

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 28, 2003

OR

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

Commission file number 1-6961

GANNETT CO., INC.

(Exact name of registrant as specified in charter)

Delaware

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

16-0442930

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

7950 Jones Branch Drive, McLean, Virginia

(Address of principal executive offices)

22107-0910

(Zip Code)

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

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

The total number of shares of the registrant's Common Stock, \$1.00 par value, outstanding as of October 30, 2003, was 271,062,311.

PART I. FINANCIAL INFORMATION

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

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATIONS

Operating Summary

Earnings per diluted share, on a generally accepted accounting principles ("GAAP") basis, were \$1.03 for the third quarter of 2003 versus \$0.99 per share for the same period last year. For the first nine months of 2003, earnings per diluted share were \$3.15 versus \$3.02 for the same interval in 2002.

Net income rose 5% to \$279.0 million for the quarter and 5% to \$853.2 million for the year-to-date. Operating income increased 3% to \$462.5 million for the quarter and 3% to \$1.4 billion for the year-to-date.

Operating revenues were \$1.6 billion for the third quarter, a 4% increase over the same period last year. For the first nine months, operating revenue increased by \$192.8 million or 4% to \$4.9 billion.

Newspaper Results

Reported newspaper publishing revenues increased \$73.3 million or 5% for the third quarter of 2003 as compared to the third quarter of 2002 and rose \$212.1 million or 5% for the year-to-date. Newspaper operating revenues are derived principally from advertising and circulation sales, which accounted for 73% and 21%, respectively, of total newspaper revenues for the third quarter of 2003 and for the year-to-date period. Ad revenues also include those derived from advertising placed with newspaper Internet sites. Other newspaper publishing revenues are mainly from commercial printing businesses and also include earnings from the company's 50% owned joint operating agencies in Detroit and Tucson. The tables below present these components of reported revenues for the third quarter and first nine months of 2003 and 2002.

Newspaper operating revenues, in thousands of dollars

Third Quarter	2003	2002	% Change
Newspaper advertising	\$1,067,039	\$1,006,923	6
Newspaper circulation	300,277	292,659	3
Commercial printing and other	91,665	86,058	7
Total	\$1,458,981	\$1,385,640	5

Year-to-date	2003	2002	% Change
Newspaper advertising	\$3,188,467	\$3,022,664	5
Newspaper circulation	905,888	885,911	2
Commercial printing and other	271,251	244,928	11
Total	\$4,365,606	\$4,153,503	5

The table below presents the components of reported newspaper advertising revenues for the third quarter and the first nine months of 2003 and 2002.

Advertising revenues, in thousands of dollars

Third Quarter	2003	2002	% Change
Local	\$ 427,406	\$ 415,443	3
National	165,822	151,132	10
Classified	473,811	440,348	8
Total ad revenue	<u>\$1,067,039</u>	<u>\$1,006,923</u>	<u>6</u>
Year-to-date	2003	2002	% Change
Local	\$1,305,092	\$1,253,885	4
National	512,018	484,072	6
Classified	1,371,357	1,284,707	7
Total ad revenue	<u>\$3,188,467</u>	<u>\$3,022,664</u>	<u>5</u>

Newspaper advertising revenues improved by \$60.1 million or 6% for the quarter and \$165.8 million or 5% for the year-to-date, reflecting gains in all categories of advertising, the acquisition of the publishing businesses of Scottish Media Group (“Newsquest Scotland”) in April 2003 and the establishment of the Texas-New Mexico Newspapers Partnership (“Texas-New Mexico”) in March 2003. Circulation revenues rose \$7.6 million or 3% for the quarter and \$20.0 million or 2% for the year-to-date. Other newspaper revenues increased \$5.6 million or 7% and \$26.3 million or 11% for the year-to-date, primarily because of higher commercial printing volume. A higher foreign exchange rate for British Sterling in 2003 for Newsquest operations also favorably impacted revenue comparisons for the quarter and year-to-date.

In the tables that follow, newspaper advertising lineage and related revenues are presented on a pro forma basis. Pro forma basis means that these results are presented as if all properties owned at the end of the third quarter of 2003 were owned throughout the periods presented. For Newsquest, advertising revenue is reflected in the amounts below, however, advertising lineage and preprint distribution statistics are not included.

Advertising revenues, in thousands of dollars (pro forma)

Third Quarter	2003	2002	% Change
Local	\$ 427,406	\$ 423,157	1
National	165,822	154,257	7
Classified	473,811	455,612	4
Total ad revenue	<u>\$1,067,039</u>	<u>\$1,033,026</u>	<u>3</u>

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

Third Quarter	2003	2002	% Change
Local	8,910	9,123	(2)
National	943	879	7
Classified	15,198	14,714	3
Total Run-of-Press lineage	<u>25,051</u>	<u>24,716</u>	<u>1</u>
Preprint distribution	<u>2,579</u>	<u>2,418</u>	<u>7</u>

Advertising revenues, in thousands of dollars (pro forma)

Year-to-date	2003	2002	% Change
Local	\$1,311,655	\$1,276,325	3
National	515,239	494,035	4
Classified	1,386,400	1,328,271	4
Total ad revenue	\$3,213,294	\$3,098,631	4

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

Year-to-date	2003	2002	% Change
Local	27,211	27,711	(2)
National	2,948	2,733	8
Classified	44,154	42,704	3
Total Run-of-Press linage	74,313	73,148	2
Preprint distribution	7,952	7,259	10

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

Advertising revenues, in thousands of dollars

Third Quarter	2003	2002	% Change
Pro forma ad revenues	\$1,067,039	\$1,033,026	3
Add: Effect of dispositions	—	—	
Less: Effect of acquisitions	—	(26,103)	
As reported ad revenues	\$1,067,039	\$1,006,923	6

Year-to-date	2003	2002	% Change
Pro forma ad revenues	\$3,213,294	\$3,098,631	4
Add: Effect of dispositions	—	1,295	
Less: Effect of acquisitions	(24,827)	(77,262)	
As reported ad revenues	\$3,188,467	\$3,022,664	5

For the third quarter of 2003, reported and pro forma local advertising revenues rose 3% and 1%, respectively, with pro forma linage down 2%. For the year-to-date, reported and pro forma local advertising revenues increased 4% and 3%, respectively, with pro forma linage 2% below last year. Local ad revenues benefited from continued growth in preprint ad demand and revenues from non-daily publications.

Reported and pro forma national advertising revenues rose 10% and 7%, respectively, for the third quarter on a 7% pro forma volume increase. Year-to-date, reported and pro forma national advertising revenues gained 6% and 4%, respectively, with pro forma linage up 8%, reflecting improvement at certain of the company's domestic local newspapers and USA TODAY. At USA TODAY, advertising revenues increased 5% in the third quarter reflecting strong gains from automotive, travel, telecommunications, retail and pharmaceutical related advertising, which more than offset weakness in the technology and financial advertising categories. For the year-to-date, USA TODAY advertising revenues increased 2% primarily due to strong gains in automotive, entertainment and pharmaceutical related advertising.

Reported and pro forma classified ad revenues increased 8% and 4%, respectively, with pro forma linage up 3%, for the third quarter. For the year-to-date, reported and pro forma classified ad revenues were up 7% and 4%,

respectively on a 3% gain in pro forma lineage. Pro forma classified ad revenue gains were driven by strength in the automotive and real estate categories, which rose 2% and 10%, respectively, in the third quarter and 4% and 11%, respectively, for the year-to-date. Employment ad revenues continued to be adversely impacted by the weak U.S. labor market and, on a pro forma basis, declined 5% for the quarter and 4% for the year-to-date. In September, employment ad revenues decreased 1% as compared to September of 2002. The 1% decline in employment ad revenues in September reflects the best result in employment ad revenues, as compared to the prior year, since the first quarter of 2003. Overall, on a reported and pro forma basis, the company's classified results from Newsquest were stronger than its domestic results.

Circulation revenues, as reported, rose 3% for the third quarter and 2% for the year-to-date, primarily as a result of the Newsquest Scotland and Texas-New Mexico transactions. Circulation revenues on a pro forma basis were flat for the quarter and for the year-to-date. Pro forma net paid daily circulation for the company's newspapers, excluding USA TODAY, declined 3% for the third quarter and 2% for the year-to-date. The 3% decline in net paid circulation for the third quarter reflects, in part, the absence of special sections and editions run in 2002 relating to the first anniversary of September 11, 2001. Sunday net paid circulation declined 1% from the comparable quarter of last year and for the year-to-date. USA TODAY reported an average daily paid circulation of 2,243,144 in the ABC Publisher's Statement for the 26 weeks ended September 28, 2003, a 1% increase over the comparable period a year ago.

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

Circulation revenues, in thousands of dollars

Third Quarter	2003	2002	% Change
Pro forma circulation revenues	\$300,277	\$301,235	(0)
Add: Effect of dispositions	—	—	
Less: Effect of acquisitions	—	(8,576)	
As reported circulation revenues	\$300,277	\$292,659	3
	<u> </u>	<u> </u>	<u> </u>
Year-to-date	2003	2002	% Change
Pro forma circulation revenues	\$914,190	\$910,396	0
Add: Effect of dispositions	—	423	
Less: Effect of acquisitions	(8,302)	(24,908)	
As reported circulation revenues	\$905,888	\$885,911	2
	<u> </u>	<u> </u>	<u> </u>

Reported newspaper operating expenses rose \$52.3 million or 5% for the quarter and \$150.0 million or 5% for the first nine months, primarily as a result of the Newsquest Scotland and Texas-New Mexico transactions, increased commercial printing volume, higher newsprint expense and substantially higher insurance, pension and other employee benefit costs. Benefit cost increases for the third quarter and year-to-date periods were tempered by modifications to certain retiree and employee benefit programs. The higher foreign exchange rate in 2003 for Newsquest operations also adversely impacts expense comparisons. Newsprint expense for the third quarter and first nine months increased 12% and 7%, respectively, reflecting higher year-over-year prices and increased consumption due primarily to the aforementioned transactions and increased commercial printing activity. On a pro forma basis, newsprint expense for the quarter increased 9% reflecting higher prices year-over-year. Consumption on a pro forma basis was flat for the quarter.

