or Moody's credit rating of the company's senior unsecured long-term debt.

The revolving credit agreement contains restrictive provisions that require the maintenance of net worth of $2.0 billion. At Dec. 26, 1999, and Dec. 27, 1998, net worth was $4.6 billion and $4.0 billion, respectively.

At Dec. 26, 1999, the unsecured promissory notes and the notes due May 1, 2000, were supported by the $3.0 billion revolving credit agreement and, therefore, are classified as long-term debt.

As discussed in Note 2, the company sold its cable business on Jan. 31, 2000. The proceeds from the sale were used to pay down commercial paper obligations.

Approximate annual maturities of long-term debt, assuming that the company had used the $3.0 billion revolving credit agreement as of the balance sheet date to refinance existing unsecured promissory notes and the notes due May 1, 2000, on a long-term basis, are as follows:

In thousands of dollars

2000	
2001	
2002	
2003	$ 2,379,495
2004	
Later years	83,755
Total	$ 2,463,250

At Dec. 26, 1999, and Dec. 27, 1998, the company estimates that the amount reported on the balance sheet for financial instruments, including long-term debt, cash and cash equivalents, trade and other receivables, current maturities of long-term debt and other long-term liabilities, approximate fair value.

NOTE 5

Retirement plans

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

The company's pension costs for 1999, 1998 and 1997 are presented in the following table:

In thousands of dollars

	1999	1998	1997
Service cost - benefits earned during the period	**$ 60,834**	$ 51,249	$ 47,105
Interest cost on benefit obligation	**103,412**	94,171	85,033
Expected return on plan assets	**(146,168)**	(135,484)	(112,040)
Amortization of transition asset	**(984)**	(4,226)	(11,008)
Amortization of prior service (credit) cost	**(3,754)**	(3,773)	1,790
Amortization of actuarial loss	**1,407**	443	
Pension expense for company-sponsored retirement plans	**14,747**	2,380	10,880
Union and other pension cost	**5,071**	5,357	4,135
Pension cost	**$ 19,818**	$ 7,737	$ 15,015

The following table provides a reconciliation of benefit obligations, plan assets and funded status of the company's pension plans. The related amounts that are recognized in the Consolidated Balance Sheets for the company's retirement plans also are provided.

In thousands of dollars

	Dec. 26, 1999	Dec. 27, 1998
Change in benefit obligation		
Net benefit obligation at beginning of year	**$1,474,411**	$1,243,188
Service cost	**60,834**	51,249
Interest cost	**103,412**	94,171
Plan participants' contributions	**1,947**	—
Plan amendments	**253**	(3,791)
Actuarial (gain) loss	**(185,452)**	57,550
Acquisitions/plan mergers	**106,090**	102,927
Gross benefits paid	**(91,092)**	(70,883)
Net benefit obligation at end of year	**$1,470,403**	$1,474,411
Change in plan assets		
Fair value of plan assets at beginning of year	**$1,470,826**	$1,269,090
Actual return on plan assets	**264,905**	151,892
Plan participants' contributions	**1,947**	—
Employer contributions	**5,354**	3,813
Acquisitions/plan mergers	**111,201**	116,914
Gross benefits paid	**(91,092)**	(70,883)
Fair value of plan assets at end of year	**$1,763,141**	$1,470,826
Funded status at end of year	**$ 292,738**	$ (3,585)
Unrecognized net actuarial (gain) loss	**(218,942)**	92,081
Unrecognized prior service credit	**(35,783)**	(39,790)
Unrecognized net transition asset	**(232)**	(1,214)
Net amount recognized at end of year	**$ 37,781**	$ 47,492
Amounts recognized in Consolidated Balance Sheet		
Prepaid benefit cost	**$ 111,232**	$ 110,531
Accrued benefit cost	**$ 73,451**	$ 63,039

The net benefit obligation was determined using an assumed discount rate of 8.0% and 6.75% at the end of 1999 and 1998, respectively. The assumed rate of compensation increase was 5% at the end of each of 1999 and 1998. The assumed long-term rate of return on plan assets used in determining pension cost was 10%. Pension plan assets include 1,242,300 shares of the company's common stock valued at $101 million at the end of 1999 and 1,239,800 shares valued at $80 million at the end of 1998.

NOTE 6

Postretirement benefits other than pensions

The company provides health care and life insurance benefits to certain retired employees who meet certain age and service requirements. The cost of providing retiree health care and life insurance benefits is actuarially determined and accrued over the service period of the active employee group.

Postretirement benefit cost for health care and life insurance for 1999, 1998 and 1997 included the following components:

In thousands of dollars

	1999	1998	1997
Service cost - benefits earned during the period	**$ 3,796**	$ 3,118	$ 3,416
Interest cost on net benefit obligation	**14,901**	14,378	15,342
Amortization of prior service credit	**(8,478)**	(5,578)	(5,303)
Amortization of actuarial loss (gain)	**20**	235	(171)
Net periodic postretirement benefit cost	**$10,239**	$12,153	$13,284

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

In thousands of dollars

	Dec. 26, 1999	Dec. 27, 1998
Change in benefit obligation		
Net benefit obligation at beginning of year	**$238,346**	$231,565
Service cost	**3,796**	3,118
Interest cost	**14,901**	14,378
Plan participants' contributions	**4,656**	4,402
Plan amendments		(8,341)
Actuarial (gain) loss	**(28,142)**	13,798
Acquisitions/plan mergers	**3,392**	
Gross benefits paid	**(21,356)**	(20,574)
Net benefit obligation at end of year	**$215,593**	$238,346
Change in plan assets		
Fair value of plan assets at beginning of year	**—**	—
Employer contributions	**16,700**	16,172
Plan participants' contributions	**4,656**	4,402
Gross benefits paid	**(21,356)**	(20,574)
Fair value of plan assets at end of year	**—**	—
Funded status at end of year	**$215,593**	$238,346
Unrecognized net actuarial gain (loss)	**21,519**	(6,154)
Unrecognized prior service credit	**67,288**	75,953
Accrued postretirement benefit cost	**$304,400**	$308,145

At Dec. 26, 1999, the accumulated postretirement benefit obligation was determined using a discount rate of 8.0% and a health care cost trend rate of 7.5% for pre-age 65 benefits, decreasing to 5% in the year 2005 and thereafter. For post-age 65 benefits, the health care cost trend rate used was 5.5%, declining to 5% in the year 2001 and thereafter.

At Dec. 27, 1998, the accumulated postretirement benefit obligation was determined using a discount rate of 6.75% and a health care cost trend rate of 8% for pre-age 65 benefits, decreasing to 5% in the year 2005 and thereafter. For post-age 65 benefits, the health care cost trend rate used was 6%, declining to 5% in the year 2001 and thereafter.

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

The effect of a 1% increase in the health care cost trend rate used would result in increases of approximately $13 million in the 1999 postretirement benefit obligation and $1 million in the aggregate service and interest components of the 1999 expense. The effect of a 1% decrease in the health care cost trend rate used would result in decreases of approximately $11 million in the 1999 postretirement benefit obligation and $1 million in the aggregate service and interest components of the 1999 expense.

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

NOTE 7

Income taxes

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

In thousands of dollars

1999	*Current*	*Deferred*	*Total*
Federal	**$505,902**	**$14,791**	**$520,693**
State and other	**72,927**	**2,132**	**75,059**
Foreign	**10,863**	**1,185**	**12,048**
Total	**$589,692**	**$18,108**	**$607,800**

In thousands of dollars

1998	*Current*	*Deferred*	*Total*
Federal	$528,800	$31,144	$559,944
State and other	80,609	4,747	85,356
Total	$609,409	$35,891	$645,300

In thousands of dollars

1997	*Current*	*Deferred*	*Total*
Federal	$428,928	$(17,490)	$411,438
State and other	64,805	(2,643)	62,162
Total	$493,733	$(20,133)	$473,600

In addition to the income tax provision presented above for continuing operations, the company also recorded federal and state income taxes payable on discontinued operations of $28 million in 1999, $24 million in 1998 and $23 million in 1997.

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

Fiscal year	*1999*	*1998*	*1997*
U.S. statutory tax rate	**35.0%**	35.0%	35.0%
Increase in taxes resulting from:			
State/other income taxes net of federal income tax benefit	**3.2**	3.5	3.5
Goodwill amortization not deductible for tax purposes	**1.7**	1.9	2.1
Other, net	**(0.1)**	(0.4)	0.4
Effective tax rate	**39.8%**	40.0%	41.0%

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

Deferred tax liabilities and assets were composed of the following at the end of 1999 and 1998:

In thousands of dollars

	Dec. 26, 1999	*Dec. 27, 1998*
Liabilities		
Accelerated depreciation	**$ 403,846**	$ 392,374
Accelerated amortization of deductible intangibles	**114,547**	109,807
Pension	**15,085**	16,211
Other	**148,258**	120,475
Total deferred tax liabilities	**681,736**	638,867
Assets		
Accrued compensation costs	**(63,095)**	(55,718)
Postretirement medical and life	**(118,310)**	(120,177)
Other	**(20,784)**	(20,613)
Total deferred tax assets	**(202,189)**	(196,508)
Net deferred tax liabilities	**$ 479,547**	$ 442,359

NOTE 8

Capital stock, stock options, incentive plans

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

The company's earnings per share from continuing operations (basic and diluted) for 1999, 1998 and 1997 are presented below:

In thousands, except per share amounts

	1999	1998	1997
Income from continuing operations	**$919,387**	$966,425	$681,353
Weighted average number of common shares outstanding (basic)	**279,048**	283,097	283,360
Effect of dilutive securities			
Stock options	**2,217**	2,197	1,768
Stock incentive rights	**343**	417	482
Weighted average number of common shares outstanding (diluted)	**281,608**	285,711	285,610
Earnings per share from continuing operations (basic)	**$3.29**	$3.41	$2.41
Earnings per share from continuing operations (diluted)	**$3.26**	$3.38	$2.39

The 1999, 1998 and 1997 diluted earnings per share amounts exclude the effects of 3,150,090, 2,500,210 and 1,750,100 stock options outstanding, respectively, as their inclusion would be antidilutive.

In the third quarter of 1998, the company announced an authorization to repurchase up to $250 million of company stock. That authorization was substantially used by the end of the third quarter, and the Board approved an additional $500 million authorization on Sept. 30. Under these authorizations, the company purchased approximately 6 million shares of common stock in 1998 for $329 million and approximately 2.4 million shares in 1999 for $163 million. In early 2000, the Board approved an authorization for the company to repurchase up to $500 million in additional common stock.

The company's 1978 Executive Long-term Incentive Plan (the Plan) provides for the granting of stock options, stock incentive rights and option surrender rights to executive officers and other key employees. The Plan may issue up to 24,000,000 shares of Gannett common stock through the end of 1997. The Plan restricts the granting of options to any participant in any fiscal year to no more than 350,000 shares of common stock and the exercise period for any stock options issued under the Plan is 10 years after the date of the grant thereof. The Plan provides that shares of common stock subject to a stock option or other award that is canceled or forfeited again be available for issuance under the Plan.

Stock options are granted to purchase common stock of the company at not less than 100% of the fair market value on the day the option is granted. The exercise period is eight years for options granted prior to Dec. 10, 1996, and 10 years for options granted on that date and subsequent. The options become exercisable at 25% per year after a one-year waiting period.

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

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

A summary of the status of the company's stock option and stock incentive rights plans as of Dec. 26, 1999, Dec. 27, 1998, and Dec. 28, 1997, and changes during the years then ended is presented below:

1999 Stock Option Activity	***Shares***	***Weighted average exercise price***
Outstanding at beginning of year	**10,572,736**	**$43.59**
Granted	**3,180,365**	**74.21**
Exercised	**(1,158,304)**	**30.04**
Canceled	**(187,956)**	**52.47**
Outstanding at end of year	**12,406,841**	**52.57**
Options exercisable at year end	**6,236,725**	**38.43**
Weighted average fair value of options granted during the year	**$25.04**	

1998 Stock Option Activity	***Shares***	***Weighted average exercise price***
Outstanding at beginning of year	9,234,421	$36.00
Granted	2,514,210	65.00
Exercised	(931,604)	26.91
Canceled	(244,291)	40.49
Outstanding at end of year	10,572,736	43.59
Options exercisable at year end	5,365,913	31.93
Weighted average fair value of options granted during the year	$17.32	

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

Further information about stock options outstanding at Dec. 26, 1999, follows:

Range of exercise prices	*Number outstanding at 12/26/99*	*Weighted average remaining contractual life (yrs)*	*Weighted average exercise price*	*Number exercisable at 12/26/99*	*Weighted average exercise price*
$23-28	2,004,883	2.2	$25.61	2,004,883	$25.61
32-38	3,188,248	5.7	$35.14	2,725,441	$34.76
41-49	33,060	7.0	$45.98	24,795	$45.98
50-60	1,565,950	8.0	$59.50	782,975	$59.50
61-68	2,464,185	9.0	$65.02	628,296	$65.02
70-75	3,150,515	9.9	$74.26	70,335	$71.82
	12,406,841	7.2	$52.57	6,236,725	$38.43

Stock Incentive Rights

Awards made under the Plan for stock incentive rights were as follows:

	1999	***1998***	***1997***
Awards granted	**169,290**	168,785	173,325

Awards for 1997 are for the four-year period 1998-2001. Awards for 1998 are for the four-year period 1999-2002. Awards for 1999 are for the four-year period 2000-2003.

In January 2000, 137,168 shares of common stock were issued in settlement of previously granted stock incentive rights for the incentive period ended December 1999.

Shares available: Shares available for future grants under the 1978 Plan totaled 16,872,659 at Dec. 26, 1999.

Pro forma results: SFAS No. 123, "Accounting for Stock-Based Compensation," establishes a fair value-based method of accounting for employee stock-based compensation plans and encourages companies to adopt that method. However, it also allows companies to continue to apply the intrinsic value-based method currently prescribed under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25). The company has chosen to continue to report stock-based compensation in accordance with APB 25, and provides the following pro forma disclosure of the effects of applying the fair value method to all applicable awards granted. Under APB Opinion 25 and related Interpretations, no compensation cost has been recognized for its stock options. The compensation cost that has been charged against income for its stock incentive rights was $8 million for 1999, $7 million for 1998 and $8 million for 1997. Those charges were based on the grant price of the stock incentive rights recognized over the four-year earnout periods. Had compensation cost for the company's stock options been determined based on the fair value at the grant date for those awards as permitted (but not required) under the alternative method of SFAS No. 123, the company's results of operations and related per share amounts would have been reduced to the pro forma amounts indicated below:

In thousands, except per share amounts

	1999	1998	1997
Net income			
As reported	**$957,928**	$999,913	$712,679
Pro forma	**$942,733**	$991,385	$707,717
Income from continuing operations			
As reported	**$919,387**	$966,425	$681,353
Pro forma	**$904,192**	$957,897	$676,391
Net income per share – basic			
As reported	**$3.43**	$3.53	$2.52
Pro forma	**$3.38**	$3.50	$2.50
Net income per share – diluted			
As reported	**$3.40**	$3.50	$2.50
Pro forma	**$3.35**	$3.47	$2.48
Income from continuing operations per share – basic			
As reported	**$3.29**	$3.41	$2.41
Pro forma	**$3.24**	$3.38	$2.39
Income from continuing operations per share – diluted			
As reported	**$3.26**	$3.38	$2.39
Pro forma	**$3.21**	$3.35	$2.37

The fair value of each option is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in 1999, 1998 and 1997, respectively: dividend yield of 1.38%, 1.69% and 2.15%; expected volatility of 22.31%, 20.62% and 16.28%; risk-free interest rates of 6.34%, 4.66% and 5.87%; and expected lives of seven years each.

SFAS No. 123 applies to stock compensation awards granted in fiscal years that began after Dec. 15, 1994. Options are granted by the company primarily in December and begin vesting over a four-year period. Options granted in December 1995 and thereafter are subject to the pronouncement. To calculate the pro forma amounts shown above, compensation cost was recognized over the four-year period of service during which the options will be earned. As a result, options granted in December of each year (beginning with December 1995) impact pro forma amounts for following years but not the year in which they were granted.

401(k) Savings Plan

On July 1, 1990, the company established a 401(k) Savings Plan. Most employees of the company (other than those covered by a collective bargaining agreement) who are scheduled to work at least 1,000 hours during each year of employment are eligible to participate in the Plan. Employees may elect to save up to 15% of compensation on a pre-tax basis subject to certain limits. Through 1997, the company matched, with company common stock, 25% of the first 4% of employee contributions. Beginning Jan. 1, 1998, the company match increased to 50% of the first 6% of employee contributions. To fund the company's matching contribution, an Employee Stock Ownership Plan (ESOP) was formed in 1990 which acquired 2,500,000 shares of Gannett stock from the company for $50 million. The stock purchase was financed with a loan from the company, and the shares are pledged as collateral for the loan. The company makes monthly contributions to the ESOP equal to the ESOP's debt service requirements less dividends. All dividends received by the ESOP are used to pay debt service. As the debt is paid, shares are released as collateral and are available for allocation to participants.

The company follows the shares allocated method in accounting for its ESOP. The cost of shares allocated to match employee contributions or to replace dividends that are used for debt service are accounted for as compensation expense. The cost of unallocated shares is reported as deferred compensation in the financial statements. The company, at its option, may repurchase shares from employees who leave the Plan. The shares are purchased at fair market value, and the difference between the original cost of the shares and fair market value is expensed at the time of purchase. All of the shares initially purchased by the ESOP are considered outstanding for earnings per share calculations. Dividends on allocated and unallocated shares are recorded as reductions of retained earnings.

Compensation expense for the 401(k) match and repurchased shares was $8.9 million in 1999, $7.3 million in 1998 and $2.4 million in 1997. The ESOP shares as of the end of 1999 and 1998 were as follows:

	1999	1998
Allocated shares	**1,559,218**	1,335,933
Shares released for allocation	**44,812**	40,950
Unreleased shares	**895,970**	1,103,117
Shares distributed to terminated participants	**(53,563)**	(40,454)
ESOP shares	**2,446,437**	2,439,546

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

In November 1999, the Board authorized 2,000,000 shares of common stock to be registered in connection with a savings related share option plan, available to eligible employees of Newsquest.

NOTE 9

Commitments and contingent liabilities

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

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

In thousands of dollars

2000	$ 44,154
2001	40,780
2002	26,079
2003	22,187
2004	19,136
Later years	86,935
Total	$ 239,271

Total minimum annual rentals have not been reduced for future minimum sublease rentals aggregating approximately $9 million. Total rental costs reflected in continuing operations were $50 million for 1999, $44 million for 1998 and $42 million for 1997.

Program broadcast contracts: The company has commitments under program broadcast contracts totaling $109.5 million for programs to be available for telecasting in the future.

The company presently owns a 58% interest in WKYC-TV and National Broadcasting Company (NBC) owns a 42% interest. In December 1998, the company entered into a Put-Call agreement with NBC. Terms of the agreement permit (but don't require) either party to initiate a purchase/sale of some or all of NBC's shares in WKYC-TV over a four-year period. A put was made by NBC in April 1999 whereby Gannett acquired an additional 7% of WKYC shares. The company's maximum aggregate remaining potential commitment under the agreement is approximately $174 million.

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

NOTE 10

Business operations and segment information

The company has determined that its reportable segments based on its management and internal reporting structure are newspaper publishing, which is the largest segment of its operations; and secondly, broadcasting (television). As discussed in Note 2, the cable division's operating results, identifiable assets and capital expenditures have been retroactively excluded from the segment data presented herein as the division has been reclassified in the statements of income and related discussions as discontinued operations.

The newspaper segment at the end of 1999 consisted of 74 U.S. daily newspapers in 38 states and one U.S. territory, including USA TODAY, a national, general-interest daily newspaper; and USA WEEKEND, a magazine supplement for newspapers. The newspaper segment also includes Newsquest (acquired in 1999) which is a regional newspaper publisher in England with a portfolio of 180 titles that include paid-for daily and weekly newspapers, and free weekly newspapers. The newspaper segment in the U.S. also includes non-daily publications, a nationwide network of offset presses for commercial printing and several smaller businesses. Newsprint, which is the principal product used in newspaper publishing, has been and may continue to be subject to significant price changes from time to time.

The broadcasting segment's activities for 1999 include the operation of 21 U.S. television stations.

The company's foreign revenues in 1999 totaled approximately $239 million, principally from publications distributed in England. The company's long-lived assets in foreign countries totaled approximately $1.8 billion at Dec. 26, 1999, principally in England.

Separate financial data for each of the company's business segments is presented in the table which follows. The accounting policies of the segments are those described in Note 1. The company evaluates the performance of its segments based on operating income and operating cash flow. Operating income represents total revenue less operating expenses, depreciation and amortization of intangibles. In determining operating income by industry segment, general corporate expenses, interest expense, interest income, and other income and expense items of a non-operating nature are not considered, as such items are not allocated to the company's segments. Operating cash flow represents operating income plus depreciation and amortization of intangible assets. Corporate assets include cash and marketable securities, certain investments, long-term receivables and plant and equipment primarily used for corporate purposes. Interest capitalized has been included as a corporate capital expenditure for purposes of segment reporting.

In thousands of dollars

Business segment financial information

	1999	**1998**	**1997**
Operating revenues			
Newspaper publishing	**$4,531,548**	$4,159,393	$3,770,670
Broadcasting	**728,642**	721,298	703,558
	$5,260,190	$4,880,691	$4,474,228
Operating income			
Newspaper publishing	**$1,291,665**	$1,109,221	$1,001,965
Broadcasting	**337,537**	343,512	328,311
Corporate (3)	**(66,101)**	(66,919)	(68,034)
	$1,563,101	$1,385,814	$1,262,242
Depreciation and amortization			
Newspaper publishing	**$ 207,720**	$ 184,718	$ 168,526
Broadcasting	**62,861**	60,023	56,459
Corporate (3)	**9,510**	8,722	8,720
	$ 280,091	$ 253,463	$ 233,705
Operating cash flow (4)			
Newspaper publishing	**$1,499,385**	$1,293,939	$1,170,491
Broadcasting	**400,398**	403,535	384,770
Corporate (3)	**(56,591)**	(58,197)	(59,314)
	$1,843,192	$1,639,277	$1,495,947
Identifiable assets (1)			
Newspaper publishing	**$5,548,738**	$ 3,682,839	$3,593,932
Broadcasting	**1,931,034**	1,872,351	1,725,019
Corporate (3)	**427,429**	355,236	348,343
	$7,907,201	$5,910,426	$5,667,294
Capital expenditures (2)			
Newspaper publishing	**$ 169,259**	$ 164,479	$ 123,343
Broadcasting	**24,831**	25,548	13,157
Corporate (3)	**51,055**	32,032	3,495
	$ 245,145	$ 222,059	$ 139,995

(1) Excludes assets related to discontinued operations totaling $1,112,527 in 1999, $1,069,054 in 1998, and $1,223,057 in 1997.

(2) Excludes capital expenditures made for discontinued operations totaling $13,298 for 1999, $22,366 for 1998, and $81,256 for 1997.

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

(4) Operating cash flow amounts represent operating income plus depreciation and amortization of intangible assets. Such cash flow amounts in total vary from net cash flow from operating activities presented in the Consolidated Statements of Cash Flows.

REPORT OF INDEPENDENT ACCOUNTANTS

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

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of cash flows and of changes in shareholders' equity present fairly, in all material respects, the financial position of Gannett Co., Inc. and its subsidiaries at Dec. 26, 1999 and Dec. 27, 1998, and the results of their operations and their cash flows for each of the three years in the period ended Dec. 26, 1999 in conformity with accounting principles generally accepted in the United States. These financial statements are the responsibility of the company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP
Washington, D.C.
January 31, 2000

11-YEAR SUMMARY

In thousands of dollars, except per share amounts

	1999	**1998**	**1997**	**1996**
Net operating revenues				
Newspaper advertising	**$ 3,292,894**	$ 2,942,995	$ 2,634,334	$ 2,417,550
Newspaper circulation	**1,022,520**	1,010,238	948,141	917,677
Broadcasting	**728,642**	721,298	703,558	686,936
All other	**216,134**	206,160	188,195	166,444
Total (Notes a and b, see page 54)	**5,260,190**	4,880,691	4,474,228	4,188,607
Operating expenses				
Costs and expenses	**3,416,998**	3,241,414	2,978,281	2,946,565
Depreciation	**169,460**	163,776	152,964	147,721
Amortization of intangible assets	**110,631**	89,687	80,741	75,043
Total	**3,697,089**	3,494,877	3,211,986	3,169,329
Operating income	**1,563,101**	1,385,814	1,262,242	1,019,278
Non-operating income (expense)				
Interest expense	**(94,619)**	(79,412)	(98,242)	(135,563)
Other	**58,705 (11)**	305,323 (9)	(9,047)	155,825 (7)
Income before income taxes	**1,527,187**	1,611,725	1,154,953	1,039,540
Provision for income taxes	**607,800**	645,300	473,600	442,900
Income from continuing operations	**919,387 (11)**	966,425 (9)	681,353	596,640 (7)
Discontinued operations:				
Income from the operation of discontinued businesses (net of income taxes) (12)	**38,541**	33,488	31,326	51,867
Gain on disposal of Outdoor business (net of income taxes)				294,580
Total	**38,541**	33,488	31,326	346,447
Income before cumulative effect of accounting principle changes	**957,928**	999,913	712,679	943,087
Cumulative effect on prior years of accounting principle changes for:				
Income taxes				
Retiree health and life insurance benefits				
Net income	**$ 957,928**	$ 999,913	$ 712,679	$ 943,087
Operating cash flow (5)	**$ 1,843,192**	$ 1,639,277	$ 1,495,947	$ 1,242,042
Per share amounts (1)				
Income from continuing operations before cumulative effect of accounting principle changes: basic / diluted	**$3.29/$3.26 (11)**	$3.41/$3.38 (9)	$2.41/$2.39	$2.12/$2.11 (7)
Net income: basic / diluted	**$3.43/$3.40**	$3.53/$3.50	$2.52/$2.50	$3.35/$3.33
Dividends declared (2)	**.82**	.78	.74	.71
Weighted average number of common shares outstanding in thousands: basic/diluted (2)	**279,048/281,608**	283,097/285,711	283,360/285,610	281,782/283,426
Financial position				
Working capital	**$ 191,444**	$ 178,418	$ 146,057	$ 47,609
Long-term debt excluding current maturities	**2,463,250**	1,306,859	1,740,534	1,880,293
Shareholders' equity	**4,629,646**	3,979,824	3,479,736	2,930,818
Total assets	**9,006,446**	6,979,480	6,890,351	6,349,597
Selected financial percentages and ratios				
Percentage increase (decrease)				
Earnings from continuing operations, after tax (4)	**13.3% (10)**	14.9% (8)	35.4%	10.2% (6)
Earnings from continuing operations, after tax, per share: basic/diluted (4)	**14.9%/14.9% (10)**	14.5%/14.6% (8)	36.9%/34.3%	8.0%/9.9% (6)
Dividends declared per share	**5.1%**	5.4%	4.2%	2.9%
Return on equity (3)	**20.6%**	21.0%	21.3%	19.8%
Credit ratios				
Long-term debt to shareholders' equity	**53.2%**	32.8%	50.0%	64.2%
Times interest expense earned	**17.1X**	21.3X	12.8X	8.7X

(1) Per share amounts have been based upon average number of shares outstanding during each year, giving retroactive effect to adjustment in (2).
(2) Shares outstanding and dividends declared have been converted to a comparable basis by reflecting retroactively the 2-for-1 stock split effective Oct. 6, 1997.
(3) Based upon average shareholders' equity (continuing operations before non-recurring gains and accounting principle changes).
(4) Before cumulative effect of accounting principle changes.
(5) Operating cash flow represents operating income plus depreciation and amortization of intangible assets.
(6) Before 1996 after-tax gain on exchange of broadcast stations of $93 million or $.33 per share.
(7) Includes pre-tax gain on exchange of broadcast stations of $158 million (after-tax gain of $93 million or $.33 per share).