Newspaper operating income for the quarter rose \$21.0 million or 5% and \$62.1 million or 5% year-to-date. The year-over-year gains in advertising revenues, the positive impact of earnings from the Newsquest Scotland and Texas-New Mexico transactions and favorable foreign exchange rates were tempered by increased employee benefit costs and newsprint expense.

Television Results

Television revenues decreased \$11.7 million or 6% for the quarter, and were down \$19.3 million or 4% for the year-to-date, reflecting significantly diminished political advertising spending. The decrease in revenues for the first nine months of 2003 also reflects softness in advertising demand due to the war in Iraq and the absence of Olympics related advertising, which benefited 2002. National revenues declined 19% and 10% for the quarter and year-to-date, respectively. Local revenues rose 3% and 1% compared to the third quarter and year-to-date of 2002,

respectively. Operating expenses declined 3% and 1% for the third quarter and year-to-date, respectively as lower programming and sales costs were offset by increased news, and employee benefit costs. Operating income decreased \$8.9 million or 11% for the quarter and \$16.6 million or 7% for the year-to-date.

Operating Cash Flow

The company's consolidated operating cash flow, defined as operating income plus depreciation and amortization of intangible assets, increased \$16.0 million or 3% to \$523.0 million for the third quarter and increased \$51.3 million or 3% to \$1.58 billion for the year-to-date. All references to "operating cash flow" are to a non-GAAP financial measure. Management believes that use of this measure allows investors and management to measure, analyze, and compare the cash resources generated from its business segments in a meaningful and consistent manner. The focus on operating cash flow is appropriate given the consistent and generally predictable strength of cash flow generation by newspaper and television operations, and the short period of time it takes to convert new orders to cash. A reconciliation of these non-GAAP amounts to the company's operating income, which the company believes is the most directly comparable financial measure calculated and presented in accordance with GAAP in the company's consolidated statements of income, is presented in Note 8 "Business Segment Information" of the Notes to Condensed Consolidated Financial Statements.

Non-Operating Income and Expense / Provision for Income Taxes

The company's interest expense declined \$5.9 million or 15% for the quarter, primarily due to lower average commercial paper balances outstanding and lower interest rates on commercial paper debt. For the year-to-date, interest expense was down \$3.3 million or 3%, as lower interest expense from commercial paper debt was partially offset by added interest expense from the fixed rate notes issued in March 2002. In March 2002, the company refinanced \$1.8 billion in commercial paper obligations with the issuance of fixed rate unsecured notes. The daily average commercial paper balance outstanding was \$2.4 billion and \$2.5 billion during the third quarters of 2003 and 2002, respectively. The daily average outstanding balance of commercial paper was \$2.5 billion during the first nine months of 2003 and \$3.3 billion for the comparable period of 2002. The weighted average interest rate on commercial paper was 1.06% and 1.79% for the third quarters of 2003 and 2002, respectively. For the first nine months of 2003 and 2002, the weighted average interest rate was 1.21% and 1.81%, respectively.

Because the company has \$2.3 billion in commercial paper obligations at September 28, 2003 that have relatively short-term maturity dates, the company is subject to significant changes in the amount of interest expense it might incur. Assuming the current level of borrowings, a 1/2% increase or decrease in the average interest rate for commercial paper would result in an increase or decrease in annual interest expense of \$11.5 million.

Other non-operating expense for the quarter reflects minority interest expense, primarily from the Texas-New Mexico partnership and losses from minority interest investments in Internet businesses partially offset by investment income and currency gains. For the year-to-date, other non-operating income primarily consists of the non-monetary gain from the Texas-New Mexico partnership transaction discussed below, investment income and currency gains. This was partially offset by other non-operating charges, including losses from minority interest investments in Internet businesses and minority interest expense from the Texas-New Mexico partnership.

During the first quarter of 2003, the company completed a non-monetary transaction under which it contributed its newspaper in El Paso to a newly formed partnership, Texas-New Mexico Newspapers Partnership. The partnership includes the El Paso newspaper and five other daily newspapers in nearby New Mexico that were contributed by Media News Group. In exchange for its contribution, the company received a 66% interest in the partnership.

In accordance with generally accepted accounting principles, the company recorded this non-monetary transaction as two simultaneous but separate events in the first quarter; that is, a sale of 34% of its interest in the El Paso newspaper for which a non-operating gain was recognized, and the acquisition of a 66% interest in the New Mexico newspapers through its investment in the partnership. The non-monetary gain from the partnership transaction is reflected in non-operating income.

The company's effective income tax rate was 34.2% for the third quarter and first nine months of 2003 compared to 34.4% for the same periods last year.

Net Income

Net income for the third quarter rose \$13.4 million or 5% and earnings per diluted share increased to \$1.03 from \$0.99, a 4% increase. For the first nine months, net income was up \$40.1 million or 5% and earnings per diluted share increased to \$3.15 from \$3.02, a 4% increase. The weighted average number of diluted shares outstanding for the third quarter of 2003 totaled 272,174,000 compared to 269,306,000 for the third quarter of 2002. For the first nine months of 2003 and 2002, the weighted average number of diluted shares outstanding totaled 271,114,000 and 269,105,000, respectively. Exhibit 11 of this Form 10-Q presents the weighted average number of basic and diluted shares outstanding and the earnings per share for each quarter and year-to-date.

Liquidity and Capital Resources

The company's cash flow from operating activities was \$1.09 billion for the first nine months of 2003, reflecting solid newspaper and television results. Cash flow from operating activities was \$985.4 million for the first nine months of 2002.

Cash used by the company for investing activities totaled \$539.5 million for the nine months ended September 28, 2003. Capital expenditures totaled \$171.2 million in the first nine months of 2003, compared to \$175.7 million in the first nine months of last year. In the first nine months of 2003, the company paid \$364.3 million for the acquisition of Newsquest Scotland and several smaller businesses.

Cash used by the company for financing activities totaled \$481.8 million for the first nine months of 2003. Payments to reduce the company's debt totaled \$395.2 million. The company's regular quarterly dividend of \$0.25 per share, which was declared in the third quarter of 2003, totaled \$67.5 million and was paid on October 1, 2003. Dividends paid for the first nine months of 2003 and 2002 totaled \$193.3 million and \$183.6 million, respectively. Proceeds received from the exercise of stock options totaled \$106.6 million and \$61.7 million during the first nine months of 2003 and 2002, respectively.

The company's foreign currency translation adjustment, included in accumulated other comprehensive income and reported as part of shareholders' equity, totaled \$151.5 million at the end of the third quarter versus \$56.0 million at the end of 2002, reflecting a strengthening of British Sterling against the U.S. dollar. Newsquest's assets and liabilities at September 28, 2003 were translated from Sterling to U.S. dollars at an exchange rate of \$1.66 versus \$1.60 at the end of 2002. Newsquest's financial results were translated at an average rate of \$1.61 for the third quarter of 2003 versus \$1.55 for the third quarter of 2002, and at an average rate of \$1.61 for the first nine months of 2003 compared to \$1.48 for the first nine months of 2002.

The company is exposed to foreign exchange rate risk primarily due to its operations in the United Kingdom, for which Sterling is the functional currency, which is then translated into U.S. dollars. Translation gains or losses affecting the Condensed Consolidated Statements of Income have not been significant in the past. If the price of Sterling against the U.S. dollar had been 10% less than the actual price, reported net income would have decreased less than 1% for the third quarter and for the year-to-date.

The company has a 13.5% general partnership interest in Ponderay Newsprint Company. The company, on a several basis, is a guarantor of 13.5% of the principal and interest on a term loan held by Ponderay that totals \$106 million at September 28, 2003.

Recently Issued Accounting Pronouncements

Refer to Note 9 of the Condensed Consolidated Financial Statements for further discussion of new accounting standards and their impact on earnings beginning in 2003.

Other Matters

In early April 2003, the company completed its acquisition of the publishing business of SMG plc ("Newsquest Scotland") for approximately £216 million (U.S. \$340 million). Newsquest Scotland consists of three Scottish newspapers, eleven specialty consumer and business-to-business magazine titles, and an online advertising and content business.

In late March 2003, the company entered into an agreement with Independent News and Media Limited for the acquisition of its Greater London regional publishing business for £60 million (approximately U.S. \$97 million). This regional publishing business consists of 45 Greater London regional newspapers, including the Post Newspaper Series and the Kentish Times Newspaper Series. On October 21, 2003, the Secretary of State for Trade and Industry in the UK approved the purchase by the company of the bulk of the titles owned by Independent News and Media Limited but did not approve the purchase of certain other titles. The company will review the

details of the Competition Commission's report and will discuss the report with the Department of Trade and Industry and Independent News and Media Limited.

On October 31, 2003, the company acquired Clipper Magazine, Inc., one of the nation's largest direct-mail advertising magazine companies. The acquisition also includes several affiliated operations including a full service advertising agency, an e-mail customer retention service, a direct mail service to new movers and MyClipper.com, a companion web site for the core direct mail advertising offerings. The company does not expect this acquisition to materially affect the company's financial position or results of operations.

On October 21, 2003, the company's board of directors declared a regular quarterly dividend of \$0.25 per share. The quarterly dividend is payable on January 2, 2004 to shareholders of record on December 13, 2003.

Certain Factors Affecting Forward-Looking Statements

Certain statements in this Quarterly Report on Form 10-Q contain forward-looking information. The words "expect", "intend", "believe", "anticipate", "likely", "will" and similar expressions generally identify forward-looking statements. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results and events to differ materially from those anticipated in the forward-looking statements.

Potential risks and uncertainties which could adversely affect the company's ability to obtain these results include, without limitation, the following factors: (a) increased consolidation among major retailers or other events which may adversely affect business operations of major customers and depress the level of local and national advertising; (b) a continued 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; (i) an increase in interest rates; (j) a weakening in the British Sterling to U.S. dollar exchange rate; and (k) general economic, political and business conditions.

CONDENSED CONSOLIDATED BALANCE SHEETS
Gannett Co., Inc. and Subsidiaries
Unaudited, in thousands of dollars

	Sept. 28, 2003	Dec. 29, 2002
ASSETS		
<i>Current assets</i>		
Cash and cash equivalents	\$ 161,963	\$ 90,374
Trade receivables, less allowance (2003 - \$42,617; 2002 - \$36,610)	806,908	827,398
Inventories	118,217	101,189
Prepaid expenses and other receivables	155,292	114,118
<i>Total current assets</i>	1,242,380	1,133,079
<i>Property, plant and equipment</i>		
Cost	4,592,526	4,422,767
Less accumulated depreciation	(1,992,655)	(1,887,762)
<i>Net property, plant and equipment</i>	2,599,871	2,535,005
<i>Intangible and other assets</i>		
Goodwill	9,334,277	8,822,299
Other intangible assets, less accumulated amortization	110,869	98,807
Investments and other assets	1,113,291	1,143,824
<i>Total intangible and other assets</i>	10,558,437	10,064,930
Total assets	\$14,400,688	\$13,733,014

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

CONDENSED CONSOLIDATED BALANCE SHEETS
Gannett Co., Inc. and Subsidiaries
Unaudited, in thousands of dollars

	Sept. 28, 2003	Dec. 29, 2002
LIABILITIES AND SHAREHOLDERS' EQUITY		
<i>Current liabilities</i>		
Accounts payable and current portion of film contracts payable	\$ 297,568	\$ 327,742
Compensation, interest and other accruals	338,923	287,873
Dividends payable	67,693	64,443
Income taxes	153,514	121,276
Deferred income	165,302	157,291
	1,023,000	958,625
<i>Total current liabilities</i>		
Deferred income taxes	735,354	678,541
Long-term debt	4,152,092	4,547,265
Postretirement medical and life insurance liabilities	349,041	378,855
Minority interest	98,088	—
Other long-term liabilities	269,073	257,933
	6,626,648	6,821,219
<i>Total liabilities</i>		
<i>Shareholders' equity</i>		
Preferred stock of \$1 par value per share. Authorized: 2,000,000 shares; Issued: none	—	—
Common stock of \$1 par value per share. Authorized: 800,000,000 shares; Issued: 324,420,732 shares	324,421	324,421
Additional paid-in-capital	339,558	279,778
Retained earnings	9,154,687	8,498,015
Accumulated other comprehensive income	140,620	44,190
	9,959,286	9,146,404
Less treasury stock, 54,301,393 shares and 56,511,046 shares, respectively, at cost	(2,185,171)	(2,231,557)
Deferred compensation related to ESOP	(75)	(3,052)
	7,774,040	6,911,795
<i>Total shareholders' equity</i>		
Total liabilities and shareholders' equity	\$14,400,688	\$13,733,014

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

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

Gannett Co., Inc. and Subsidiaries

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

	Thirteen weeks ended		% Inc
	Sept. 28, 2003	Sept. 29, 2002	(Dec)
Net Operating Revenues:			
Newspaper advertising	\$1,067,039	\$1,006,923	6.0
Newspaper circulation	300,277	292,659	2.6
Television	172,302	184,039	(6.4)
Other	91,665	86,058	6.5
Total	1,631,283	1,569,679	3.9
Operating Expenses:			
Cost of sales and operating expenses, exclusive of depreciation	849,088	808,882	5.0
Selling, general and administrative expenses, exclusive of depreciation	259,147	253,735	2.1
Depreciation	58,452	54,572	7.1
Amortization of intangible assets	2,134	1,830	16.6
Total	1,168,821	1,119,019	4.5
Operating income	462,462	450,660	2.6
Non-operating income (expense):			
Interest expense	(33,857)	(39,709)	(14.7)
Other	(4,573)	(6,015)	(24.0)
Total	(38,430)	(45,724)	(16.0)
Income before income taxes	424,032	404,936	4.7
Provision for income taxes	145,000	139,300	4.1
Net income	\$ 279,032	\$ 265,636	5.0
Net income per share-basic	\$ 1.03	\$ 0.99	4.0
Net income per share-diluted	\$ 1.03	\$ 0.99	4.0
Dividends per share	\$ 0.25	\$ 0.24	4.2

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

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

Gannett Co., Inc. and Subsidiaries

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

	Sept. 28, 2003	Thirty-nine weeks ended Sept. 29, 2002	% Inc (Dec)
Net Operating Revenues:			
Newspaper advertising	\$3,188,467	\$3,022,664	5.5
Newspaper circulation	905,888	885,911	2.3
Television	523,205	542,524	(3.6)
Other	271,251	244,928	10.7
Total	4,888,811	4,696,027	4.1
Operating Expenses:			
Cost of sales and operating expenses, exclusive of depreciation	2,542,682	2,415,253	5.3
Selling, general and administrative expenses, exclusive of depreciation	770,635	756,600	1.9
Depreciation	167,759	161,303	4.0
Amortization of intangible assets	6,138	5,497	11.7
Total	3,487,214	3,338,653	4.4
Operating income	1,401,597	1,357,374	3.3
Non-operating income (expense):			
Interest expense	(106,300)	(109,564)	(3.0)
Other	1,178	(8,388)	***
Total	(105,122)	(117,952)	(10.9)
Income before income taxes	1,296,475	1,239,422	4.6
Provision for income taxes	443,300	426,300	4.0
Net income	\$ 853,175	\$ 813,122	4.9
Net income per share-basic	\$ 3.17	\$ 3.05	3.9
Net income per share-diluted	\$ 3.15	\$ 3.02	4.3
Dividends per share	\$ 0.73	\$ 0.70	4.3

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Gannett Co., Inc. and Subsidiaries
Unaudited, in thousands of dollars

	Sept. 28, 2003	Thirty-nine weeks ended Sept. 29, 2002
Cash flows from operating activities:		
Net Income	\$ 853,175	\$ 813,122
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation	167,759	161,303
Amortization of intangibles	6,138	5,497
Deferred income taxes	49,639	30,713
Other, net	12,157	(25,238)
Net cash flows from operating activities	1,088,868	985,397
Cash flows from investing activities:		
Purchase of property, plant and equipment	(171,176)	(175,652)
Payments for acquisitions, net of cash acquired	(364,346)	(35,266)
Payments for investments	(23,708)	(15,825)
Proceeds from investments	9,500	44,893
Proceeds from sale of certain assets	10,251	3,774
Net cash used for investing activities	(539,479)	(178,076)
Cash flows from financing activities:		
Net payment of long-term debt, net of debt issuance fees	(395,173)	(760,389)
Dividends paid	(193,254)	(183,566)
Proceeds from issuance of common stock	106,639	61,668
Net cash used for financing activities	(481,788)	(882,287)
<i>Effect of currency rate change</i>	3,988	2,236
Net increase in cash and cash equivalents	71,589	(72,730)
<i>Balance of cash and cash equivalents at beginning of year</i>	90,374	140,629
Balance of cash and cash equivalents at end of third quarter	\$ 161,963	\$ 67,899

Certain amounts have been reclassified to conform with the current year presentation.

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 28, 2003

1. Basis of presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions for Form 10-Q and, therefore, do not include all information and footnotes which are normally included in the Form 10-K and annual report to shareholders. The financial statements covering the 13-week and 39-week periods ended September 28, 2003, and the comparative periods of 2002, reflect all adjustments which, in the opinion of the company, are necessary for a fair statement of results for the interim periods and reflect all normal and recurring adjustments which are necessary for a fair presentation of the company's financial position, results of operations and cash flows as of the dates and for the periods presented.

2. Stock-based compensation

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

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

Third Quarter	2003	2002
<i>Net income as reported</i>	\$279,032	\$265,636
Less: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	15,104	13,115
<i>Pro forma net income</i>	\$263,928	\$252,521
<i>Earnings per share:</i>		
Basic - as reported	\$ 1.03	\$ 0.99
Basic - pro forma	\$ 0.98	\$ 0.95
Diluted - as reported	\$ 1.03	\$ 0.99
Diluted - pro forma	\$ 0.97	\$ 0.94

Year-to-date	2003	2002
<i>Net income as reported</i>	\$853,175	\$813,122
Less: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	48,094	39,985
<i>Pro forma net income</i>	\$805,081	\$773,137
<i>Earnings per share:</i>		
Basic - as reported	\$ 3.17	\$ 3.05
Basic - pro forma	\$ 2.99	\$ 2.90
Diluted - as reported	\$ 3.15	\$ 3.02
Diluted - pro forma	\$ 2.97	\$ 2.87

3. Acquisitions and dispositions

During the first quarter of 2003, the company completed a non-monetary transaction under which it contributed its newspaper in El Paso to a newly formed partnership, Texas-New Mexico Newspapers Partnership. The partnership includes the El Paso newspaper and five other daily newspapers in nearby New Mexico that were contributed by Media News Group. In exchange for its contribution, the company received a 66% interest in the partnership. The company recorded this non-monetary transaction as two simultaneous but separate events; that is, a sale of 34% of its interest in the El Paso newspaper for which a non-operating gain was recognized, and the acquisition of a 66% interest in the New Mexico newspapers through its investment in the partnership. The non-monetary gain from the partnership transaction is reflected in non-operating income and was partially offset by other non-operating charges, including losses from minority interest investments in Internet businesses. This acquisition did not significantly affect newspaper operating results for the first nine months.

In early April 2003, the company completed its acquisition of the publishing business of SMG plc ("Newsquest Scotland") for approximately £216 million (U.S. \$340 million). In April 2003, the company began including the operations of Newsquest Scotland in the company's consolidated operating results. Newsquest Scotland consists of three Scottish newspapers, eleven specialty consumer and business-to-business magazine titles, and an online advertising and content business. The company purchased 100% of the stock of the Newsquest Scotland businesses. The company is in the process of obtaining third party valuations of certain intangible assets, thus the allocation of the purchase price is preliminary.

On August 28, 2003, the company acquired the majority interest in The Ashland Media Group in Phoenix, Arizona. Ashland Media publishes TV & Mas, La Voz and TV Shopper which are weekly publications. Ashland Media also has a direct marketing business, AZ Mail. This acquisition did not significantly affect newspaper operating results for the third quarter.

On October 31, 2003, the company acquired Clipper Magazine, Inc., one of the nation's largest direct-mail advertising magazine companies. The acquisition also includes several affiliated operations including a full service advertising agency, an e-mail customer retention service, a direct mail service to new movers and MyClipper.com, a companion web site for the core direct mail advertising offerings. The company does not expect this acquisition to materially affect the company's financial position or results of operations.