1995	1994	1993	1992	1991	1990	1989
$ 2,219,250	$ 2,152,671	$ 2,005,037	$ 1,882,114	$ 1,852,591	$ 1,917,477	$ 2,018,076
869,173	849,461	838,706	807,093	777,221	730,426	718,087
466,187	406,608	397,204	370,613	357,383	396,693	408,363
171,426	174,655	169,903	167,824	134,720	125,659	115,773
3,726,036	3,583,395	3,410,850	3,227,644	3,121,915	3,170,255	3,260,299
2,720,245	2,597,556	2,520,278	2,440,275	2,399,930	2,353,281	2,368,160
141,151	146,054	147,248	139,080	139,268	135,294	134,119
47,509	44,110	43,771	39,197	39,621	39,649	39,100
2,908,905	2,787,720	2,711,297	2,618,552	2,578,819	2,528,224	2,541,379
817,131	795,675	699,553	609,092	543,096	642,031	718,920
(52,175)	(45,624)	(51,250)	(50,817)	(71,057)	(71,567)	(90,638)
3,754	14,945	5,350	7,814	14,859	10,689	(18,364)
768,710	764,996	653,653	566,089	486,898	581,153	609,918
312,084	309,600	264,400	224,900	194,400	226,600	235,500
456,626	455,396	389,253	341,189	292,498	354,553	374,418
20,636	10,003	8,499	4,491	9,151	22,410	23,091
20,636	10,003	8,499	4,491	9,151	22,410	23,091
477,262	465,399	397,752	345,680	301,649	376,963	397,509
			34,000			
			(180,000)			
$ 477,262	$ 465,399	$ 397,752	$ 199,680	$ 301,649	$ 376,963	$ 397,509
$ 1,005,791	$ 985,839	$ 890,572	$ 787,369	$ 721,985	$ 816,974	$ 892,139
$1.63/$1.62	$1.58/$1.57	$1.33/$1.32	$1.18/$1.18	$.97/$.96	$1.11/$1.10	$1.16/$1.16
$1.70/$1.69	$1.61/$1.60	$1.36/$1.35	$.69/$.69	$1.00/$.99	$1.18/$1.17	$1.23/$1.23
.69	.67	.65	.63	.62	.61	.56
280,312/282,323	288,552/290,148	292,948/294,659	288,296/290,174	301,566/303,267	320,094/322,830	322,506/323,932
$ 41,312	$ 123,783	$ 302,818	$ 199,896	$ 192,266	$ 168,487	$ 193,208
2,767,880	767,270	850,686	1,080,756	1,335,394	848,633	922,470
2,145,648	1,822,238	1,907,920	1,580,101	1,539,487	2,063,077	1,995,791
6,503,800	3,707,052	3,823,798	3,609,009	3,684,080	3,826,145	3,782,848
0.3%	17.0%	14.1%	16.6%	(17.5%)	(5.3%)	9.9%
3.2%/3.2%	18.8%/18.9%	12.3%/11.9%	22.0%/22.9%	(12.4%)/(12.7%)	(4.6%)/(5.2%)	10.2%/10.5%
3.0%	3.1%	3.2%	1.6%	2.5%	9.0%	8.8%
23.0%	24.4%	22.3%	21.9%	16.2%	17.5%	19.8%
129.0%	42.1%	44.6%	68.4%	86.7%	41.1%	46.2%
15.7X	17.8X	13.8X	12.1X	7.9X	9.1X	7.7X

(8) Before 1998 $184 million after-tax net non-operating gain principally from the disposition of the radio and alarm security businesses ($.65 per share-basic and $.64 per share-diluted).

(9) Includes pre-tax net non-operating gain principally from the disposition of the radio and alarm security businesses of $307 million (after-tax gain of $184 million or $.65 per share-basic and $.64 per share-diluted).

(10) Before 1999 $33 million after-tax net non-operating gain principally from the exchange of KVUE-TV for KXTV-TV ($.11 per share).

(11) Includes pre-tax net non-operating gain principally from the exchange of KVUE-TV for KXTV-TV of $55 million (after-tax gain of $33 million or $.11 per share).

(12) Includes results from businesses sold and accounted for as discontinued operations (cable - 1995 to 1999; security - 1995 to 1998; entertainment - 1995 to 1996; outdoor - 1989 to 1996).

NOTES TO 11-YEAR SUMMARY

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

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

Acquisitions 1989-1999

1989	
Oct. 31	Rockford Magazine
Nov. 6	Outdoor advertising displays merged into New Jersey Outdoor
1990	
March 28	Great Falls (Mont.) Tribune
May 17	Ye Olde Fishwrapper
June 18	The Shopper Advertising, Inc.
Sept. 7	Desert Community Newspapers
Dec. 27	North Santiam Newspapers
Dec. 28	Pensacola Engraving Co.
1991	
Feb. 11	The Add Sheet
April 3	New Jersey Publishing Co.
Aug. 30	The Times Journal Co., including The Journal Newspapers, The Journal Printing Co. (now Springfield Offset) and Telematch
Oct. 3	Gulf Breeze Publishing Co.
1992	
April 24	Graphic Publications, Inc.
1993	
Jan. 30	The Honolulu Advertiser
April 24	Tulare Advance-Register
1994	
May 2	Nursing Spectrum
June 9	Altoona Herald-Mitchellville Index and the Eastern ADvantage
Dec. 1	KTHV-TV, Little Rock
1995	
Dec. 4	Multimedia, Inc.
1996	
Dec. 9	WTSP-TV, Tampa-St. Petersburg, Fla.
1997	
Jan. 31	WZZM-TV, Grand Rapids, Mich.
Jan. 31	WGRZ-TV, Buffalo, N.Y.
May 5	Printed Media Companies
May 27	KNAZ-TV, Flagstaff, Ariz.
May 27	KMOH-TV, Kingman, Ariz.
July 18	Mary Morgan, Inc.
Aug. 1	Army Times Publishing Co., Inc.
Oct. 24	New Jersey Press, Inc.
1998	
Jan. 5	WCSH-TV, Portland, Maine
Jan. 5	WLBZ-TV, Bangor, Maine
April 30	WLTX-TV, Columbia, S.C.
May 31	Classified Gazette, San Rafael, Calif.
July 7	Ocean County Observer, Toms River, N.J.
July 7	Daily Record, Morristown, N.J.
July 7	Manahawkin Newspapers, Manahawkin, N.J.
Aug. 31	TCI Cable Kansas
Aug. 31	New Castle County Shopper's Guide, Brandywine Valley Weekly and Autos plus, Wilmington, Del.
1999	
March 17	The Reporter, Melbourne, Fla.
March 29	Lehigh Acres News-Star, Lehigh Acres, Fla.
June 1	Dealer Magazine, Reno, Nev.
June 1	KXTV-TV, Sacramento, Calif.
July 26	Newsquest plc, United Kingdom
Sept. 28	Tucker Communications, Inc., Westchester Co., N.Y.
Sept. 29	Pennypower Shopping News, Branson & Springfield, Mo.

FORM 10-K INFORMATION

Business of the company

Gannett Co., Inc. is a diversified information company that operates primarily in the U.S. and England. Approximately 95% of its revenues are from domestic operations. In addition to operations in England, it has limited foreign operations in certain European and Asian markets. Its corporate headquarters is in Arlington, Va., near Washington, D.C. It was incorporated in New York in 1923 and was reincorporated in Delaware in 1972.

The company presently reports two principal business segments: newspaper publishing and television broadcasting.

The company's newspapers make up the largest newspaper group in the U.S. in circulation, and in 1999 the company acquired Newsquest plc, one of the largest regional newspaper publishers in England. At the end of 1999, the company operated 85 daily newspapers, with a total average daily circulation of approximately 7.1 million for 1999, including USA TODAY. The company also publishes USA WEEKEND, a weekend newspaper magazine, and a number of non-daily publications.

The newspaper segment includes the following: Gannett News Service, which provides news services for its newspaper operations; Gannett Retail Advertising Group, which represents the company's newspapers, other than USA TODAY, in the sale of advertising to national and regional retailers and service providers; and Gannett Offset, which is composed of the Gannett Offset print group and Gannett Marketing Services Group. The Gannett Offset print group includes seven non-heatset printing plants and two heatset printing facilities. Gannett Offset's dedicated commercial printing plants are located in Atlanta, Ga.; Chandler, Ariz.; Minneapolis, Minn.; Miramar, Fla.; Nashville, Tenn.; Norwood, Mass.; Pensacola, Fla.; St. Louis, Mo.; and Springfield, Va. Gannett Marketing Services Group coordinates the sale of direct-marketing services through: Telematch, a database management and data enhancement company; Gannett Direct Marketing Services, a direct-marketing company with operations in Louisville, Ky.; and Gannett TeleMarketing, a telephone sales and marketing company. The company also owns USATODAY.com and other Internet services at many of its local newspapers and television stations; Gannett Media Technologies International, which develops and markets software and other products for the publishing industry; Nursing Spectrum, publisher of biweekly periodicals specializing in advertising for nursing employment; and Army Times Publishing Company, which publishes military and defense newspapers.

On Dec. 26, 1999, the broadcasting division included 21 television stations in markets with more than 17.5 million households.

The company's cable business was sold on Jan. 31, 2000, and its results for 1999 and prior years are treated as discontinued operations in the company's statements of income and related discussions elsewhere in this report.

Newspaper publishing/United States

On Dec. 26, 1999, the company operated 74 daily newspapers, including USA TODAY, and a number of non-daily local publications, in 38 states and Guam. The Newspaper Division is headquartered in Arlington, Va., and on Dec. 26, 1999, it had approximately 35,200 full-time and part-time employees.

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

USA TODAY is produced at facilities in Arlington, Va., and is transmitted via satellite to offset printing plants around the country. It is printed at Gannett plants in 19 U.S. markets and under contract at offset plants in 14 other U.S. markets. It is sold at newsstands and vending machines generally at 50 cents a copy. Mail subscriptions are available nationwide and abroad, and home and office delivery is offered in many markets. Approximately 67% of its net paid circulation results from single-copy sales at newsstands or vending machines and the remainder is from home and office delivery, mail and other sales.

For 1999, USA TODAY's advertising revenues and volume rose 17% and 13%, respectively. USA TODAY's operating income rose sharply in 1999.

USA TODAY International is printed from satellite transmission under contract in London, Frankfurt and Hong Kong, and is distributed in Europe, the Middle East, Africa and Asia. It is available in more than 60 foreign countries.

USATODAY.com reached nearly 15 million different people per month by the end of 1999 and its revenue increased 89%. This operation turned profitable in the latter part of 1999.

Gannett News Service (GNS) is headquartered in Arlington, Va., and has bureaus in nine other states (see page 72 for more information). GNS provides national and regional news coverage and sports, features, photo and graphic services to Gannett newspapers. GNS also is distributed by syndication to several non-Gannett newspapers, including ones in Chicago, Salt Lake City, Boston and Seattle.

The newspaper publishing segment also includes USA WEEKEND, which is distributed as a weekend newspaper magazine in 563 newspapers throughout the country, with a total circulation of 21.8 million at the end of 1999.

At the end of 1999, 59 of the company's daily newspapers, including USA TODAY, were published in the morning and 15 were published in the evening.

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

News departments across Gannett continued to emphasize coverage of the key franchise subject – local news. Many newspapers expanded efforts to reach more local readers by increasing or enhancing coverage of additional local communities around the core cities.

In June 1999 at a meeting of Gannett publishers and editors, the Newspaper Division introduced the Principles of Ethical Conduct for Newsrooms, guidelines to better address issues of information gathering and presentation. The program's aim is to set out the high standards expected and practiced at the newspapers. The five key principles state that our newsrooms are committed to: seeking and reporting the truth in a truthful way; serving the public interest; exercising fair play; maintaining independence; and acting with integrity.