4. Goodwill and other intangible assets

In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets," which eliminated the amortization of goodwill and other intangibles with indefinite useful lives, the company performed an impairment test of its goodwill and determined that no impairment of goodwill existed at Dec. 29, 2002. Intangible assets that have finite useful lives are amortized over their useful lives and are subject to tests for impairment.

The following table displays the intangible assets that are subject to amortization and the intangible assets that are not subject to amortization as of September 28, 2003, and December 29, 2002:

Goodwill and other intangible assets are as follows:

(in thousands of dollars)	Sept. 28, 2003		Dec. 29, 2002	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Amortized intangible assets:				
Subscriber lists	\$ 128,000	\$17,131	\$ 109,800	\$10,993
Unamortized intangible assets:				
Goodwill	\$9,331,277	\$ —	\$8,822,299	\$ —

As of September 28, 2003, Newspaper goodwill was \$7.8 billion and Television goodwill was \$1.5 billion. Goodwill increased primarily due to the acquisition of Newsquest Scotland and the Texas-New Mexico partnership transaction as described in Note 3, in addition to currency fluctuations.

Amortization expense for subscriber lists was \$2.1 million in the quarter ended September 28, 2003 and \$6.1 million year-to-date. Subscriber lists are amortized on a straight-line basis over 15 years. For 2003, amortization expense relating to the identified intangibles is expected to be approximately \$8.3 million. For each of the next four years after 2003, amortization expense relating to identified intangibles is expected to be approximately \$8.5 million.

5. Long-term debt

In March 2003, the company renewed and downsized a 364-day facility that was part of a revolving credit agreement entered into in March 2002. The \$1.2 billion 364-day facility extends to March 2004. At the end of the 364-day period, any borrowings outstanding under the 364-day credit facility are convertible into a one-year term loan at the company's option.

The company has revolving credit agreements for commercial paper backup and for general corporate purposes. At September 28, 2003, the company had a total of \$4.1 billion of credit available under two revolving credit agreements. At December 29, 2002, the company had a total of \$4.3 billion of credit available under two revolving credit agreements. As a result of these two credit agreements, commercial paper is carried on the balance sheet as long-term debt.

Approximate annual maturities of long-term debt, assuming that the company used the \$4.1 billion revolving credit agreements to refinance existing unsecured promissory notes on a long-term basis and assuming the company's other indebtedness was paid on its scheduled pay dates, are as follows:

(in thousands)	Sept. 28, 2003
2004	\$ —
2005	1,486,219
2006	14,346
2007	2,061,504
2008	82,203
Later years	507,820
Total	\$4,152,092

The fair value of the company's total long-term debt, determined based on quoted market prices for similar issues of debt with the same remaining maturities and similar terms, totaled \$4.31 billion at September 28, 2003.

The company has a 13.5% general partnership interest in Ponderay Newsprint Company. The company, on a several basis, is a guarantor of 13.5% of the principal and interest on a term loan held by Ponderay that totals \$106 million at September 28, 2003.

6. Comprehensive income

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

Comprehensive income totaled \$295.5 million for the third quarter of 2003 and \$306.9 million for the third quarter of 2002. Net income totaled \$279.0 million and other comprehensive income totaled \$16.5 million for the third quarter of 2003. Net income totaled \$265.6 million and other comprehensive income totaled \$41.3 million for the third quarter of 2002. Foreign currency translation adjustments were the most significant component of other comprehensive income in the third quarter of 2003 and 2002.

Comprehensive income totaled \$949.6 million for the first nine months of 2003 and \$908.0 million for the first nine months of 2002. Net income totaled \$853.2 million and other comprehensive income totaled \$96.4 million for the first nine months of 2003. Net income totaled \$813.1 million and other comprehensive income totaled \$94.9 million for the first nine months of 2002. Foreign currency translation adjustments were the most significant component of other comprehensive income in the first nine months of 2003 and 2002.

7. Outstanding shares

The weighted average number of common shares outstanding (basic) in the third quarter of 2003 totaled 269,815,000 compared to 267,056,000 for the third quarter of 2002. The weighted average number of diluted shares outstanding in the third quarter of 2003 totaled 272,174,000 compared to 269,306,000 for the third quarter of 2002.

The weighted average number of common shares outstanding (basic) in the first nine months of 2003 totaled 268,947,000 compared to 266,674,000 for the first nine months of 2002. The weighted average number of diluted shares outstanding in the first nine months of 2003 totaled 271,114,000 compared to 269,105,000 for the first nine months of 2002.

8. Business Segment Information

BUSINESS SEGMENT INFORMATION

Gannett Co., Inc. and Subsidiaries

Unaudited, in thousands of dollars

	Thirteen weeks ended		% Inc (Dec)
	Sept. 28, 2003	Sept. 29, 2002	
Net Operating Revenues:			
Newspaper publishing	\$1,458,981	\$1,385,640	5.3
Television	172,302	184,039	(6.4)
Total	\$1,631,283	\$1,569,679	3.9
Operating Income (net of depreciation and amortization):			
Newspaper publishing	\$ 405,339	\$ 384,298	5.5
Television	72,622	81,506	(10.9)
Corporate	(15,499)	(15,144)	(2.3)
Total	\$ 462,462	\$ 450,660	2.6
Depreciation and Amortization:			
Newspaper publishing	\$ 50,055	\$ 46,252	8.2
Television	6,644	6,400	3.8
Corporate	3,887	3,750	3.7
Total	\$ 60,586	\$ 56,402	7.4
Operating Cash Flow (1):			
Newspaper publishing	\$ 455,394	\$ 430,550	5.8
Television	79,266	87,906	(9.8)
Corporate	(11,612)	(11,394)	(1.9)
Total	\$ 523,048	\$ 507,062	3.2

(1) Operating Cash Flow represents operating income for each of the company's business segments plus related depreciation and amortization expense. See the discussion below for reconciliation of amounts to the Consolidated Statements of Income.

BUSINESS SEGMENT INFORMATION

Gannett Co., Inc. and Subsidiaries

Unaudited, in thousands of dollars

	Sept. 28, 2003	Thirty-nine weeks ended Sept. 29, 2002	% Inc (Dec)
Net Operating Revenues:			
Newspaper publishing	\$4,365,606	\$4,153,503	5.1
Television	523,205	542,524	(3.6)
Total	\$4,888,811	\$4,696,027	4.1
Operating Income (net of depreciation and amortization):			
Newspaper publishing	\$1,216,300	\$1,154,226	5.4
Television	232,164	248,738	(6.7)
Corporate	(46,867)	(45,590)	(2.8)
Total	\$1,401,597	\$1,357,374	3.3
Depreciation and Amortization:			
Newspaper publishing	\$ 142,419	\$ 136,802	4.1
Television	19,857	19,148	3.7
Corporate	11,621	10,850	7.1
Total	\$ 173,897	\$ 166,800	4.3
Operating Cash Flow (1):			
Newspaper publishing	\$1,358,719	\$1,291,028	5.2
Television	252,021	267,886	(5.9)
Corporate	(35,246)	(34,740)	(1.5)
Total	\$1,575,494	\$1,524,174	3.4

(1) Operating Cash Flow represents operating income for each of the company's business segments plus related depreciation and amortization expense. See the discussion below for reconciliation of amounts to the Consolidated Statements of Income.

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

Thirteen weeks ended September 28, 2003	Newspaper Publishing	Television	Corporate	Consolidated Total
Operating cash flow	\$455,394	\$79,266	\$(11,612)	\$523,048
Less:				
Depreciation	(47,921)	(6,644)	(3,887)	(58,452)
Amortization	(2,134)	—	—	(2,134)
Operating income	<u>\$405,339</u>	<u>\$72,622</u>	<u>\$(15,499)</u>	<u>\$462,462</u>

Thirteen weeks ended September 29, 2002	Newspaper Publishing	Television	Corporate	Consolidated Total
Operating cash flow	\$430,550	\$87,906	\$(11,394)	\$507,062
Less:				
Depreciation	(44,422)	(6,400)	(3,750)	(54,572)
Amortization	(1,830)	—	—	(1,830)
Operating income	<u>\$384,298</u>	<u>\$81,506</u>	<u>\$(15,144)</u>	<u>\$450,660</u>

Thirty-nine weeks ended September 28, 2003	Newspaper Publishing	Television	Corporate	Consolidated Total
Operating cash flow	\$1,358,719	\$252,021	\$(35,246)	\$1,575,494
Less:				
Depreciation	(136,281)	(19,857)	(11,621)	(167,759)
Amortization	(6,138)	—	—	(6,138)
Operating income	<u>\$1,216,300</u>	<u>\$232,164</u>	<u>\$(46,867)</u>	<u>\$1,401,597</u>

Thirty-nine weeks ended September 29, 2002	Newspaper Publishing	Television	Corporate	Consolidated Total
Operating cash flow	\$1,291,028	\$267,886	\$(34,740)	\$1,524,174
Less:				
Depreciation	(131,305)	(19,148)	(10,850)	(161,303)
Amortization	(5,497)	—	—	(5,497)
Operating income	<u>\$1,154,226</u>	<u>\$248,738</u>	<u>\$(45,590)</u>	<u>\$1,357,374</u>

9. Accounting Pronouncements

In January 2003, the Financial Accounting Standards Board (“FASB”) issued Interpretation No. 46, “Consolidation of Variable Interest Entities”. FIN 46 requires that companies that control another entity through interests other than voting interests should consolidate the controlled entity. FIN 46 is effective for all new variable interest entities created or acquired after January 31, 2003. For variable interest entities created or acquired prior to February 1, 2003, the provisions of FIN 46 must be applied for the first interim or annual period ending after December 15, 2003. The company does not expect the implementation of FIN 46 to have a material effect on its financial condition or results of operations.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The company is not subject to market risk associated with derivative commodity instruments, as the company is not a party to any such instruments. The company believes that its market risk from financial instruments, such as accounts receivable, accounts payable and debt, is not material. The company is exposed to foreign exchange rate risk primarily due to its operations in the United Kingdom, for which Sterling is the functional currency, which is then translated into U.S. dollars. Translation gains or losses affecting the Condensed Consolidated Statements of Income have not been significant in the past. If the price of Sterling against the U.S. dollar had been 10% less than the actual price, reported net income for the first nine months of 2003 would have decreased less than 1%.

Because the company has \$2.3 billion in commercial paper obligations at September 28, 2003 that have relatively short-term maturity dates, the company is subject to significant changes in the amount of interest expense it might incur. Assuming the current level of borrowings, a 1/2% increase or decrease in the average interest rate for commercial paper would result in an increase or decrease in annual interest expense of \$11.5 million.

The fair value of the company's total long-term debt, determined based on quoted market prices for similar issues of debt with the same remaining maturities and similar terms, totaled \$4.31 billion at September 28, 2003.

Item 4. Controls and Procedures

Based on their evaluation, the company's Chairman, President and Chief Executive Officer and Senior Vice President and Chief Financial Officer have concluded the company's disclosure controls and procedures are effective as of September 28, 2003 to ensure that information required to be disclosed in the reports that the company files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. There have been no significant changes in the company's internal controls or in other factors that have materially affected, or is reasonably likely to materially affect, the company's internal controls over financial reporting.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

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

(b) Form 8-K

- (i) Current Report on Form 8-K furnished July 15, 2003, in connection with the announcement of the company's second quarter earnings under Item 12.

SIGNATURES

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

GANNETT CO., INC.

Date: November 3, 2003

/s/ George R. Gavagan

George R. Gavagan
Vice President and Controller

EXHIBIT INDEX

Exhibit Number	Description	Location
3-1	Second Restated Certificate of Incorporation of Gannett Co., Inc.	Incorporated by reference to Exhibit 3-1 to Gannett Co., Inc.'s Form 10-K for the fiscal year ended December 26, 1993 ("1993 Form 10-K"). Amendment incorporated by reference to Exhibit 3-1 to the 1993 Form 10-K. Amendment dated May 2, 2000, incorporated by reference to Gannett Co., Inc.'s Form 10-Q for the fiscal quarter ended March 26, 2000.
3-2	By-laws of Gannett Co., Inc.	Incorporated by reference to Exhibit 3-2 to Gannett Co., Inc.'s Form 10-Q for the fiscal quarter ended June 29, 2003.
3-3	Form of Certificate of Designation, Preferences and Rights setting forth the terms of the Series A Junior Participating Preferred Stock, par value \$1.00 per share, of Gannett Co., Inc.	Incorporated by reference to Exhibit 1 to Gannett Co., Inc.'s Form 8-A filed on May 23, 1990.
4-1	Rights Agreement, dated as of May 21, 1990, between Gannett Co., Inc. and First Chicago Trust Company of New York, as Rights Agent.	Incorporated by reference to Exhibit 1 to Gannett Co., Inc.'s Form 8-A filed on May 23, 1990.
4-2	Amendment No. 1 to Rights Agreement, dated as of May 2, 2000, between Gannett Co., Inc. and Norwest Bank Minnesota, N.A., as successor rights agent to First Chicago Trust Company of New York.	Incorporated by reference to Exhibit 2 to Gannett Co., Inc.'s Form 8-A/A filed on May 2, 2000.
4-3	Form of Rights Certificate.	Incorporated by reference to Exhibit 1 to Gannett Co., Inc.'s Form 8-A filed on May 23, 1990.
4-4	Specimen Certificate for Gannett Co., Inc.'s common stock, par value \$1.00 per share.	Incorporated by reference to Exhibit 2 to Gannett Co., Inc.'s Form 8-B filed on June 14, 1972.
10-1	Gannett Co., Inc. Deferred Compensation Plan Restatement dated February 1, 2003 (reflects all amendments through October 20, 2003). *	Attached.
10-2	Employment Agreement dated as of July 21, 2003 between Gannett Co., Inc. and Douglas H. McCorkindale. *	Attached.

Exhibit Number	Description	Location	Location
11	Statement re: computation of earnings per share.	Attached.	
31-1	Certification Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.	Attached.	
31-2	Certification Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.	Attached.	
32-1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Attached.	
32-2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Attached.	

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

* Asterisks identify management contracts and compensatory plans or arrangements.

GANNETT CO., INC.

DEFERRED COMPENSATION PLAN

Restatement dated February 1, 2003
(Reflecting all amendments through October 20, 2003)

GANNETT CO., INC.

DEFERRED COMPENSATION PLAN

Restatement dated February 1, 2003
(Reflecting all amendments through October 20, 2003)

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GANNETT CO., INC.
DEFERRED COMPENSATION PLAN

Restatement dated February 1, 2003
(Reflecting all amendments through October 20, 2003)

1.0 BACKGROUND

1.1 Introduction

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

1.2 Certain Definitions

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

2.0 EXPLANATION OF PLAN

2.1 Effective Date

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

2.2 Eligibility

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

2.3 Interest in the Plan; Deferred Compensation Account

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

2.4 Amount of Deferral

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

provide for all withholdings he or she has authorized to be made, or are required by law to be made, from his or her Compensation.

2.5 Time of Election of Deferral

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

Notwithstanding the foregoing, in his or her first year of eligibility an employee or Director may make a deferral election within 30 days of first becoming eligible. This initial deferral may relate only to Compensation attributable to the period following the deferral election.

- (b) Effective May 6, 2003, a new compensation arrangement for Directors was approved, and accordingly, in the case of Director's fees, whether payable in cash, Restricted Stock, or any other form permitted to be deferred under the Plan, deferral elections under the Plan shall relate to one-year terms (each, a "Term") beginning with each annual meeting of shareholders of the Company ("Annual Meeting") and ending immediately prior to the next Annual Meeting. Any deferral election made by a Director prior to 2003 relating to fees earned by the Director in that year shall apply to fees earned under the prior compensation arrangement during the partial year beginning on January 1, 2003 and ending immediately prior to the Annual Meeting in May of 2003. In addition, Directors shall be given the opportunity to make a new deferral election prior to the 2003 Annual Meeting, which, pursuant to this provision, shall relate to fees earned under the new compensation arrangement during the Term beginning with the 2003 Annual Meeting and ending immediately prior to the 2004 Annual Meeting. With respect to subsequent Terms, deferral elections shall be required to be made no later than thirty (30) days prior to the commencement of the Term. The foregoing election requirements shall be subject to the rule regarding first year of eligibility set forth in the second paragraph of Section 2.5(a) above.
- (c) Once made, an election to defer for a particular time period is irrevocable.

2.6 Accounts and Investments

- (a) Effective for deferrals on and after January 1, 1997, all Participant records, reports and elections after an initial election shall be maintained on the basis of Payment
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Commencement Dates (as defined in Section 2.9(b)), i.e., all amounts that have been elected to be paid in full, or to commence payment, in a designated calendar year shall be aggregated in a single Deferred Compensation Account for a Participant for purposes of subsequent recordkeeping and for elections that may be available with respect to the deferred amounts, such as investment elections and payment method elections. Deferrals prior to January 1, 1997, shall be accounted for in accordance with the accounts in effect on December 31, 1996.

- (b) The amount of Compensation deferred will be credited to the Participant's Deferred Compensation Account or Accounts as soon as practicable after the Compensation would have been paid had there been no election to defer.

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

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

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

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

A Participant may allocate contributions to his or her Deferred Compensation Accounts among the available funds pursuant to such procedures and requirements as may be specified by the Committee from time to time.

Participants shall have the opportunity to give investment directions with respect to their Accounts at least once in any three-month period.

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

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

2.7 Participant's Option to Reallocate Amounts

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

2.8 Reinvestment of Income

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

2.9 Payment of Deferred Compensation

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

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

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

Beneficiary designations shall be submitted on the form specified by the Company. If a Participant so chooses, a separate beneficiary designation may be made for each Deferred Compensation Account. The filing of a new beneficiary designation shall automatically revoke any previous beneficiary designation. In

the event a beneficiary designation has not been made, or the beneficiary was not properly designated (in the sole discretion of the Company), has died or cannot be found, all payments after death shall be paid to the Participant's estate. In case of disputes over the proper beneficiary, the Company reserves the right to make any or all payments to the Participant's estate.

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

- (f) Notwithstanding any Payment Commencement Date or Method of Payment selected by a Participant, if:
- (i) an employee Participant's employment with the Company terminates other than (1) at or after early or normal retirement pursuant to a retirement plan of the Company, (2) by reason of the Participant's death, or (3) by reason of the Participant's total disability, or
 - (ii) a director Participant's directorship terminates for any reason other than (1) at or after reaching the prescribed mandatory retirement age from the Board, (2) by reason of such Participant's death, or (3) by reason of such Participant's total disability,
- the Committee, in its sole discretion, shall determine whether to distribute such Participant's benefits in the form of five annual installment payments or as a lump sum. In either case, such payment shall begin as soon as administratively practicable following the Participant's termination of employment.
- (g) If, in the discretion of the Committee, the Participant has a need for funds due to an unforeseeable emergency, benefits may be paid prior to the Participant's Payment Commencement Date. For this purpose, an unforeseeable emergency means an unanticipated emergency that is caused by an event beyond the control of the Participant or the Participant's beneficiary and that would result in severe financial hardship if early withdrawal were not permitted. A payment based upon financial hardship cannot exceed the amount required to meet the immediate financial need created by the hardship. The Participant requesting a hardship payment must supply the Committee with a statement indicating the nature of the need that created the financial hardship, the fact that all other reasonably available resources are insufficient to meet the need, and any other information which the Committee decides is necessary to evaluate whether a financial hardship exists.

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

suspend further deferrals for the remainder of the calendar year of the withdrawal; and (4) ten percent of the amount withdrawn shall be irrevocably forfeited to the Company.

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

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

2.11 Company Contributions

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

Except as otherwise provided in this Section, accounts so established shall be subject to the same terms, conditions, and elections as are applicable to other accounts under the Plan. The Company shall initially specify the time and method of payment of amounts from such accounts and may change the time and method of payment at any time, no later

than twelve months before payments are scheduled to begin. The Company may accelerate payments at any time. The Company's decisions as to the time and method of payment need not fall within the provisions of the Plan applicable to other deferred compensation accounts, but shall be subject to the approval of the Executive Compensation Committee.