Training in the program took place in the fall and extended to all newsrooms. By year-end, nearly 5,000 journalists had participated in training programs. The principles also were spelled out in the newspapers for readers in each community, and editors make sure that newsrooms remain focused on these principles.

Another major effort in newsrooms was special coverage of Y2K issues and the coming of the new millennium. Newspapers presented some year-long features, special historic sections and sections looking ahead to the next century. Gannett News Service moved substantial material for use by newspapers throughout the year. Each newspaper presented extensive local – as well as national and world – coverage of events Dec. 31, 1999, and into Jan. 1, 2000. All of the company's daily newspapers receive Gannett News Service. In addition, all subscribe to The Associated Press, and some receive various supplemental news and syndicated features services.

In 1999, the company continued to implement strategies to increase its revenues from medium and smaller advertisers in each market it serves. Revenues from these types of advertisers increased again in 1999. Initiatives focused on sales and rate management, among other areas. Sales management initiatives included allocating proper resources to increase the number and quality of sales calls, improving sales compensation and providing consistent sales training. Rate management programs focused on selling multiple advertising insertions and reviewing rates and rate structures to assure they match the opportunities in the market. The company regularly calculates market potential and develops strategic plans to capitalize on that potential. Significant efforts will continue to be taken in 2000 to make the company's personnel increasingly competitive in their leadership, strategic thinking and marketing skills.

The newspapers' quality initiative, known as ADQ, produced for the fifth consecutive year improved ad quality and reduced credit cost. With ROP ad count up and total ad revenues up in 1999 over 1998, Gannett newspapers produced higher volume with higher quality.

The online strategy at Gannett local newspapers is consistent with the overall Gannett philosophy in serving our newspapers' communities. The role of the local newspaper is to serve the local reader and advertiser; local newspaper products and services, including online products, must be designed to serve community needs.

The company is taking an aggressive approach to providing online information products that position its local newspapers to grow and enhance their franchises as the leading information providers in their communities.

Internet publishing, by its nature, paired with good business approaches, demands more national economies of scale, and standardization of products and technology than traditional newspaper publishing. The company takes advantage of national economies, national partnerships and national-level technology by adapting them to its local markets. Various approaches and different levels of activity are employed based on the specific needs and opportunities in each market.

A principal achievement in 1998 was growth of newspapers online. By Dec. 31, 1998, 54 newspapers had online projects. This was up from 30 at the end of 1997. In 1999, growth of Internet products at newspapers already launched was emphasized. As a result, the number of newspapers online rose to 60 at the end of 1999, but the number of products these papers offered rose from 238 to over 480.

These products are each designed to offer penetrating specific information on important subjects and include not only local news, but also guides for home buying, employment and job information, automotive, entertainment, and tourism, as well as other specialty products such as Space Online in Brevard County, Fla., or the Kentucky Derby in Louisville, Ky.

Revenue for newspaper Internet activities has more than tripled from the first quarter, 1998 through the fourth quarter of 1999. The company expects sharp revenue growth again in 2000.

The company is also pursuing opportunities to develop national Internet businesses. By partnering with other companies, using the strength of local newspaper franchises and adding to the efficiencies of the Internet to deliver both nationally and locally, unique opportunities to develop new national businesses are being created. In addition, these partnerships enhance local efforts by providing additional content, advertising opportunities and technical resources that help Gannett's local newspapers improve their products and services.

Some examples are:

Career Path, which offers the opportunity to build a strong national employment service and, at the same time, makes the company's local employment sites richer for local users and expands the products and services the local paper can offer to local employment advertisers.

Classified Ventures, which creates similar benefits in Real Estate and Automotive categories.

InfiNet, which provides Internet site hosting expertise, enables the company's papers to have better, more cost-efficient, more reliable, basic hosting technology than could be provided on a site-by-site basis.

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

Technological advances in recent years have had an impact on the way newspapers are produced. Computer-based text editing systems capture drafts of reporters' stories and then are used to edit and produce type for transfer by a photographic process to printing plates. All of the company's daily newspapers are produced by this method. "Pagination'' enables editors to create a newspaper page by computer, avoiding all or part of the manual "paste-up'' of the page before it can be converted into a printing plate. The company uses pagination systems at 67 newspaper plants. Twenty-five editorial systems and 26 classified advertising systems were replaced from late 1998 through the end of 1999 ensuring Y2K compliance along with providing major upgrades.

Gannett newsrooms are making the transition from film to digital cameras, which provide greater flexibility and speed in getting late-breaking photographs into the newspaper. One example was during the spring 1999 snowstorm in Rochester, N.Y. Roads were impassable, but photographers were able to work from home where they transmitted photos from laptop computers to the newspaper plant, thus providing readers with dramatic photos of a major storm. In addition to Rochester, 10 other newspapers have converted to virtually all digital photo departments. Louisville, Nashville, Fort Myers, El Paso, Cherry Hill and Huntington are among the 10. Some newspapers keep one or two film cameras for extremely low-light situations or, in the case of FLORIDA TODAY, for shooting remote shots of space shuttle launches.

The Mobile Advertising Sales System, or MASS, is Gannett's sales force automation software. This laptop technology provides sales executives with up-to-date customer, contract and sales revenue information; an electronic Rate Calculator for pricing ads; productivity tools for managing their schedules; and software for sales presentations. MASS is currently installed at 54 newspapers, with more than 1,200 laptops deployed. Eight newspapers are electronically uploading insertion orders directly into the business billing system, rather than entering this information manually. Four more newspapers are scheduled to implement this process in the first quarter of 2000. In 1999, a version of MASS that runs on palmtop technology was successfully tested at four newspapers. More newspapers will deploy palmtops in 2000.

Celebro Advertising Solutions, originally developed by the company in 1994 as AdLink, is a suite of software applications that enables major real estate agents to control the design, scheduling and content of their advertising in the newspaper and market their properties on the Internet, and with audio text/fax back. The Celebro Real Estate System has been installed at 28 Gannett newspapers and at an additional 24 non-Gannett newspapers by Gannett Media Technologies International (GMTI). Celebro auto advertising systems are installed at six Gannett and two non-Gannett newspapers. Celebro's newest product, CityServer, provides newspapers with database and publishing tools to build directories and guides on newspaper Web sites. Hosted by InfiNet, CityServer was field tested in Palm Springs and Brevard and will be rolled out to all newspaper division Web sites in 2000.

The Digital Collections integrated text/photo archive system has been installed at 46 Gannett newspapers, including Rochester, Des Moines, Louisville, Honolulu, Wilmington, Detroit and Tucson. The system stores, retrieves and distributes text, photos and full-page images of the newspaper in a digital form that can be searched using an easy-to-use interface. GMTI, licensed by DiGiCol, the U.S. subsidiary of Gannett and Digital Collections Verlagsges.mbH, sells and installs Digital Collections systems in North and South America. In addition to the Gannett installations, there are 5 installations in South America and 12 non-Gannett installations in the United States. Non-Gannett customers include The Milwaukee Journal, America Online, O'Globo (Rio De Janiero, Brazil), Copesa (Santiago, Chile), the Princeton (N.J.) Packet, The Indianapolis (Ind.) Star, The University of Missouri, Journal Newspapers (Virginia), Lance Newspapers (Rio De Janiero and Sao Paulo), Prensa Libre (Guatemala) and Kohla de Sao Paulo (Brazil). Installation of a "light" version employing a central server based at Gannett's Maryland Operations Center was completed in 1999. All Gannett newsrooms now have digital archives.

With respect to newspaper production, 56 daily newspaper plants print by the offset process, and 15 plants print using various letterpress processes. In recent years, improved technology for all of the newspapers has resulted in greater speed and accuracy and in a reduction in the number of production hours worked. The company expects this trend to continue in 2000.

The principal sources of newspaper revenues are circulation and advertising.

Circulation: Sixteen of the company's local newspapers reported gains in daily circulation in 1999, and seven increased Sunday circulation. Home-delivery prices for the company's newspapers are established individually for each newspaper and range from $1.50 to $2.86 per week in the case of daily newspapers and from $.71 to $2.35 per copy for Sunday newspapers. The company implemented circulation price increases at 20 newspapers in 1999 and plans increases at 30 newspapers in 2000.

Additional information about the circulation of the company's newspapers may be found on pages 26-27, 60 and 70-72 of this annual report.

Advertising: The newspapers have advertising departments that sell retail, classified and national advertising. The Gannett Retail Advertising Group also sells advertising on behalf of the company's newspapers, other than USA TODAY, to national and regional retailers and service providers. The company also contracts with outside representative firms that specialize in the sale of national advertising. A further analysis of newspaper advertising revenues is presented on pages 26 and 60 of this report.

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

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

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

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

At the end of 1999, The Cincinnati Enquirer, The Detroit News, The Honolulu Advertiser and the Tucson (Ariz.) Citizen were published under joint operating agreements with non-Gannett newspapers located in the same cities. All of these agreements provide for joint business, advertising, production and circulation operations and a contractual division of profits. The editorial and reporting staffs of the company's newspapers, however, are separate and autonomous from those of the non-Gannett newspapers.

Properties: Generally, the company owns the plants that house all aspects of the newspaper publication process. In the case of USA TODAY, at Dec. 26, 1999, 14 non-Gannett printers were used to print the newspaper in U.S. markets where there are no company newspapers with appropriate facilities. Three non-Gannett printers in foreign countries are used to print USA TODAY International. USA WEEKEND and Nursing Spectrum also are printed under contracts with commercial printing companies. Many of the company's newspapers also have outside news bureaus and sales offices, which generally are leased. In a few cities, two or more of the company's newspapers share combined facilities; and in certain locations, facilities are shared with other newspaper properties. The company's newspaper properties have rail siding facilities or access to main roads for newsprint delivery purposes and are conveniently located for distribution purposes.

During the past five years, new or substantial additions or remodeling of existing newspaper facilities have been completed or are at some stage of construction at 23 of the company's newspaper operations. Gannett continues to make significant investments in the renovation of existing or new facilities where the investment will help to improve the products for its readers and advertisers as well as improve productivity and operating efficiencies. The company's facilities are adequate for present operations.

Regulation: Gannett is committed to protecting the environment. The company's goal is to ensure its facilities comply with federal, state, local and foreign environmental laws and to incorporate appropriate environmental practices and standards in our operations. The company employs a corporate environmental manager responsible for overseeing not only regulatory compliance but also preventive measures. The company is one of the industry leaders in the use of recycled newsprint. The company increased its purchase of newsprint containing some recycled content from 42,000 metric tons in 1989 to 825,000 metric tons in 1999. The company's newspapers use inks, photographic chemicals, solvents and fuels. The use and disposal of these substances may be regulated by federal, state and local agencies. Through its environmental compliance plan, the company is taking effective measures to comply with environmental laws. Any release into the environment may create obligations to private and governmental entities under a variety of statutes and rules regulating the environment.

Several of the company's newspaper subsidiaries have been included among the potentially responsible parties in connection with the alleged disposal of ink or other chemical wastes at disposal sites which have been subsequently identified as inactive hazardous waste sites by the U.S. Environmental Protection Agency ("EPA") or comparable state agencies. Generally, the company's subsidiaries are *de minimus* parties. At one such site, the amount in controversy may exceed $300,000. The company believes its liability is substantially less and is defending the case. The company provides for costs associated with these matters in accordance with generally accepted accounting principles. The company does not believe that these matters will have any significant impact on its financial position or results of operations.

Additional information about the company's newspapers may be found on pages 70-73 of this report.

Newspapers/England

In the third quarter of 1999, the company purchased all of the stock of Newsquest plc, one of the largest regional newspaper publishers in England, with 180 publications in total, including 11 dailies (10 evening titles and one morning title). The acquisition was accounted for under the purchase method. For the period it was owned in 1999, Newsquest contributed slightly to the company's consolidated earnings.

Newsquest manages its publishing activities around geographic clusters to maximize the use of management, finance, printing and personnel resources. This also enables the group to offer readers and advertisers a range of attractive products covering the market. The clustering of titles and, usually, the publication of a free newspaper alongside a paid-for newspaper allows cross-selling of advertising among newspapers serving the same or contiguous markets, thus satisfying the needs of its advertisers and audiences. At the end of 1999, Newsquest had 13 such clusters in England. Newsquest's policy is to produce free and paid-for newspapers with an attractive level of quality local editorial content. Newsquest also distributes a substantial volume of advertising leaflets in the communities it serves and it offers a travel/vacation booking service.

Newsquest's full year revenues for 1999 were in excess of $500 million. As with U.S. newspapers, advertising is the largest component of Newsquest's revenue, comprising approximately 85%. Circulation revenues represent 12% and printing activities account for much of the remainder. Compared to U.S. newspaper operations, ad revenue at Newsquest is a greater percent of total revenue and circulation revenue is a lesser percent reflecting the greater volume and importance of free non-daily publications among Newsquest's titles.

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

Newsquest owns certain of the plants where its newspapers are produced and leases other facilities. Its headquarters is in Morden, Surrey. All of its properties are adequate for present purposes. A listing of Newsquest publishing centers and key properties may be found on page 74.

At the end of 1999, Newsquest had approximately 5,900 full-time and part-time employees. Newsquest employees have local staff councils for consultation and communication with Newsquest subsidiary management. Newsquest provides its employees with a retirement plan that incorporates life insurance and a stock option linked savings plan.

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

Key revenue and expense data – for all newspapers combined

The table that follows summarizes the circulation volume and revenues of U.S. newspapers owned by the company at the end of 1999, including USA TODAY. The table also includes circulation revenue for all Newsquest publications and circulation volume for Newsquest's eleven paid daily newspapers. This table assumes that all newspapers owned by the company at the end of 1999 were owned during all years shown:

Circulation: newspapers owned on Dec. 26, 1999

	Circulation revenues in thousands	Daily net paid circulation	Sunday net paid circulation
1999	**$1,054,077**	**7,063,000**	**5,813,000**
1998	$1,062,223	7,126,000	5,942,000
1997	$1,043,486	7,041,000	6,022,000
1996	$1,021,982	6,939,000	6,076,000
1995	$ 993,282	6,970,000	6,342,000

The following chart summarizes the advertising linage (in six-column inches) and advertising revenues of the newspapers owned by the company at the end of 1999. For Newsquest, advertising revenues are reflected but linage is not. The chart assumes that all of the newspapers owned at the end of 1999 were owned throughout the years shown:

Advertising: newspapers owned on Dec. 26, 1999

	Advertising revenues (ROP) in thousands	Inches of advertising, excluding preprints
1999	**$3,050,697**	**83,322,000**
1998	$2,890,559	79,406,000
1997	$2,694,339	74,570,000
1996	$2,486,942	69,684,000
1995	$2,338,712	70,383,000

Total newspaper ad revenues on a pro forma basis rose 6% in 1999. Most major advertising classifications showed substantial year-over-year growth during 1999. However, local ad revenues and linage were down slightly (less then 1%) for the full year. Ad spending by larger retailers declined for the year, reflecting closings and consolidations, but this was mostly offset by greater revenue from expanded sales and marketing efforts directed toward small and medium sized advertisers. Classified advertising revenues grew 6% on the strength of the employment, automotive, and real estate categories. National advertising revenues increased 15%. Preprint revenues grew 6%.

The company's ad revenues include revenues from Internet activities. At this time, the company's Internet activities are not material to results of operations or financial condition taken as a whole.

For 2000, further ad revenue and volume growth is anticipated in all categories. Generally modest price increases are planned at most properties, and the company will continue to expand and refine sales and marketing efforts. Changes in economic factors such as interest rates, employment levels and the rate of general economic growth will have an impact on revenue at all of the company's newspapers.

Raw materials: Newsprint is the basic raw material used to publish newspapers. During 1999, the company's total newsprint consumption was 1,033,000 metric tons, including the company's portion of newsprint consumed at joint operating agencies, consumption by USA WEEKEND, USA TODAY tonnage consumed at non-Gannett print sites and consumption by Newsquest. Newsprint consumption was up 7% in 1999. The company purchases newsprint from 23 North American, European and other offshore suppliers under contracts, which expire at various times through 2010.

During 1999, all of the company's newspapers consumed some recycled newsprint. For the year, more than 80% of the company's newsprint purchases contained recycled content.

In 1999, newsprint supplies were adequate. The company believes that the available sources of newsprint, together with present inventories, will continue to be adequate to supply the needs of its newspapers.

The average cost per ton of newsprint consumed in 1999 declined 12% compared to the 1998 average cost.

Broadcasting

On Dec. 26, 1999, the company's television division, headquartered in Arlington, Va., included 21 television stations in markets with a total of more than 17.5 million households. On June 1, 1999, the company completed a broadcast station transaction under which it exchanged its ABC affiliate KVUE-TV in Austin, Texas, and received KXTV-TV, the ABC affiliate in Sacramento, Calif., plus cash consideration. In November 1999, the company announced an agreement to acquire WJXX-TV, the ABC affiliate in Jacksonville, Fla. Closing is expected to occur as soon as regulatory approvals are obtained. The company also will continue to own WTLV-TV, the NBC affiliate in Jacksonville.

At the end of 1999, the broadcasting division had approximately 3,000 full-time and part-time employees. Broadcasting revenues accounted for approximately 14% of the company's reported operating revenues from continuing operations in 1999, 15% in 1998 and 16% in 1997.

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

Advertising rates charged by a television station are based primarily upon the station's ability to attract viewers, demographics and the number of television households in the area served by the station. Practically all national advertising is placed through independent advertising representatives. Local advertising time is sold by each station's own sales force.

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

For all of its stations, the company is party to network affiliation agreements. The company's two ABC affiliates have agreements which expire in 2005. The agreements for all but one (Macon) of its six CBS affiliates run through 2004-2005, with several having been renewed in 1999. The company has completed negotiations to renew the agreements for its 13 NBC affiliates and they will expire in December 2005. The company will continue to receive compensation under these new agreements, at a reduced level. The amount of the reduction is not material.

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

Properties: The company's broadcasting facilities are adequately equipped with the necessary television broadcasting equipment. The company owns transmitter sites in 22 locations and leases sites in 8 others.

During the past five years, new broadcasting facilities or substantial improvements to existing facilities were completed in Greensboro, N.C., Little Rock, Phoenix, Jacksonville, Knoxville, Columbia and Atlanta. A new facility will be completed in 2000 in Cleveland. Facility expansion to accommodate Digital Television (DTV) was completed at five sites in 1998 and 1999. Four additional station facilities will be converted to DTV during 2000. The company's broadcast facilities are adequate for present purposes.

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

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

In November 1999, the Satellite Home Viewer Improvement Act of 1999 was enacted, which for the first time permits satellite carriers to retransmit local television stations to subscribers within the stations' market. Several of the company's television stations are currently being delivered by satellite carriers pursuant to this new law. In order to continue delivery of any local signal beyond May 29, 2000, satellite carriers will be required to obtain the consent of each television station. The new law also permits satellite carriers to retransmit distant network television stations into areas served by local television stations if it is determined, using FCC-approval signal strength measurement standards, that local stations do not deliver an acceptable viewing signal.

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

Television broadcast licenses are granted for periods of eight years. They are renewable by broadcasters upon application to the FCC and usually are renewed except in rare cases in which a conflicting application, a petition to deny, a complaint or an adverse finding as to the licensee's qualifications results in loss of the license. The company believes it is in substantial compliance with all applicable provisions of the Communications Act and FCC Regulations.

FCC Regulations also prohibit concentrations of broadcasting control and regulate network programming. FCC Regulations governing multiple ownership limit, or in some cases, prohibit the common ownership or control of most communications media serving common market areas (for example, television and radio; television and daily newspapers; radio and daily newspapers; or television and cable television). In August 1999, the FCC substantially rewrote a number of its broadcast ownership rules, including restrictions on local television ownership, radio-television cross-ownership, and attribution of broadcast ownership interests. One significant rule change permits common ownership of two television stations in the same market, provided eight independently owned television stations remain in the market following the combination and provided that at least one of the commonly owned stations is not among the market's top four rated stations. It is under this standard that the company has agreed to acquire a second television station in the Jacksonville, Fla. market. The FCC's action removed the interim waivers previously granted to allow the company to own television stations with overlapping signals in the Atlanta and Macon, Ga., markets and in the Portland and Bangor, Maine markets, since such waivers are no longer necessary.

The FCC also adopted rules to permit common ownership of a number (depending on market size) of radio stations and a television station serving the same community. The FCC retained its rule prohibiting a party from having attributable interests in television stations which collectively reach more than 35 percent of all U.S. television households. The FCC will continue to review this limitation as required by Congress. Presently, the company's 21 television stations reach an aggregate of 17.4% of U.S. TV households.

Additional information about the company's television stations may be found on page 73 of this annual report.

Cable

On Jan. 31, 2000, the previously announced sale of the assets of the company's subsidiary, Multimedia Cablevision, Inc., to Cox Communications, Inc. of Atlanta, Ga., was completed.

At the end of fiscal 1999, the company's cable division operated cable television systems serving 523,000 subscribers in Kansas, Oklahoma and North Carolina, and had approximately 1,100 full-time and part-time employees. The principal sources of the company's cable division revenues were: 1) monthly fees paid by subscribers for primary services generally consisting mainly of local and distant broadcast stations and public, educational and governmental channels; 2) monthly and per-event fees; and 3) local advertising revenues.

The sale price for the cable business was approximately $2.7 billion in cash, which resulted in an after-tax gain of approximately $740 million or $2.64 per diluted share. The gain will be reported in Gannett's first quarter, 2000.

Although the cable sale was finalized in the year 2000, for financial reporting purposes, the cable operating results for 1999 and all prior years for which it was owned by the company have been reclassified in the statements of income as discontinued operations. Likewise for the year 2000, cable operating results for the period up to the sale date, along with the gain on the sale, will be reported as discontinued operations.

Corporate facilities

The company leases office space for its headquarters in Arlington, Va., and also owns data processing facilities in nearby Maryland. The capital expenditure program for 1997, 1998 and 1999 included amounts for leasehold improvements, land, building, furniture, equipment and fixtures for headquarters operations. Headquarters facilities are adequate for present operations. In September 1996, the company purchased 30 acres of land in Fairfax County, Va., for use as a future site for USA TODAY and corporate headquarters. Building construction began in 1999 and is scheduled to be completed in 2001.

Employee relations

At the end of 1999, the company and its subsidiaries had approximately 45,800 full-time and part-time employees. Four of the company's newspapers were published in 1999 together with non-company newspapers pursuant to joint operating agreements, and the employment numbers above include the company's pro-rata share of employees at those joint production and business operations.

Approximately 12% of those employed by the company and its subsidiaries are represented by labor unions. They are represented by 86 local bargaining units affiliated with nine international unions under collective bargaining agreements. These agreements conform generally with the pattern of labor agreements in the newspaper and broadcasting industries. The company does not engage in industrywide or companywide bargaining. The company strives to maintain good relationships with its employees.

On July 13, 1995, approximately 2,500 workers from six unions began a strike against the company's largest local newspaper, The Detroit News, the Detroit Newspaper Agency and the Detroit Free Press, its agency partner. The strike was precipitated by unrealistic and excessive demands by the unions for wage increases and position levels. The strike ended in mid-February 1997 when the six striking unions made an unconditional offer to return to work. They continue to attempt a subscriber and advertiser boycott.

Throughout the strike and despite union efforts at stopping delivery of the newspapers through intimidation and frequent violence, the newspapers published every day. More than 1,000 of the original strikers have now returned to work and approximately 700 replacement workers have been employed to fill other necessary positions. Litigation before the National Labor Relations Board and in the federal courts concerning the strike and its aftermath continues. In February 1999, a 10-year agreement was reached with the Detroit Typographical Union, one of the unions previously on strike, under which its members will work at the Detroit Newspapers. Negotiations with the other formerly striking unions are ongoing.

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

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

Acquisitions and dispositions 1995-1999

The growth of the company has resulted from acquisitions of businesses, as well as from internal expansion. Its significant acquisitions since the beginning of 1995 are shown below. The company has disposed of several businesses during this period, which are presented on the following page.

Acquisitions 1995-1999

Year acquired	*Name*	*Location*	*Publication times or business*
1995	Multimedia, Inc.	Greenville, S.C.	Ten daily newspapers, various non-dailies, five television stations, two radio stations, cable television franchises in five states, alarm security business, television entertainment programming
1996	WTSP-TV	Tampa-St. Petersburg, Fla.	Television station
1997	WZZM-TV	Grand Rapids, Mich.	Television station
	WGRZ-TV	Buffalo, N.Y.	Television station
	Printed Media Companies	Minneapolis, Minn.	Commercial printing
	KNAZ-TV	Flagstaff, Ariz.	Television station
	KMOH-TV	Kingman, Ariz.	Television station
	Mary Morgan, Inc.	Green Bay, Wis.	Commercial printing
	Army Times Publishing Co., Inc.	Springfield, Va.	Weekly and monthly periodicals
	New Jersey Press, Inc.	Asbury Park and East Brunswick, N.J.	Two daily newspapers
1998	WCSH-TV	Portland, Maine	Television station
	WLBZ-TV	Bangor, Maine	Television station
	WLTX-TV	Columbia, S.C.	Television station
	Ocean County Observer	Toms River, N.J.	Daily newspaper
	Daily Record	Morristown, N.J.	Daily newspaper
	Manahawkin Newspapers	Manahawkin, N.J.	Weekly newspapers
	Classified Gazette	San Rafael, Calif.	Semi-weekly newspaper
	New Castle County Shopper's Guide	Wilmington, Del.	Weekly advertising shopper
	Brandywine Valley Weekly	Wilmington, Del.	Weekly advertising shopper
	Autos plus	Wilmington, Del.	Weekly advertising shopper
	TCI Cable Kansas	Kansas	Cable television systems
1999	The Reporter	Melbourne, Fla.	Weekly newspaper
	Lehigh Acres News-Star	Lehigh Acres, Fla.	Weekly newspaper
	Dealer Magazine	Reno, Nev.	Weekly magazine
	KXTV-TV	Sacramento, Calif.	Television station
	Newsquest plc	United Kingdom	Daily and weekly newspapers
	Tucker Communications, Inc.	Westchester Co., N.Y.	Weekly newspaper
	Pennypower Shopping News	Branson & Springfield, Mo.	Weekly newspaper