2.12 Deferrals of Stock Option Compensation

A Participant, by authorization of, or pursuant to procedures established by, the Committee, may elect to defer ordinary income imputed to the Participant upon the exercise of a stock option issued pursuant to any Company-sponsored stock option plan in accordance with guidelines established by the Committee and the general terms of this Plan except as such general terms are modified as follows:

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

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

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

* if payments of deferred shares are made in installments, each installment payment shall be rounded as necessary to provide payment only of a whole

number of shares except that any fractional shares payable in the final installment shall be paid in cash.

2.13 Deferrals of Restricted Stock by Directors

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

- (a) An election to defer Restricted Stock must be made at the time the Director elects to receive all or some of his or her fees for the applicable Term, as described above, in the form of Restricted Stock, and in accordance with Section 2.5(b) of the Plan. If a Director makes such a deferral election, the election must apply to all fees for the applicable Term that the Director has elected to receive in the form of Restricted Stock.
 - (b) An election to defer Restricted Stock shall constitute a direction by the Director to have the Company, in lieu of currently issuing shares of Restricted Stock, defer under this Plan an amount equal to the value of the Restricted Stock subject to the election as determined at the time of the award. The Restricted Stock deferred by a Director under this Plan for a Term shall be credited as units of stock to a separate sub-account within the Director's Deferred Compensation Account. Notwithstanding Section 2.6(c) of the Plan, any vesting restrictions applicable to an award of Restricted Stock deferred under the Plan shall apply to the sub-account attributable to such award until such restrictions lapse in accordance with the original terms of the award.
 - (c) Restricted Stock deferred under the Plan shall be deemed invested in the Gannett stock fund during the entire deferral period and the Director shall not have the right to reallocate such deemed investment to any of the other investment options otherwise available under the Plan.
 - (d) At the time an election to defer Restricted Stock is made, the Director shall elect the time and form of payment of such deferral and earnings thereon in accordance with Section 2.9 of the Plan, provided, however, that payment of such amounts shall commence in the year the Director leaves the Board. Payments shall be made in shares of Company common stock.
 - (e) Any portion of a Director's Deferred Compensation Account attributable to deferred Restricted Stock, whether or not vested, shall not be available for early withdrawal pursuant to Section 2.9(g) of the Plan.
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3.0 ADMINISTRATION OF THE PLAN

3.1 Statement of Account

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

3.2 Assignability

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

3.3 Business Days

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

3.4 Administration

This Plan shall be administered by the Committee. The Committee has sole discretion to interpret the Plan and to determine all questions arising in the administration, interpretation, and application of the Plan. The Committee's powers include the power, in its sole discretion and consistent with the terms of the Plan, to determine who is eligible to participate in this Plan, to determine the eligibility for and the amount of benefits payable under the Plan, to determine when and how amounts are allocated to a Participant's Deferred Compensation Account, to establish rules for determining when and how elections can be made, to adopt any rules relating to administering the Plan and to take any other action it deems appropriate to administer the Plan. The Committee may delegate its authority hereunder to one or more persons. Whenever the value of a Deferred Compensation Account is to be determined under this Plan as of a particular date, the Committee may determine such value using any method that is reasonable, in its discretion. Whenever payments are to be made under this Plan, such payments shall

begin within a reasonable period of time, as determined by the Committee, and no interest shall be paid on such amounts for any reasonable delay in making the payments.

3.5 Amendment

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

- (d) If the Plan is terminated, compensation shall prospectively cease to be deferred as of the date of the termination. Each Participant will be paid the value of his or her Deferred Compensation Accounts, including earnings credited through the payment date based on the Participant's investment allocations, at the time and in the manner provided for in Sections 2.9 and 2.10.

3.6 Liability

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

3.7 Change in Control

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

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

- (g) Appointment of Independent Fiduciary. The independent fiduciary responsible for the administration of the Plan following a change in control shall be a committee composed of the individuals who constituted the Company's Benefit Plans Committee immediately prior to the change in control and the Company's chief executive officer immediately prior to the change in control.

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

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

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

- (h) Change in Control Definition. As used in this Plan, a "change in control" means the first to occur of the following:

- (i) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934 (the "Exchange Act")) (a "Person") of beneficial ownership (within the
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meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (1) the then-outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (2) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that, for purposes of this Section, the following acquisitions shall not constitute a change in control: (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or one of its affiliates or (D) any acquisition pursuant to a transaction that complies with clauses (1), (2) and (3) of Section 3.7(h) (iii) below;

- (ii) Individuals who, as of January 1, 2003, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to such date whose election or nomination for election by the Company's stockholders was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;
 - (iii) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its subsidiaries (each, a "Business Combination"), in each case, unless, following such Business Combination, (1) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation or entity resulting from such Business Combination (including, without limitation, a corporation or entity that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same
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proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (2) no Person (excluding any employee benefit plan (or related trust) of the Company or any corporation or entity resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation or entity resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation or entity, except to the extent that such ownership existed prior to the Business Combination, and (3) at least a majority of the members of the board of directors of the corporation or entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

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

3.8 Claims

(a) Claim Denials. The Committee shall maintain procedures with respect to the filing of claims for benefits under the Plan. Pursuant to such procedures, any Participant or beneficiary (hereinafter called "claimant") whose claim for benefits under the Plan is denied shall receive written notice of such denial. The notice shall set forth:

- (i) the specific reasons for the denial of the claim;
- (ii) a reference to the specific provisions of the Plan on which the denial is based;
- (iii) any additional material or information necessary to perfect the claim and an explanation why such material or information is necessary; and
- (iv) a description of the procedures for review of the denial of the claim and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under ERISA following a denial on review.

Such notice shall be furnished to the claimant within a reasonable period of time, but no later than 90 days after receipt of the claim by the Plan, unless the Committee determines that special circumstances require an extension of time for

processing the claim. In no event shall such an extension exceed a period of 90 days from the end of the initial 90-day period. If such an extension is required, written notice thereof shall be furnished to the claimant before the end of the initial 90-day period, which shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render a decision.

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

3.9 Successors

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

3.10 Governing Law

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

4.0 EMPLOYEES OF PARTICIPATING AFFILIATES

4.1 Eligibility of Employees of Affiliated Companies

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

4.2 Compensation from Participating Affiliates

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

4.3 Rights Subject to Creditors

The right of any Participant who is employed by a Participating Affiliate to receive future payments under the provisions of the Plan shall be a contractual obligation of the Company and the Participating Affiliate at the time the Participant elects to defer compensation. Such a Participant's right to receive future payments is subject to the claims of the creditors of the Company and the Participating Affiliates in the event of the Company's or any Participating Affiliate's insolvency or bankruptcy as provided in the trust agreement. Plan assets may, in the Committee's discretion, be placed in a trust but will nevertheless continue to be subject to the claims of the Company's and the Participating Affiliates' creditors in the event of the Company's or any Participating Affiliate's insolvency or bankruptcy as provided in the trust agreement. In any event, the Plan is intended to be unfunded under Title I of ERISA. If the Committee so permits, Participating Affiliates may also contribute assets to the Rabbi Trust in connection with their Plan obligations under this Article. If, at the election of the Committee, such contributions are not separately accounted for through subtrusts, segregated accounts, or similar arrangements, Plan assets held by the Rabbi Trust will be subject to the claims of the Participating Affiliates' creditors in the event of any Participating Affiliate's insolvency or bankruptcy as provided in the trust agreement.

4.4 Certain Distributions

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

4.5 Assignability

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

EMPLOYMENT AGREEMENT

This Agreement is made as of July 21, 2003, between Gannett Co., Inc., a Delaware corporation ("Gannett"), and Douglas H. McCorkindale ("McCorkindale").

This Agreement is intended to supersede an employment agreement between the parties dated January 1, 2001. The 2001 agreement was intended to cover McCorkindale's employment by Gannett through his normal retirement date of July 1, 2004. Gannett desires to retain McCorkindale's services for a period of 24 months beyond his normal retirement date, and McCorkindale is willing to make his services available for this two-year extension period.

Gannett and McCorkindale therefore agree as follows:

1. **Employment.** Gannett hereby continues the employment of McCorkindale as its Chairman, President, and Chief Executive Officer as of the date first set forth above or in such other senior executive position as the Board of Directors and McCorkindale shall mutually agree upon. McCorkindale hereby accepts the employment specified herein, agrees to perform, in good faith, the duties, consistent with his position, prescribed by the Board of Directors, abide by the terms and conditions described in this Agreement and to devote his full working time and best efforts to Gannett. These obligations shall not restrict McCorkindale from engaging in his customary activities as a director or trustee of other business or not-for-profit organizations. Gannett agrees to nominate McCorkindale for election to the Board as a member of the management slate at each annual meeting of stockholders during his employment hereunder at which McCorkindale's director class comes up for election. McCorkindale agrees to serve on the Board if elected.
 2. **Term of Employment.** The term of employment under this Agreement shall commence on the date first set forth above and shall extend until June 30, 2006, provided that the parties may agree to one or more one year extensions of this Agreement commencing on July 1, 2006, and each July 1 thereafter. This Agreement shall be deemed to have been extended by the parties after July 1, 2006 for an indefinite number of one year extensions until either party gives notice, no less than 90 days prior to July 1, 2006 or an anniversary thereof, whichever may be relevant, of an unwillingness to extend for another year.
 3. **Compensation.** During the term of McCorkindale's employment, Gannett shall pay him a base salary at the rate of \$1,600,000 per annum or such greater amount as the Executive Compensation Committee shall determine. Such salary shall be payable in accordance with Gannett's standard payroll practices for senior executives. Gannett may pay McCorkindale a bonus in such amount and at such time or times as the Executive Compensation Committee shall determine.
 4. **Reimbursement for Expenses.** McCorkindale shall be expected to incur various reasonable business expenses customarily incurred by persons
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holding like positions, including but not limited to traveling, entertainment and similar expenses incurred for the benefit of Gannett. Gannett shall reimburse McCorkindale for such expenses from time to time, at McCorkindale's request, and McCorkindale shall account to Gannett for such expenses.

5. Termination of Agreement by Gannett.

(a) Gannett shall have the right to terminate this Agreement under the following circumstances:

(i) Upon the death of McCorkindale.

(ii) Upon notice from Gannett to McCorkindale in the event of an illness or other disability which has incapacitated him from performing his duties for six months as determined in good faith by the Board.