Dispositions 1995-1999

Year disposed	Name	Location	Publication times or business
1995	The Add Sheet	Columbia, Mo.	Weekly advertising shopper
1996	WMAZ/WAYS-FM	Macon, Ga.	Radio stations
	Gannett Outdoor Group	Various major markets, U.S. and Canada	Outdoor advertising
	Multimedia Entertainment	New York, N.Y.	Television entertainment programming
	Louis Harris and Associates, Inc.	New York, N.Y.	Polling and research
	Gannett Community Directories	Paramus, N.J.	Community directories
	KIIS/KIIS-FM	Los Angeles, Calif.	Radio stations
	KSDO/KKBH-FM	San Diego, Calif.	Radio stations
	WDAE/WUSA-FM	Tampa, Fla.	Radio stations
1997	WLWT-TV	Cincinnati, Ohio	Television station
	KOCO-TV	Oklahoma City, Okla.	Television station
	Niagara Gazette	Niagara Falls, N.Y.	Daily newspaper
	The Observer	Moultrie, Ga.	Daily newspaper
	North Hills News Record	North Hills, Pa.	Daily newspaper
	Valley News Dispatch	Tarentum, Pa.	Daily newspaper
1998	The Virgin Islands Daily News	St. Thomas, V.I.	Daily newspaper
	WGCI/WGCI-FM	Chicago, Ill.	Radio stations
	KKBQ/KKBQ-FM	Houston, Texas	Radio stations
	KHKS-FM	Dallas, Texas	Radio station
	The Saratogian	Saratoga Springs, N.Y.	Daily newspaper
	Multimedia Security Service	Wichita, Kan.	Alarm security business
	Commercial-News	Danville, Ill.	Daily newspaper
	Chillicothe Gazette	Chillicothe, Ohio	Daily newspaper
	Gallipolis Daily Tribune	Gallipolis, Ohio	Daily newspaper
	The Daily Sentinel	Pomeroy, Ohio	Daily newspaper
	Point Pleasant Register	Point Pleasant, W.Va.	Daily newspaper
	Multimedia Cable Illinois	Suburban Chicago, Ill.	Cable television systems
1999	The San Bernardino County Sun	San Bernardino, Calif.	Daily newspaper
	KVUE-TV	Austin, Texas	Television station

QUARTERLY STATEMENTS OF INCOME

In thousands of dollars

Fiscal year ended December 26, 1999	*1st Quarter*	*2nd Quarter*	*3rd Quarter*	*4th Quarter*	*Total*
Net operating revenues					
Newspaper advertising	$ 720,551	$ 788,274	$ 817,844	$ 966,225	$ 3,292,894
Newspaper circulation	253,357	248,812	255,754	264,597	1,022,520
Broadcasting	161,194	194,480	166,770	206,198	728,642
All other	50,837	48,052	53,193	64,052	216,134
Total	1,185,939	1,279,618	1,293,561	1,501,072	5,260,190
Operating expenses					
Cost of sales and operating expenses, exclusive of depreciation	635,732	620,682	659,654	692,401	2,608,469
Selling, general and administrative expenses, exclusive of depreciation	187,986	190,525	205,716	224,302	808,529
Depreciation	42,715	42,130	44,325	40,290	169,460
Amortization of intangible assets	22,914	23,170	30,500	34,047	110,631
Total	889,347	876,507	940,195	991,040	3,697,089
Operating income	296,592	403,111	353,366	510,032	1,563,101
Non-operating (expense) income					
Interest expense	(16,592)	(13,852)	(26,474)	(37,701)	(94,619)
Other	2,368	55,305 (2)	1,588	(556)	58,705 (2)
Total	(14,224)	41,453	(24,886)	(38,257)	(35,914)
Income before income taxes	282,368	444,564	328,480	471,775	1,527,187
Provision for income taxes	112,400	176,950	130,700	187,750	607,800
Income from continuing operations	169,968	267,614 (2)	197,780	284,025	919,387 (2)
Income from discontinued operations, net	8,925	9,356	9,699	10,561	38,541
Net income	$ 178,893	$ 276, 970 (2)	$ 207,479	$ 294,586	$ 957,928 (2)
Basic earnings per share					
Basic earnings from continuing operations	$.61	$.96 (2)	$.70	$1.02	$3.29 (2)
Basic earnings from discontinued operations, net	.03	.03	.04	.04	.14
Net income per share – basic	$.64	$.99 (2)	$.74	$1.06	$3.43 (2)
Diluted earnings per share					
Diluted earnings from continuing operations (1)	$.61	$.95 (2)	$.70	$1.01	$3.26 (2)
Diluted earnings from discontinued operations, net	.03	.03	.04	.04	.14
Net income per share – diluted (1)	$.64	$.98 (2)	$.74	$1.05	$3.40 (2)

Earnings summary, excluding non-recurring net non-operating gains

In thousands of dollars

Fiscal year ended December 26, 1999	*1st Quarter*	*2nd Quarter*	*3rd Quarter*	*4th Quarter*	*Total*
Income from continuing operations, as reported	$169,968	$267,614	$197,780	$284,025	$919,387
Less: after-tax gains on sale/exchange of businesses		32,780			32,780
Income from continuing operations, as adjusted	$169,968	$234,834	$197,780	$284,025	$886,607
Diluted earnings per share from continuing operations, as adjusted (1)	$.61	$.84	$.70	$1.01	$3.15

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

(2) Includes second quarter net gain principally from the exchange of KVUE-TV in Austin, Texas, for KXTV-TV in Sacramento, Calif., ($55 million pre-tax, $33 million after-tax, $.11 per share-basic and diluted).

QUARTERLY STATEMENTS OF INCOME

In thousands of dollars

Fiscal year ended December 27, 1998	*1st Quarter*	*2nd Quarter*	*3rd Quarter*	*4th Quarter*	*Total*
Net operating revenues					
Newspaper advertising	$ 669,994	$ 746,675	$ 707,347	$ 818,979	$2,942,995
Newspaper circulation	254,079	252,762	251,534	251,863	1,010,238
Broadcasting	160,692	198,799	159,125	202,682	721,298
All other	51,083	48,673	49,825	56,579	206,160
Total	1,135,848	1,246,909	1,167,831	1,330,103	4,880,691
Operating expenses					
Cost of sales and operating expenses, exclusive of depreciation	617,556	624,414	625,258	631,648	2,498,876
Selling, general and administrative expenses, exclusive of depreciation	180,638	183,826	180,548	197,526	742,538
Depreciation	41,596	41,640	40,760	39,780	163,776
Amortization of intangible assets	21,731	21,733	22,482	23,741	89,687
Total	861,521	871,613	869,048	892,695	3,494,877
Operating income	274,327	375,296	298,783	437,408	1,385,814
Non-operating (expense) income					
Interest expense	(23,229)	(20,348)	(17,190)	(18,645)	(79,412)
Other	307,356(2)	2,498	(877)	(3,654)	305,323(2)
Total	284,127	(17,850)	(18,067)	(22,299)	225,911
Income before income taxes	558,454	357,446	280,716	415,109	1,611,725
Provision for income taxes	223,720	143,100	112,250	166,230	645,300
Income from continuing operations	334,734(2)	214,346	168,466	248,879	966,425(2)
Income from discontinued operations, net	8,116	8,463	8,053	8,856	33,488
Net income	$ 342,850(2)	$ 222,809	$ 176,519	$ 257,735	$ 999,913(2)
Basic earnings per share					
Basic earnings from continuing operations	$1.18(2)	$.75	$.59	$.89	$3.41(2)
Basic earnings from discontinued operations, net	.03	.03	.03	.03	.12
Net income per share – basic	$1.21(2)	$.78	$.62	$.92	$3.53(2)
Diluted earnings per share					
Diluted earnings from continuing operations (1)	$1.17(2)	$.75	$.59	$.89	$3.38(2)
Diluted earnings from discontinued operations, net	.03	.03	.03	.03	.12
Net income per share – diluted (1)	$1.20(2)	$.78	$.62	$.92	$3.50(2)

Earnings summary, excluding non-recurring net non-operating gains

In thousands of dollars

Fiscal year ended December 27, 1998	*1st Quarter*	*2nd Quarter*	*3rd Quarter*	*4th Quarter*	*Total*
Income from continuing operations, as reported	$ 334,734	$ 214,346	$ 168,466	$ 248,879	$ 966,425
Less: after-tax gains on sale/exchange of businesses	183,607				183,607
Income from continuing operations, as adjusted	$ 151,127	$ 214,346	$ 168,466	$ 248,879	$ 782,818
Diluted earnings per share from continuing operations, as adjusted (1)	$.53	$.75	$.59	$.89	$2.74

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

(2) Includes first quarter net gain on sale of certain businesses, including radio and alarm security ($307 million pre-tax, $184 million after-tax, $.65 per share-basic and $.64 per share-diluted).

SCHEDULES TO FORM 10-K INFORMATION

In thousands of dollars

Property, plant and equipment

Classification	***Balance at beginning of period***	***Additions at cost***	***Retirements or sales***	***Other changes***	***Balance at end of period***
Dec. 28, 1997					
Land	$ 174,838	$ 2,544	$ 1,435	$ (63)	$ 175,884
Buildings and improvements	770,456	73,581	7,265	3,385	840,157
Cable and security systems	481,053	76,574	13,383	3,975	548,219
Machinery, equipment and fixtures	1,926,058	260,814	46,508	(216)	2,140,148
Construction in progress and deposits on contracts	70,995	3,637	17,122	(7,081)	50,429
	$3,423,400	$417,150 (A)(E)	$ 85,713	$ 0	$3,754,837
Dec. 27, 1998					
Land	$ 175,884	$ 7,769	$ 987	$ (1,880)	$ 180,786
Buildings and improvements	840,157	10,022	13,790	2,821	839,210
Cable and security systems	548,219	24,218	159,634	256	413,059
Machinery, equipment and fixtures	2,140,148	126,006	140,424	(2,262)	2,123,468
Construction in progress and deposits on contracts	50,429	58,859	133	1,065	110,220
	$3,754,837	$226,874 (B)(E)	$314,968	$ 0	$3,666,743
Dec. 26, 1999					
Land	**$ 180,786**	**$ 5,901**	**$ 4,853**	**$ 304**	**$ 182,138**
Buildings and improvements	**839,210**	**83,975**	**37,189**	**659**	**886,655**
Cable	**413,059**	**13,680**	**1,821**	**(11)**	**424,907**
Machinery, equipment and fixtures	**2,123,468**	**308,547**	**171,525**	**(1,128)**	**2,259,362**
Construction in progress and deposits on contracts	**110,220**	**21,810**	**1,318**	**138**	**130,850**
	$3,666,743	**$433,913 (C)(E)**	**$216,706**	**$ (38)(D)**	**$3,883,912**

Notes

(A) Includes assets at acquisition net of adjustments for prior years' acquisitions.	$ 195,899
(B) Includes assets at acquisition net of adjustments for prior years' acquisitions.	$ (17,551)
(C) Includes assets at acquisition net of adjustments for prior years' acquisitions.	$ 175,470
(D) Principally the effect of current foreign currency translation adjustment.	
(E) Includes capitalized interest of $1,624 in 1997, $1,610 in 1998 and $5,707 in 1999.	
(F) Generally the rates of depreciation range from 2.5% to 10% for buildings and improvements, 3.3% to 20% for cable and 4% to 30% for machinery, equipment and fixtures.	
(G) Includes depreciation expense from cable and security reflected in earnings from discontinued operations of $31,806 in 1999, $37,907 in 1998 and $48,136 in 1997.	

SCHEDULES TO FORM 10-K INFORMATION

In thousands of dollars

Accumulated depreciation and amortization of property, plant and equipment

	Balance at beginning of period	Additions charged to costs and expenses	Retirements or sales	Other changes	Balance at end of period
Dec. 28, 1997					
Buildings and improvements	$ 300,775	$ 24,396	$ 5,148	$ 4,057	$ 324,080
Cable and security systems	32,597	60,377	5,976	(3,892)	83,106
Machinery, equipment and fixtures	1,095,968	116,327	56,521	(165)	1,155,609
	$1,429,340	$ 201,100 (F)(G)	$ 67,645	$ 0	$1,562,795
Dec. 27, 1998					
Buildings and improvements	$ 324,080	$ 25,434	$ 12,941	$ 9,318	$ 345,891
Cable	83,106	31,134	36,369	(196)	77,675
Machinery, equipment and fixtures	1,155,609	145,115	112,208	(9,122)	1,179,394
	$1,562,795	$ 201,683 (F)(G)	$161,518	$ 0	$1,602,960
Dec. 26, 1999					
Buildings and improvements	**$ 345,891**	**$ 22,056**	**$ 16,511**	**$ (5,003)**	**$ 346,433**
Cable	**77,675**	**24,862**	**1,243**	**0**	**101,294**
Machinery, equipment and fixtures	**1,179,394**	**154,348**	**126,421**	**5,012**	**1,212,333**
	$1,602,960	**$ 201,266 (F)(G)**	**$144,175**	**$ 9 (D)**	**$1,660,060**