(iii) For good cause upon notice from Gannett. For this purpose, "good cause" means (1) any material misappropriation of funds or property of Gannett by McCorkindale; (2) unreasonable (and persistent) neglect or refusal by McCorkindale to perform his duties as provided in Section 1 hereof and which he does not remedy within thirty days after receipt of written notice from Gannett; (3) the breach by McCorkindale of any provision of Sections 10 or 14 if such breach has had or is likely to have a material adverse affect on the business or financial condition of Gannett; (4) conviction of McCorkindale of a felony; or (5) McCorkindale's voluntary resignation as an employee of Gannett without the prior written consent of Gannett.

(b) If this Agreement is terminated pursuant to Section 5(a) above, McCorkindale's rights and Gannett's obligations hereunder shall forthwith terminate except as expressly provided in this Agreement.

(c) If this Agreement is terminated pursuant to Section 5(a)(i) or (ii) hereof, McCorkindale or, in the case of death, his estate shall be entitled to receive a cash payment equal to the present value (based on Gannett's then current cost of borrowing) of his projected salary and bonuses (prior to any elective deferrals or any other deductions) and the deemed value of all fringe benefits for the balance of the term of this Agreement, payable within 30 days of the date of termination. For this purpose, projected salary and bonuses shall be determined by assuming that annual percentage increases in future calendar years will equal the average annual percentage increase in salary and bonus over the three calendar years preceding the year of determination. The deemed value of fringe benefits in any calendar year shall equal five percent of such year's salary (actual or projected as the case may be) plus the aggregate amount of club dues (not counting dues for the Robert Trent Jones Golf Club to the extent this membership is continued under Section 9) and home security charges paid by Gannett on McCorkindale's behalf in the calendar year prior to the year of termination.

(d) Whenever compensation is payable to McCorkindale hereunder during a time when he is partially or totally disabled, and such disability (except for the provisions hereof) would entitle him to disability income or to salary continuation payments from Gannett or from its insurer under the terms of the Gannett long-term disability plan, or any successor Gannett plan or policy in effect at the time of such disability, the compensation payable to him hereunder shall be inclusive of any such disability income or salary continuation and shall not be in addition thereto.

(e) The failure of this Agreement to be renewed on July 1, 2006 or on any July 1 thereafter shall not be considered as a termination of the Agreement under this Section.

6. Termination of Agreement by McCorkindale

(a) McCorkindale shall have the right to terminate his employment under this Agreement for "good reason" upon 30 days' notice to Gannett given within 90 days following the occurrence of any of the following events, each of which shall constitute a "good reason" for such termination:

(i) McCorkindale is not elected or retained as President and Chief Executive Officer (or such other senior executive position as McCorkindale may have agreed to serve in) and a director of Gannett.

(ii) Gannett acts to materially reduce McCorkindale's duties and responsibilities hereunder.

(iii) McCorkindale is required to report to anyone other than Gannett's Board of Directors.

(iv) Gannett acts to change the geographic location of the performance of McCorkindale's duties from the Washington, D.C. Metropolitan area.

(b) The failure to renew this Agreement on July 1, 2006, or on any July 1 thereafter shall not be considered as a termination of the Agreement under this Section.

7. Consequence of Termination or of a Breach by Gannett. If this Agreement is terminated by McCorkindale pursuant to Section 6 hereof, or by Gannett for any reason other than the reasons specified in Section 5(a), or if Gannett shall terminate McCorkindale's employment under this Agreement in any other way that constitutes Gannett's breach of this Agreement, the following shall apply:

(a) McCorkindale shall be paid all earned but unpaid compensation, accrued vacation and accrued but unreimbursed expenses required to be reimbursed under this Agreement; and

(b) McCorkindale shall receive a cash payment equal to the greater of (1) McCorkindale's total compensation in the year preceding the year of

termination (comprised of salary, bonuses and the value of all fringe benefits and deferred compensation) or (2) the present value (based on Gannett's then current cost of borrowing) of McCorkindale's projected salary and bonuses (prior to any elective deferrals or any other deductions) and the deemed value of all fringe benefits for the balance of the term of this Agreement, payable within 30 days of the date of termination. For this purpose, projected salary and bonuses shall be determined by assuming that annual percentage increases in future calendar years will equal the average annual percentage increase in salary and bonus over the three calendar years preceding the year of determination. The deemed value of fringe benefits in any calendar year shall equal five percent of such year's salary (actual or projected as the case may be) plus the aggregate amount of club dues (not counting dues for the Robert Trent Jones Golf Club to the extent this membership is continued under Section 9) and home security charges paid by Gannett on McCorkindale's behalf in the calendar year prior to the year of termination. If McCorkindale has received a change in control payment under Section 11(a)(i), the amount determined under the preceding sentences of this Section 7 shall be reduced (but not below zero) by the amount paid to McCorkindale under Section 11(a)(i); and

(c) McCorkindale shall have his benefits under any non-qualified supplemental retirement plan calculated by assuming his termination date were the normal expiration date of this Agreement and by taking into account the full service and compensation (projected for years after termination as specified in Section 5(c)) that he would have had if he had in fact continued to work until the expiration of this Agreement; and

(d) McCorkindale shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor will any payments hereunder be subject to offset in respect of any claims which Gannett may have against McCorkindale, nor shall the amount of any payment or benefit provided for in this Section 7 be reduced by any compensation earned as a result of McCorkindale's employment with another employer.

8. Post-Termination Consulting Services. Upon the expiration or termination of his employment for any reason, Gannett shall retain McCorkindale for a period of five years to perform consulting services at the request of the then Chief Executive Officer of Gannett. Such services shall be performed at a time and place mutually convenient to both parties and with a time commitment that is consistent with McCorkindale's other activities. For such services, McCorkindale shall be paid \$150,000 per year in advance at the beginning of each year of his retirement. Gannett shall also reimburse McCorkindale, upon the receipt of appropriate documentation, for reasonable expenses which he incurs in providing consulting services at the request of the Chief Executive Officer, or which he incurs at the request of Gannett because of his position as a retired executive officer of Gannett.

9. Miscellaneous Additional Benefits.

(a) Pre-Retirement. McCorkindale shall be entitled to receive during his period of active full-time employment with Gannett the following benefits:

- Customary Executive Benefits. All benefits, facilities or privileges, in comparable amounts and under comparable terms and conditions, as are made available during such period to any other senior executive of Gannett other than sign-on bonuses and similar one-time benefits, provided that in no event shall the benefits be less favorable than the benefits McCorkindale receives on the effective date of this Agreement.
 - Stock Options. All Gannett stock options granted to McCorkindale after the date first set forth above shall become fully vested within four years from the date of grant, and will continue to vest after McCorkindale's termination of employment and shall remain exercisable until the fourth anniversary of McCorkindale's termination of employment.
 - Retention Agreement; Restricted Stock. The Executive Compensation Committee has determined that, due to McCorkindale's unique ability to contribute to the success of the Company, it is highly desirable and in the best interests of the Company's shareholders to obtain McCorkindale's services as Chairman, President and Chief Executive Officer for at least two years beyond his normal retirement date of July 1, 2004. In order to obtain his agreement to serve for that extended period of employment and to defer his retirement for at least two years, the Executive Compensation Committee has determined to award McCorkindale restricted stock units relating to Gannett Common Stock. (1) If McCorkindale remains in Gannett's employ on July 1, 2004, he shall receive a restricted stock unit award that will vest with respect to 1,603 shares of Gannett common stock per month for a 12-month period commencing on July 1, 2004. Upon vesting, McCorkindale's account under the Gannett Deferred Compensation Plan shall be credited based upon fair market value of the shares at the time of vesting. (2) If he remains in Gannett's employ on July 1, 2005, he shall receive a restricted stock unit award that will vest with respect to 1,603 shares of Gannett common stock per month for a 12-month period commencing on July 1, 2005. Upon vesting, McCorkindale's account under the Gannett Deferred Compensation Plan shall be credited based upon fair market value of the shares at the time of vesting. Any portion of the restricted stock unit grants remaining unvested shall be forfeited upon McCorkindale's termination of employment for any reason. Payment of amounts credited to Gannett's Deferred Compensation Plan pursuant to this Section 9(a) shall be made on or after the January 1 following
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McCorkindale's actual retirement in such form of payment as McCorkindale may elect in accordance with the terms of the Deferred Compensation Plan.

(b) Post-Retirement. After McCorkindale ceases full-time active employment (whether before or after reaching his normal retirement date) for any reason other than good cause as defined in Section 5(a)(iii)(5), he shall receive all benefits afforded to other retired Gannett Chief Executive Officers and, in accordance with company policies, to other retired executive officers generally. Whether or not they may be provided to other retired Chief Executive Officers or senior executives under the preceding sentence, Gannett shall provide McCorkindale with the following benefits for the remainder of his life:

- Gannett shall continue to maintain the active membership in the Robert Trent Jones Golf Club that McCorkindale currently enjoys and permit McCorkindale to continue enjoying its sole use for his life.

- All computer and other equipment in his office or home that McCorkindale uses at the time of his retirement shall be transferred to him when he retires. He shall be provided computer system assistance as may be required.

- Cars and financial planning services under no less favorable circumstances than those provided to McCorkindale prior to retirement.

- Reasonable access to Gannett offices, facilities and services.

- Due to the two year extension of his employment, the Company is obligated to provide him additional life insurance benefits under its existing life insurance program at a cost to the Company of approximately \$150,000. Gannett will make available to him this sum of \$150,000 for his use in acquiring other benefits, before or after retirement, in addition to those benefits otherwise provided to him under this Agreement or by other Gannett benefit policies covering him. He may use this sum for any benefits of his choosing, whether otherwise offered by Gannett or not, including additional life insurance, travel or accident insurance or other insured benefits coverage, enhanced medical coverage, Healthworks fees, post-retirement use of Gannett aircraft at the then-incremental hourly rate and at times not inconveniencing Gannett, enhanced financial and legal counseling services, and health or country club expenses.