(D)(F)(G) See page 68

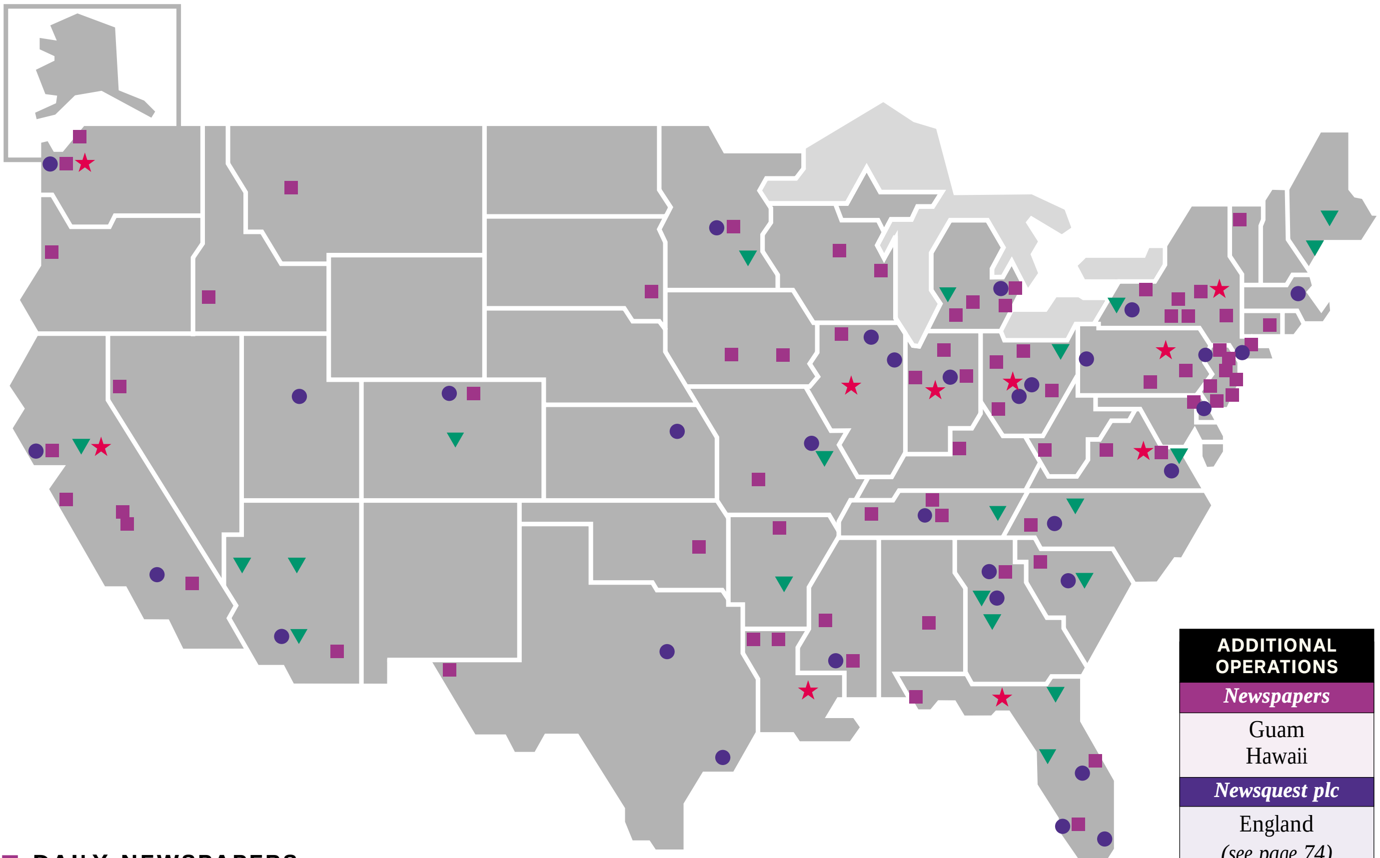
Valuation and qualifying accounts

Allowance for doubtful receivables	Balance at beginning of period	Additions charged to costs and expenses	Additions/(reductions) for acquisitions/ dispositions	Deductions from reserves	Balance at end of period
Year ended Dec. 28, 1997	$18,942	$22,333	$ 618	$23,873	$18,020
Year ended Dec. 27, 1998	$18,020	$22,077	$(1,240)	$19,714	$19,143
Year ended Dec. 26, 1999	**$19,143**	**$26,213**	**$ 9,419**	**$24,081**	**$30,694**

Supplementary income statement information (from continuing operations)

Fiscal year ended	*Dec. 26, 1999*	*Dec. 27, 1998*	*Dec. 28, 1997*
Maintenance and repairs	**$45,862**	$45,792	$47,159
Taxes other than payroll and income tax			
Property	**$24,898**	$22,725	$18,072
Other	**$ 9,034**	$9,118	$10,601
Total	**$33,932**	$31,843	$28,673

MARKETS WE SERVE



- ■ DAILY NEWSPAPERS
- ● USAT PRINT SITES
- ★ GNS BUREAUS
- ▼ TELEVISION STATIONS

ADDITIONAL OPERATIONS

Newspapers

Guam
Hawaii

Newsquest plc

England
(see page 74)

USAT Print Sites

England
Germany
Hong Kong

NEWSPAPERS AND NEWSPAPER DIVISION

Daily newspapers

State Territory	*City*	*Newspaper*	*Circulation* Morning	Afternoon	Sunday	*Founded*	*Joined Gannett*▲
Alabama	Montgomery	Montgomery Advertiser	54,659		70,104	1829	1995 (65)
Arizona	Tucson	Tucson Citizen		40,601		1870	1976 (31)
Arkansas	Mountain Home	The Baxter Bulletin	11,224			1901	1995 (66)
California	Marin County	Marin Independent Journal		39,606	40,494	1861	1980 (49)
	Palm Springs	The Desert Sun	51,117		53,422	1927	1986 (59)
	Salinas	The Californian	19,421			1871	1977 (37)
	Tulare	Tulare Advance-Register		8,257		1882	1993 (64)
	Visalia	Visalia Times-Delta	21,906			1859	1977 (38)
Colorado	Fort Collins	Fort Collins Coloradoan	28,584		35,339	1873	1977 (39)
Connecticut	Norwich	Norwich Bulletin	30,086		36,367	1791	1981 (52)
Delaware	Wilmington	The News Journal	124,509		146,125	1871	1978 (44)

Daily newspapers							
State Territory	City	Newspaper	Circulation Morning	Circulation Afternoon	Circulation Sunday	Founded	Joined Gannett▲
Florida	Brevard County	FLORIDA TODAY	88,342		112,396	1966	1966 (9)
	Fort Myers	The News-Press	88,998		106,752	1884	1971 (24)
	Pensacola	Pensacola News Journal	62,717		82,385	1889	1969 (11)
Georgia	Gainesville	The Times		22,549	26,659	1947	1981 (51)
Guam	Hagatna	Pacific Daily News	22,422		21,609	1944	1971 (23)
Hawaii	Honolulu	The Honolulu Advertiser	108,543		188,416	1856	1993 (63)
Idaho	Boise	The Idaho Statesman	64,545		86,584	1864	1971 (16)
Illinois	Rockford	Rockford Register Star	72,105		83,846	1855	1967 (10)
Indiana	Lafayette	Journal and Courier	37,141		43,839	1829	1971 (17)
	Marion	Chronicle-Tribune	20,206		22,469	1867	1971 (20)
	Richmond	Palladium-Item		19,454	23,217	1831	1976 (30)
Iowa	Des Moines	The Des Moines Register	158,194		254,679	1849	1985 (56)
	Iowa City	Iowa City Press-Citizen	15,116			1860	1977 (41)
Kentucky	Louisville	The Courier-Journal	228,132		299,539	1868	1986 (61)
Louisiana	Monroe	The News-Star	37,049		41,909	1890	1977 (43)
	Shreveport	The Times	73,328		89,952	1871	1977 (42)
Michigan	Battle Creek	Battle Creek Enquirer	25,781		34,407	1900	1971 (18)
	Detroit	The Detroit News		238,445		1873	1986 (58)
		The Detroit News and Free Press			771,632		
	Lansing	Lansing State Journal	70,147		91,872	1855	1971 (15)
	Port Huron	Times Herald		31,030	43,294	1900	1970 (12)
Minnesota	St. Cloud	St. Cloud Times	28,441		38,585	1861	1977 (36)
Mississippi	Hattiesburg	Hattiesburg American		22,414	26,983	1897	1982 (54)
	Jackson	The Clarion-Ledger	104,055		121,335	1837	1982 (53)
Missouri	Springfield	Springfield News-Leader	64,867		95,823	1893	1977 (35)
Montana	Great Falls	Great Falls Tribune	33,722		39,297	1885	1990 (62)
Nevada	Reno	Reno Gazette-Journal	67,247		84,517	1870	1977 (32)
New Jersey	Asbury Park	Asbury Park Press	158,397		222,215	1879	1997 (71)
	Bridgewater	Courier News	42,359		42,477	1884	1927 (5)
	Cherry Hill	Courier-Post	84,538		98,035	1875	1959 (7)
	East Brunswick	Home News Tribune	72,763		79,260	1879	1997 (72)
	Morristown	Daily Record	47,221		51,341	1900	1998 (73)
	Toms River	Ocean County Observer	10,538		10,000	1850	1998 (74)
	Vineland	The Daily Journal	17,463			1864	1986 (60)
New York	Binghamton	Press & Sun-Bulletin	62,453		79,392	1904	1943 (6)
	Elmira	Star-Gazette	30,175		42,303	1828	1906 (1)
	Ithaca	The Ithaca Journal	18,983			1815	1912 (2)
	Poughkeepsie	Poughkeepsie Journal	41,640		55,073	1785	1977 (34)
	Rochester	Rochester Democrat and Chronicle	175,134		242,218	1833	1918 (3)
	Utica	Observer-Dispatch	48,157		58,799	1817	1922 (4)
	Westchester County	The Journal News	146,141		175,262	1829	1964 (8)
North Carolina	Asheville	Asheville Citizen-Times	57,930		71,030	1870	1995 (67)
Ohio	Cincinnati	The Cincinnati Enquirer	205,112		321,314	1841	1979 (45)
	Fremont	The News-Messenger		14,059		1856	1975 (28)
	Marietta	The Marietta Times		12,205		1864	1974 (27)
	Port Clinton	News Herald		6,031		1864	1975 (29)
Oklahoma	Muskogee	Muskogee Daily Phoenix and Times-Democrat	19,541		20,411	1888	1977 (40)

Daily newspapers							
State Territory	*City*	*Newspaper*	*Circulation*			*Founded*	*Joined Gannett*▲
			Morning	*Afternoon*	*Sunday*		
Oregon	Salem	Statesman Journal	58,821		66,784	1851	1974 (26)
Pennsylvania	Chambersburg	Public Opinion		21,323		1869	1971 (14)
	Lansdale	The Reporter		19,177		1870	1980 (50)
South Carolina	Greenville	The Greenville News	98,953		133,874	1874	1995 (68)
South Dakota	Sioux Falls	Argus Leader	52,599		74,475	1881	1977 (33)
Tennessee	Clarksville	The Leaf-Chronicle	20,839		25,318	1808	1995 (69)
	Jackson	The Jackson Sun	39,654		44,276	1848	1985 (57)
	Nashville	The Tennessean	189,756		269,220	1812	1979 (46)
Texas	El Paso	El Paso Times	76,289		95,876	1879	1972 (25)
Vermont	Burlington	The Burlington Free Press	51,528		62,195	1827	1971 (13)
Virginia	Arlington	USA TODAY	2,274,621			1982	1982 (55)
	Staunton	The Daily News Leader	18,243		21,838	1904	1995 (70)
Washington	Bellingham	The Bellingham Herald	26,251		33,287	1890	1971 (21)
	Olympia	The Olympian	39,735		45,928	1889	1971 (19)
West Virginia	Huntington	The Herald-Dispatch	36,822		42,869	1909	1971 (22)
Wisconsin	Green Bay	Green Bay Press-Gazette		59,099	84,866	1915	1980 (47)
	Wausau	Wausau Daily Herald		23,513	30,843	1903	1980 (48)

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

Army Times Publishing Co.

Headquarters: Springfield, Va.

Publications: Army Times, Navy Times, Marine Corps Times, Air Force Times, Federal Times, Defense News, Space News, Military Market

Nursing Spectrum

Offices: Falls Church, Va. (serving Washington, D.C./Baltimore); Hoffman Estates, Ill. (serving Illinois and Indiana); Ft. Lauderdale, Fla. (serving Ft. Lauderdale and Tampa); King of Prussia, Pa. (serving Philadelphia and the Delaware Valley); Westbury, N.Y. (serving New York and New Jersey); Lexington, Mass. (serving New England states)

Non-daily publications

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

USA WEEKEND

Circulation 21.8 million in 563 newspapers

Headquarters: Arlington, Va.

Advertising offices: Chicago; Detroit; Los Angeles; New York

Gannett Media Technologies International Cincinnati, Ohio

Gannett Offset

Headquarters: Springfield, Va.

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

Gannett Offset Marketing Services Group

Gannett Direct Marketing Services, Inc. Louisville, Ky.

Gannett TeleMarketing, Inc.

Headquarters: Springfield, Va.

Operations: Cambridge, Mass.; Cincinnati, Ohio; Columbia, Mo.; Louisville, Ky.; Nashville, Tenn.; Silver Spring, Md.; Towson, Md.

Telematch Springfield, Va.

Gannett Retail Advertising Group Chicago

Gannett Satellite Information Network Arlington, Va.

Gannett News Service

Headquarters: Arlington, Va.