10. Restrictive Covenant. McCorkindale agrees that during his employment hereunder and for as long as he receives post-termination consulting

fees under Section 8, he will not, without the written consent of Gannett, as a principal, officer, director, stockholder (except as the owner of less than 5% of the stock of a company whose stock is publicly traded), partner, employee or in any other capacity whatsoever, engage in or become associated with, or advise or assist, any business or enterprise which is engaged in providing any goods or services that are competitive with any goods or services that are or may at any time be offered by Gannett. For the purposes of this Section 10, a business or enterprise shall be deemed to be engaged in providing goods or services that are competitive with any goods or services offered by Gannett if the Board of Directors of Gannett so determines. It is agreed that Gannett's sole remedy in the event of McCorkindale's breach of this Section 10 shall be the termination of all compensation otherwise payable to McCorkindale under Sections 3, 4 or 8 with respect to the period of time after such breach.

11. Change in Control.

(a) In general. Upon a change in control, as defined below, prior to McCorkindale's termination of employment as an employee, Gannett shall

(i) pay McCorkindale as of the date of the change in control a lump sum cash bonus equal to four times his total annual compensation (comprised of salary and bonuses prior to any elective deferrals or any other deductions and the deemed value of all fringe benefits as determined in Section 5(c)) paid in the calendar year immediately preceding the change in control, such payment to be in lieu of the cash payments payable under Section 7(b).

(ii) treat, to the extent allowed without the need of plan amendment, all incentive pay, stock options and any other contingent executive compensation in which McCorkindale has an interest as if all targets were achieved on the date of the change in control and as if all otherwise unvested benefits became fully vested on such date. If any of such benefits requires action by McCorkindale to exercise his rights under such benefits, McCorkindale shall be given the greater of 90 days following the change in control or the period of time permitted under the relevant plan to exercise his rights, but in no event shall any stock option be exercisable more than 10 years (or such lesser period as may be prescribed by the Internal Revenue Code for tax-favored stock options) after the date of its grant.

(iii) make available to McCorkindale the retiree benefits specified in Section 9(b).

For purposes of this Agreement, the term "change in control" has the same meaning given it under Gannett's Transitional Compensation Plan, as amended (or any successor plan) (the "Transitional Compensation Plan") provided that a management buyout under the terms of which Gannett

ceases to be a public company shall not be considered as a change in control under this Agreement.

(b) Timing of Payment. Any cash or in-kind payments due as of the date of the change in control shall be paid to McCorkindale as soon as administratively practicable (but in no event later than 30 days) following the change in control.

12. Certain Additional Payments by Gannett.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment made to or benefit provided to McCorkindale pursuant to the terms of this Agreement or any other plan, arrangement or agreement of Gannett or a person affiliated with Gannett (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any similar federal, state or local tax that may hereafter be imposed (such excise tax, together with any associated interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then Gannett shall pay to McCorkindale an additional payment (the "Gross-Up Payment") in an amount such that after payment by McCorkindale of all taxes (including federal, state and local income taxes, employment taxes, Excise Tax, and any interest or penalties imposed with respect to such taxes), including any Excise Tax imposed upon the Gross-Up Payment, McCorkindale retains a net amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments. It is the intention of the parties that Gannett provide McCorkindale with a full tax gross-up under the provisions of this Section 12(a) so that on a net after-tax basis, the result to McCorkindale shall be the same as if the Excise Tax had not been imposed on a Payment. See Section 13(b) of the Transitional Compensation Plan, for the reduction (if any, but not below zero) of any compensation and benefits to which McCorkindale is entitled to receive under the terms of the Transitional Compensation Plan by any severance compensation and benefits received by McCorkindale under the terms of this Agreement.

(b) All determinations required to be made under Section 12(a) (including whether and when a Gross-Up Payment is required, the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination) shall be made by PricewaterhouseCoopers LLP, or, if PricewaterhouseCoopers LLP is not Gannett's nationally recognized independent accounting firm immediately prior to the change in control, such other nationally recognized accounting firm serving as Gannett's independent accounting firm (the "Accounting Firm"). The Accounting Firm shall provide detailed supporting calculations to both Gannett and McCorkindale within 10 business days of Gannett's receipt of notice from McCorkindale that there has been a Payment or at such earlier time as is requested by Gannett. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the change in control, McCorkindale may appoint another nationally recognized accounting firm to make the

determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by Gannett. Any Gross-Up Payment, as determined pursuant to Section 12(a), shall be paid by Gannett to McCorkindale within 5 days of the receipt of the Accounting Firm's determination. Any determination by the Accounting Firm shall be binding upon the Company and McCorkindale.

(c) As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments that will not have been made by Gannett should have been made (the "Underpayment") or that Gross-Up Payments will have been made that should not have been made ("Overpayments"), consistent with the calculations required to be made hereunder. In the event McCorkindale thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by Gannett to or for the benefit of McCorkindale. If the Accounting Firm shall determine that an Overpayment has been made, McCorkindale shall promptly repay the amount of the Overpayment to Gannett.

13. Legal Expenses and Interest. If, with respect to any alleged failure by Gannett to comply with any of the terms of this Agreement, McCorkindale hires legal counsel with respect to this Agreement or institutes any negotiations or institutes or responds to legal action to assert or defend the validity of, enforce his rights under, or recover damages for breach of this Agreement and thereafter Gannett is found in a judgment no longer subject to review or appeal to have breached this Agreement in any material respect, then Gannett shall indemnify McCorkindale for his actual expenses for attorneys' fees and disbursements, together with such additional payments, if any, as may be necessary so that the net after-tax payments to McCorkindale equal such fees and disbursements.

14. Trade Secrets. McCorkindale agrees that unless duly authorized in writing by Gannett, he will neither during his employment by Gannett nor at any time thereafter divulge or use any trade secrets or confidential information first acquired by him during and by virtue of his employment with Gannett.

15. Funding. Gannett may in its discretion establish a trust to fund any of the payments which are or may become payable to McCorkindale under this Agreement.

16. Notice. Any and all notices referred to herein shall be sufficient if furnished in writing and sent by registered mail to the parties.

17. Transferability. The rights, benefits and obligations of Gannett under this Agreement shall be transferable, and all covenants and agreements hereunder shall inure to the benefit of and be enforceable by or against, its successors and

assigns. Whenever the term "Gannett" is used in this Agreement, such term shall mean and include Gannett Co., Inc. and its successors and assigns. The rights and benefits of McCorkindale under this Agreement shall not be transferable other than rights to property or compensation that may pass on his death to his estate or beneficiaries through his will or the laws of descent and distribution and the terms of any Gannett compensation or benefit plan.

18. Severability. If any provision of this Agreement or the application thereof is held invalid or unenforceable, the invalidity or unenforceability thereof shall not affect any other provisions of this Agreement which can be given effect without the invalid or unenforceable provision, and to this end the provisions of this Agreement are to be severable.

19. Amendment; Waiver. This Agreement contains the entire agreement of the parties with respect to the employment of McCorkindale by Gannett and upon execution of this Agreement supersedes the Employment Agreement dated as of January 1, 2001, between Gannett and McCorkindale. No amendment or modification of this Agreement shall be valid unless evidenced by a written instrument executed by the parties hereto. No waiver by either party of any breach by the other party of any provision or conditions of this Agreement shall be deemed a waiver of any similar or dissimilar provision or condition at the same or any prior or subsequent time.

20. Tax Withholding. Gannett may withhold from any payments due to McCorkindale hereunder, such amounts as its independent public accountants may determine are required to be withheld under applicable federal, state and local tax laws.

21. Governing Law. This Agreement shall be governed by and construed under and in accordance with the laws of the State of Delaware without regard to principles of conflicts of laws.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

GANNETT CO., INC.

By: /s/ James A. Johnson

James A. Johnson
Chairman of Executive Compensation
Committee

/s/ Douglas H. McCorkindale

Douglas H. McCorkindale

CALCULATION OF EARNINGS PER SHARE

Gannett Co., Inc. and Subsidiaries

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

	Thirteen weeks ended	
	Sept. 28, 2003	Sept. 29, 2002
<i>Basic earnings:</i>		
Net income	\$279,032	\$265,636
Weighted average number of common shares outstanding	269,815	267,056
Earnings per share - basic	\$ 1.03	\$ 0.99
<i>Diluted earnings:</i>		
Net income	\$279,032	\$265,636
Weighted average number of common shares outstanding	269,815	267,056
Dilutive effect of outstanding stock options and stock incentive rights	2,359	2,250
Weighted average number of shares outstanding, as adjusted	272,174	269,306
Earnings per share - diluted	\$ 1.03	\$ 0.99
	Thirty-nine weeks ended	
	Sept. 28, 2003	Sept. 29, 2002
<i>Basic earnings:</i>		
Net income	\$853,175	\$813,122
Weighted average number of common shares outstanding	268,947	266,674
Earnings per share - basic	\$ 3.17	\$ 3.05
<i>Diluted earnings:</i>		
Net income	\$853,175	\$813,122
Weighted average number of common shares outstanding	268,947	266,674
Dilutive effect of outstanding stock options and stock incentive rights	2,167	2,431
Weighted average number of shares outstanding, as adjusted	271,114	269,105
Earnings per share - diluted	\$ 3.15	\$ 3.02

CERTIFICATIONS

I, Douglas H. McCorkindale, certify that:

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

Date: November 3, 2003

/s/ Douglas H. McCorkindale

Douglas H. McCorkindale
Chairman, President and
Chief Executive Officer

CERTIFICATIONS

I, Gracia C. Martore, certify that:

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

Date: November 3, 2003

/s/ Gracia C. Martore

Gracia C. Martore
Senior Vice President and
Chief Financial Officer

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

In connection with the Quarterly Report of Gannett Co., Inc. ("Gannett") on Form 10-Q for the period ended September 28, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Douglas H. McCorkindale, chairman, president and chief executive officer of Gannett, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ Douglas H. McCorkindale

Douglas H. McCorkindale
Chairman, President and
Chief Executive Officer

November 3, 2003

A signed original of this written statement required by Section 906 has been provided to Gannett and will be retained by Gannett and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission and shall not be considered filed as part of the Form 10-Q.

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

In connection with the Quarterly Report of Gannett Co., Inc. ("Gannett") on Form 10-Q for the period ended September 28, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gracia C. Martore, senior vice president and chief financial officer of Gannett, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ Gracia C. Martore

Gracia C. Martore
Senior Vice President and
Chief Financial Officer

November 3, 2003

A signed original of this written statement required by Section 906 has been provided to Gannett and will be retained by Gannett and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission and shall not be considered filed as part of the Form 10-Q.