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

USA TODAY
Headquarters: Arlington, Va.
Print sites: Arlington, Texas; Atlanta; Batavia, N.Y.; Brevard County, Fla.; Chandler, Ariz.; Chicago; Columbia, S.C.; Fort Collins, Colo.; Fort Myers, Fla.; Gainesville, Ga.; Hattiesburg, Miss.; Kankakee, Ill.; Lawrence, Kan.; Mansfield, Ohio; Marin County, Calif.; Miramar, Fla.; Nashville, Tenn.; Newark, Ohio; Norwood, Mass.; Olympia, Wash.; Pasadena, Texas; Port Huron, Mich.; Richmond, Ind.; Rockaway, N.J.; St. Cloud, Minn.; St. Louis; Salisbury, N.C.; Salt Lake City; San Bernardino, Calif.; Springfield, Va.; Tarentum, Pa.; White Plains, N.Y.; Wilmington, Del.
International print sites: Frankfurt, Germany; Hong Kong; London, England
Regional offices: Atlanta; Boston; Buffalo, N.Y.; Charlotte, N.C.; Chicago; Cincinnati; Cleveland; Columbus, Ohio; Dallas; Denver; Detroit; Houston; Indianapolis; Kansas City, Mo.; Las Vegas; Los Angeles; Milwaukee; Minneapolis-St. Paul; Miramar, Fla.; Mountainside, N.J.; Nashville, Tenn.; New Orleans; Orlando, Fla.; Philadelphia; Phoenix, Ariz.; Pittsburgh; Port Washington, N.Y.; St. Louis; San Francisco; Seattle; Springfield, Va.
International offices: Hong Kong; London, England; Paris, France; Singapore
Advertising offices: Arlington, Va.; Atlanta; Chicago; Dallas; Detroit; London, England; Los Angeles; New York; San Francisco

USA TODAY Baseball Weekly	Circulation 280,000
Editorial and advertising offices:	Arlington, Va.

USATODAY.com	Arlington, Va.

BROADCASTING

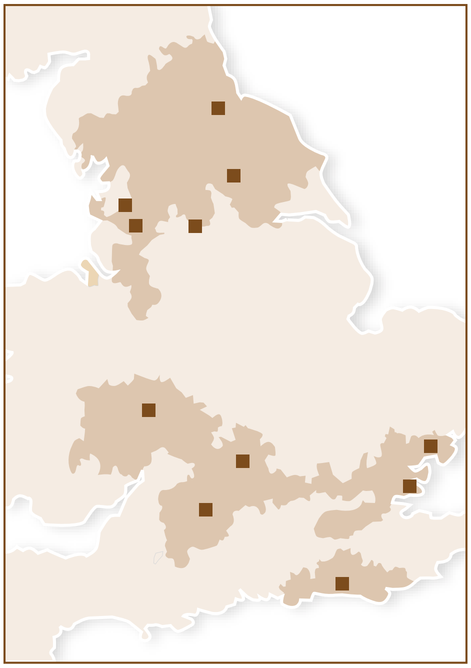
Television stations

State	*City*	*Station*	*Channel/Network*	*Weekly Audience •*	*Founded*	*Joined Gannett*
Arizona	Flagstaff	KNAZ-TV	Channel 2/NBC	▲	1970	1997
	Kingman	KMOH-TV	Channel 6/NBC	▲	1988	1997
	Phoenix	KPNX-TV	Channel 12/NBC	1,128,000	1953	1979
Arkansas	Little Rock	KTHV-TV	Channel 11/CBS	373,000	1955	1994
California	Sacramento	KXTV-TV	Channel 10/ABC	1,012,000	1955	1999
Colorado	Denver	KUSA-TV	Channel 9/NBC	1,258,000	1952	1979
District of Columbia	Washington	WUSA-TV	Channel 9/CBS	1,983,000	1949	1986
Florida	Jacksonville*	WTLV-TV	Channel 12/NBC	471,000	1957	1988
	Tampa-St. Petersburg	WTSP-TV	Channel 10/CBS	1,168,000	1965	1996
Georgia	Atlanta	WXIA-TV	Channel 11/NBC	1,564,000	1948	1979
	Macon	WMAZ-TV	Channel 13/CBS	228,000	1953	1995
Maine	Bangor	WLBZ-TV	Channel 2/NBC	131,000	1954	1998
	Portland	WCSH-TV	Channel 6/NBC	333,000	1953	1998
Michigan	Grand Rapids	WZZM-TV	Channel 13/ABC	396,000	1962	1997
Minnesota	Minneapolis-St. Paul	KARE-TV	Channel 11/NBC	1,311,000	1953	1983
Missouri	St. Louis	KSDK-TV	Channel 5/NBC	1,065,000	1947	1995
New York	Buffalo	WGRZ-TV	Channel 2/NBC	461,000	1954	1997
North Carolina	Greensboro	WFMY-TV	Channel 2/CBS	579,000	1949	1988
Ohio	Cleveland	WKYC-TV	Channel 3/NBC	1,305,000	1948	1995
South Carolina	Columbia	WLTX-TV	Channel 19/CBS	240,000	1953	1998
Tennessee	Knoxville	WBIR-TV	Channel 10/NBC	416,000	1956	1995

• Weekly audience is number of TV households reached, according to the November 1999 Nielsen book.

▲ Audience numbers fall below minimum reporting standards.

* On Nov. 16, 1999, Gannett entered into an agreement with Allbritton Jacksonville Inc. to acquire and operate WJXX-TV, the ABC affiliate in Jacksonville, Fla. Gannett will also continue to own and operate WTLV-TV, the NBC affiliate in Jacksonville. The transaction is subject to FCC and other approvals.



■ DAILY NEWSPAPERS

SHADED AREA IN MAP TO LEFT REPRESENTS DAILY AND NON-DAILY CIRCULATION AREAS

Daily newspapers						
		Circulation				*Joined*
City	*Newspaper*	*Morning*	*Afternoon*	*Saturday*	*Founded*	*Gannett*▲
Basildon	Evening Echo		44,342		1969	1999
Blackburn	Lancashire Evening Telegraph		43,181	37,207	1886	1999
Bolton	Bolton Evening News		41,636	32,927	1867	1999
Bradford	Telegraph & Argus		52,766	50,200	1868	1999
Brighton	Evening Argus		49,122	46,716	1880	1999
Colchester	Evening Gazette		28,551		1970	1999
Darlington	The Northern Echo	67,822*		67,822*	1870	1999
Oxford	Oxford Mail		32,159	29,403	1928	1999
Swindon	Evening Advertiser		26,584	22,899	1854	1999
Worcester	Worcester Evening News		23,141	19,134	1937	1999
York	Evening Press		41,945*	41,945*	1882	1999

* Monday-Saturday inclusive

Non-daily publications
North West, Yorkshire, North East, Midlands, South East, South West, Essex, London, South Coast

GANNETT ON THE NET

News and information about Gannett is available on our Web site, www.gannett.com.

The following Gannett properties also offer online services or informational sites on the Internet:

NEWSPAPERS AND NEWSPAPER DIVISION	
USA TODAY	www.usatoday.com
USA WEEKEND	www.usaweekend.com
Asbury Park (N.J.) Press	www.injersey.com
Asheville (N.C.) Citizen-Times	www.citizen-times.com
The Bellingham (Wash.) Herald	www.bellinghamherald.com
Press & Sun-Bulletin, Binghamton, N.Y.	www.binghamtonpress.com
FLORIDA TODAY, Brevard County	www.flatoday.com
Courier News, Bridgewater, N.J.	www.c-n.com
The Idaho Statesman, Boise	www.idahostatesman.com
The Burlington (Vt.) Free Press	www.burlingtonfreepress.com
Courier-Post, Cherry Hill, N.J.	www.courierpostonline.com
The Cincinnati Enquirer	enquirer.com
The Des Moines Register	DesMoinesRegister.com
The Detroit News	detnews.com
Home News Tribune, East Brunswick, N.J.	www.injersey.com/hnt
Star-Gazette, Elmira, N.Y.	www.star-gazette.com
El Paso (Texas) Times	www.elpasotimes.com
Fort Collins Coloradoan	www.coloradoan.com
The News-Press, Fort Myers, Fla.	www.news-press.com
Green Bay (Wis.) Press-Gazette	www.greenbaypressgazette.com
The Greenville (S.C.) News	greenvilleonline.com
The Honolulu Advertiser	www.honoluluadvertiser.com
The Herald-Dispatch, Huntington, W.Va.	www.hdonline.com
Iowa City (Iowa) Press-Citizen	www.press-citizen.com
The Clarion-Ledger, Jackson, Miss.	www.clarionledger.com
The Jackson (Tenn.) Sun	www.jacksonsun.com
Journal and Courier, Lafayette, Ind.	www.jconline.com
Lansing (Mich.) State Journal	www.lansingstatejournal.com
The Courier-Journal, Louisville, Ky.	www.courier-journal.com
Marin (County, Calif.) Independent Journal	www.marinij.com
The Montgomery (Ala.) Advertiser	www.montgomeryadvertiser.com
Daily Record, Morristown, N.J.	www.dailyrecord.com
The Tennessean, Nashville	www.tennessean.com
The Olympian, Olympia, Wash.	www.theolympian.com
The Desert Sun, Palm Springs, Calif.	www.desertsunonline.com
Pensacola (Fla.) News Journal	www.PensacolaNewsJournal.com
Poughkeepsie (N.Y.) Journal	www.pojonews.com
Reno (Nev.) Gazette-Journal	www.rgj.com
Rochester (N.Y.) Democrat and Chronicle	www.democratandchronicle.com
Rockford (Ill.) Register Star	www.rrstar.com
Argus Leader, Sioux Falls, S.D.	www.argusleader.com
St. Cloud (Minn.) Times	www.sctimes.com
Statesman Journal, Salem, Ore.	www.statesmanjournal.com
The Times, Shreveport, La.	www.nwlouisiana.com
Springfield (Mo.) News-Leader	www.ozarksgateway.com
Ocean County Observer, Toms River, N.J.	www.injersey.com/observer
Tucson (Ariz.) Citizen	www.tucsoncitizen.com
Observer-Dispatch, Utica, N.Y.	www.uticaod.com
Wausau (Wis.) Daily Herald	www.wausaudailyherald.com
The Journal News, Westchester County, N.Y.	www.nyjournalnews.com
The News Journal, Wilmington, Del.	www.delawareonline.com
Army Times	www.armytimes.com
Navy Times	www.navytimes.com
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Military City	www.militarycity.com
Nursing Spectrum	www.nursingspectrum.com
Gannett Direct Marketing Services	www.gdms.com
Gannett Media Technologies International	www.gmti.com

NEWSQUEST PLC	
Newsquest Media Group	www.newsquest.co.uk

BROADCASTING	
WXIA-TV, Atlanta	www.11alive.com
WLBZ-TV, Bangor, Maine	www.wlbz.com
WKYC-TV, Cleveland, Ohio	www.wkyc.com
WLTX-TV, Columbia, S.C.	www.wltx.com
KUSA-TV, Denver	www.9news.com
WFMY-TV, Greensboro, N.C.	www.wfmy.com
WTLV-TV, Jacksonville, Fla.	www.wtlv.com
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KPNX-TV, Phoenix, Ariz.	www.12news.com
WCSH-TV, Portland, Maine	www.wcsh6.com
KXTV-TV, Sacramento, Calif.	www.kxtv.com
KSDK-TV, St. Louis, Mo.	www.ksdk.com
WTSP-TV, Tampa-St. Petersburg, Fla.	www.wtsp.com
WUSA-TV, Washington, D.C.	www.wusatv9.com

GLOSSARY OF FINANCIAL TERMS

Presented below are definitions of certain key financial and operational terms that we hope will enhance your reading and understanding of Gannett's 1999 Annual Report.

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

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

BROADCASTING REVENUES – Primarily amounts charged to customers for commercial advertising aired on the company's television stations as well as radio stations prior to 1998.

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

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

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

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

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

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

DISCONTINUED OPERATION – A principal business that has been sold and is reported separately from continuing operations in the statement of income.

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

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

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

EXCESS OF ACQUISITION COST OVER FAIR VALUE OF ASSETS ACQUIRED – In a business purchase, this represents the excess of amounts paid over fair value of tangible assets acquired (also referred to as intangible assets or goodwill). Generally this cost is written off against operations over periods of up to 40 years. (Also see "Purchase.")

INVENTORIES – Raw materials, principally newsprint, used in the business.

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

OPERATING CASH FLOW – Operating income adjusted for major non-cash expenses, depreciation and amortization of intangible assets.

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

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

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

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

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY – A statement that reflects changes in the common stock, retained earnings and other equity accounts.

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

STOCK INCENTIVE RIGHTS – An award that gives key employees the right to receive shares of the company's stock without payment at the end of an incentive period, conditioned on their continued employment throughout the incentive period.

STOCK OPTION – An award that gives key employees the right to buy shares of the company's stock at the market price of the stock at the date of the award.

SHAREHOLDER SERVICES

GANNETT STOCK

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

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

Gannett is pleased to offer the following shareholder services:

DIVIDEND REINVESTMENT PLAN

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

AUTOMATIC CASH INVESTMENT SERVICE FOR THE DRP

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

DIRECT DEPOSIT SERVICE

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

FORM 10-K

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

ANNUAL MEETING

The annual meeting of shareholders will be held at 10 a.m. Tuesday, May 2, 2000 at Gannett headquarters.

FOR MORE INFORMATION

News and information about Gannett is available on our Web site (www.gannett.com). Quarterly earnings information will be available around the middle of April, July and October 2000.

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

GANNETT HEADQUARTERS

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Arlington, VA 22234
703-284-6000

THIS REPORT WAS WRITTEN AND PRODUCED BY EMPLOYEES OF GANNETT.

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